



Unaudited half-yearly report for the six months ended 31 July 2017

Company number: 05840377

For UK investors only

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Financial Headlines

	Six months to 31 July 2017	Six months to 31 July 2016	Year to 31 January 2017
Net assets (£'000s)	155,341	152,139	141,799
Return on ordinary activities after tax (£'000s)	1,799	1,309	5,172
Net asset value ('NAV')*	62.2p	83.0p	63.2p
Cumulative dividends paid since launch (p per share)*	55.7p	32.5p	54.0p
Total return*	117.9p	115.5p	117.2p
Ordinary dividend declared in respect of period	1.6p	2.5p	1.7p
Special dividend declared	–	16.5p	–

*Comparative figures are for the Ordinary Share class only.

The interim dividend will be paid on 15 December 2017 to Shareholders on the register on 24 November 2017, and will be eligible for the Dividend Reinvestment Scheme (DRIS).

Key Dates

Financial Calendar

The Company's financial calendar is as follows:

15 December 2017	Payment of interim dividend
May 2018	Annual results for the year to 31 January 2018 announced; Annual Report and financial statements published
July 2018	Payment of final dividend

About Octopus Apollo VCT plc

Octopus Apollo VCT plc ('Apollo' or 'the Company') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth, by investing in a diverse portfolio of predominantly unquoted companies. The Company is managed by Octopus Investments Limited ('Octopus' or the 'Manager').

Chairman's Statement



I am pleased to present the half-yearly report of Octopus Apollo VCT for the six months ended 31 July 2017.

The NAV total return including the 1.7p dividend paid in the period, increased by 1.1% during the six months although the NAV decreased by 1.0p per share. In keeping with the regular dividend policy, your Board has declared an interim dividend of 1.6p which will be paid to shareholders in December.

During the period the portfolio performed broadly in line with expectations with a small number of exceptions and there were five exits as explained in further detail below.

There were follow-on funding rounds into seven existing investments and the team currently has a strong pipeline of new investment opportunities so I remain cautiously optimistic about the outlook, despite the political and economic uncertainty resulting from Brexit negotiations.

Murray Steele

Murray Steele
Chairman
28 September 2017

Interim Management Report

Overview

We are approaching the investment environment with caution at present given the political and economic uncertainty relating to Europe. The portfolio is not materially exposed to Europe so the most obvious risk appears to be that a UK recession could result. However the investments are generally structured with a higher component of lending than equity which provides an element of downside protection.

Performance

In the six months under review the NAV Total Return, after adding back the 1.7p of dividends paid in the period, has increased 1.1% although the Net Asset Value has decreased 1.6% to 62.2p per share, compared to 63.2p per share at 31 January 2017. This generally positive performance is attributable to a number of successful exits which will be discussed later in this statement, as well as a continuation of the strong interest yield from loans made to portfolio companies.

Portfolio Activity

The most significant drivers of change in value are the disposals described in more detail below. Within the remaining portfolio the most positive developments were in Eve Sleep, valued up by £0.6 million during the period, based on the share price at the point of listing on the Alternative Investment Market in April, and Swoon Editions (up £0.5 million) as it continues to grow faster than forecasted. Unfortunately the investment in Spiralite was written down to zero (from £1.4 million) as a result of entering administration in July. The rest of the portfolio continues to perform broadly in line with expectations.

During the six months to 31 July 2017, the Company made the following disposals:

	Initial Cost (£)	Sale Proceeds (£)	Gain/(Loss) on Sale (£)
Clifford Thames Group Limited	13,318,000	24,014,000	10,696,000
Aquaso Limited	3,500,000	3,907,000	407,000
The History Press	754,000	857,000	103,000
Haravar Limited	5,000,000	4,987,000	(13,000)
Galvara Limited	5,000,000	4,987,000	(13,000)
	27,572,000	38,752,000	11,180,000

Clifford Thames was acquired by OEConnection LLC in June 2017, a US company specialising in automotive technology for vehicle manufacturers. This generated a strong return to Apollo of 1.8x cash invested over the three year period since Lloyds Development Capital acquired the company in August 2014 and Apollo reinvested £14.4 million. The return includes the interest income on the loan and the uplift in value of the shares.

In May 2017 Aquaso was sold to Eddyfi Technologies, a Canadian oil and gas technology business. Aquaso is the holding company of Technical Software Consultants ("TSC"), an oil and gas technology, services and manufacturing business. Apollo originally invested £3 million in 2012 and provided a further £0.5 million in January 2016 when the market conditions were extremely challenging. The sale provided a return of 1.4x total cash invested, including interest income earned on the loan. There was also an earn-out which successfully concluded after 31 July, taking total returns to 1.5x.

The disposals of Galvara and Haravar related to acquisition vehicles which had been established to acquire or develop a VCT qualifying trade, but for which the opportunities being pursued did not materialise. The boards of those companies consequently elected to liquidate them and return funds to Apollo. The History Press was acquired as part of the Eclipse portfolio and has now been sold.

Following the sale of SCM World to Gartner Inc in June 2016, an earn out was successfully achieved resulting in a further £0.3 million of proceeds in March 2017.

During the period £1.3 million was invested to provide follow-on funding rounds to seven existing portfolio companies. The largest of these was £0.7 million invested in Oxifree, an oil and gas services business acquired as part of the Eclipse portfolio.

Transactions with Manager

Details of amounts paid to the Manager are disclosed in note 7 to the Financial Statements on page 16.

Share Buybacks

Your Company has continued to buy back shares. In the six months to July 2017, the Company bought back 1,263,370 shares for total consideration of £754,000.

Share Issues and Fundraising

An Offer for Subscription was launched in November 2016 to raise up to £20 million, and closed fully subscribed in March 2017, eight months ahead of schedule. After expenses, £16 million pounds was raised under the offer in the period under review. In total, the offer raised £20.5 million net of expenses.

Dividend and Dividend Policy

It is your Board's policy to maintain a regular dividend flow where possible in order to take advantage of the tax free distributions a VCT is able to provide.

Your Board has declared an interim dividend of 1.6p per share in respect of the period ended 31 July 2017. The dividend will be payable on 15 December 2017 to shareholders on the register at 24 November 2017.

VCT Qualifying Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice concerning ongoing compliance with Her Majesty's Revenue & Customs ('HMRC') rules and regulations concerning VCTs. The Board has been advised that the Company is in compliance with the conditions set by HMRC for maintaining approval as a VCT.

A key requirement is to ensure that at least 70% of the assets of the fund are in VCT qualifying investments. As at 31 July 2017, 78% of the portfolio, as measured by HMRC rules, was invested in VCT qualifying investments.

Principal Risks and Uncertainties

The principal risks and uncertainties are set out in note 6 to the half yearly report and accounts on page 16.

Summary and Future Prospects

The political and economic environments remain uncertain as a result of exit negotiations with the European Union. However the portfolio has generally continued to perform well and the focus on investing a substantial part of the capital in the form of loans further reduces volatility. The recent weakening of the British Pound has not had a significant impact on the businesses we have backed as they are generally UK based and do not have large unhedged foreign currency exposures. As such, the returns to shareholders have shown low volatility year on year, which is testament to the prudent investment approach adopted by the Investment Manager. The investment team has an active pipeline of new investment opportunities and we believe we can continue to find suitable VCT qualifying investments.

Octopus Investments Limited
28 September 2017

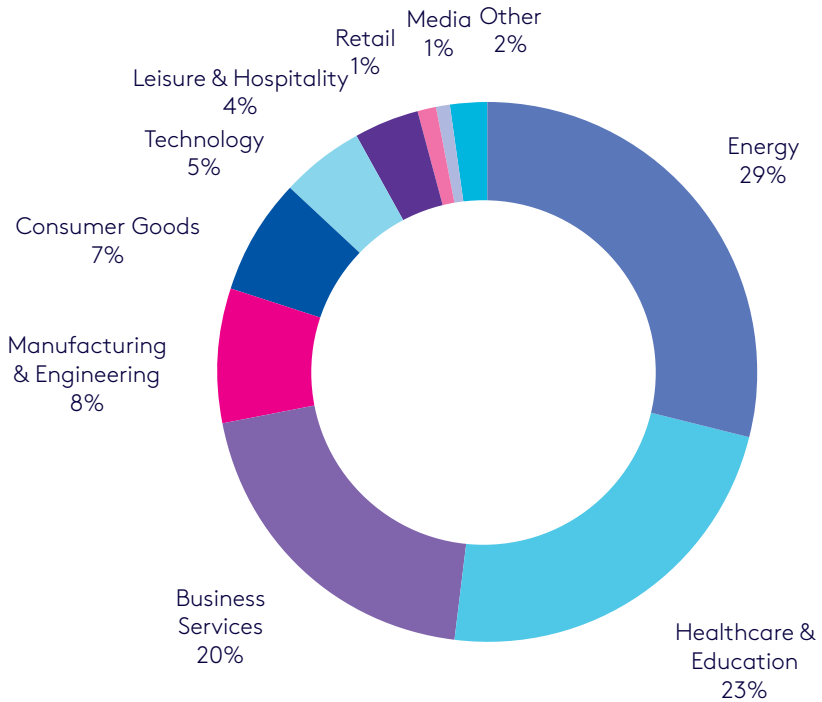
Investment Portfolio

	Sector	Investment cost as at 31 July 2017 (£'000)	Movement in fair value to 31 July 2017 (£'000)	Fair value as at 31 July 2017 (£'000)	Movement in fair value in period (£'000)	% equity held by Apollo VCT	% equity held by all funds managed by Octopus
Fixed asset investments							
Vista Retail Support Limited	Business Services	6,758	2,639	9,397	(160)	12.0	12.0
Healthcare and Services Technology Limited	Healthcare & Education	7,186	328	7,514	(403)	10.0	10.0
Anglo European Group Limited	Manufacturing & Engineering	5,000	(168)	4,832	40	26.7	26.7
Coupra Limited	Business Services	5,000	(189)	4,811	(494)	9.8	9.8
Dyscova Limited	Healthcare & Education	4,700	-	4,700	-	67.7	67.7
Countrywide Healthcare Services Limited	Healthcare & Education	2,675	952	3,627	193	20.7	20.7
Kabardin Limited	Energy	2,450	-	2,450	-	49.0	49.0
Red Poll Power Limited	Energy	2,450	-	2,450	-	49.0	49.0
Valloire Power Limited	Energy	2,450	-	2,450	-	49.0	49.0
Tanganyika Heat Limited	Energy	4,108	(1,858)	2,250	(24)	50.0	50.0
Other*	Various	36,319	(2,414)	33,905	(426)		
Total fixed asset investments		79,096	(710)	78,386	(1,274)		
Current asset investments							
Octopus Portfolio Manager – Cash		32,000	4	32,004	4		
Octopus Portfolio Manager – Cash Plus		19,000	112	19,112	112		
Octopus Portfolio Manager – Defensive Capital Growth		19,000	74	19,074	74		
Total current asset investments		70,000	190	70,190	190		
Total fixed and current asset investments				148,576			
Cash at bank				6,067			
Debtors less creditors				698			
Total net assets				155,341			

*Comprises 43 other investments: Acquire Your Business Limited, Angelico Solar Limited, Artesian Solutions Limited, Augean plc, Barrecore Limited, Behaviometrics AB, Bramante Solar Limited, British Country Inns plc, Canaletto Solar Limited, Cello Group plc, CurrencyFair Limited, Ecrebo Limited, EKF Diagnostics plc, Ergomed plc, Eve Sleep Limited, Hasgrove Limited, Leonardo Solar Limited, Luther Pendragon Limited, Mi-Pay Group plc, MIRACL Limited, Modigliano Solar Limited, Nektan plc, Origami Energy Limited, Oxifree UK Limited, Pirlo Solar Limited, Plastics Capital plc, PTB Films, Quickfire, Quickfire2, Secret Escapes Limited, Segura Systems Limited, Sourceable Limited, Superior Heat Limited, Tailco Limited, Tanfield Group Limited, Time Out Group plc, Tintoretto Solar Limited, Tiziano Solar Limited, Trafi Limited, Vertu Motors plc, Winnipeg Heat (Caspian), Yu Group plc, Zynstra Limited.

Sector Analysis

Investments by fair value as at 31 July 2017



Directors' Responsibilities Statement

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the Financial Reporting Standard 104 "Interim Financial Reporting" issued by the Financial Reporting Council;
- the half-yearly report includes a fair review of the information required by the Financial Conduct Authority's Disclosure and Transparency Rules, being:
 - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
 - a description of the principal risks and uncertainties for the remaining six months of the year; and
 - a description of related party transactions that have taken place in the first six months of the current financial year, that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board



Murray Steele
Chairman
28 September 2017

Income Statement

	Unaudited			Unaudited			Audited		
	Six months to 31 July 2017			Six months to 31 July 2016			Year to 31 January 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	-	3,701	3,701	-	987	987	-	2,658	2,658
Change in fair value of fixed asset investments	-	(1,274)	(1,274)	-	367	367	-	4,525	4,525
Change in fair value of current asset investments	-	190	190	-	-	-	-	-	-
Investment income	2,061	-	2,061	2,188	-	2,188	4,128	-	4,128
Investment management fees	(341)	(1,406)	(1,747)	(308)	(1,097)	(1,405)	(647)	(2,844)	(3,491)
Other expenses	(1,136)	-	(1,136)	(758)	-	(758)	(2,654)	-	(2,654)
FX translation	-	4	4	-	-	-	-	6	6
Return on ordinary activities before tax	584	1,215	1,799	1,122	257	1,379	827	4,345	5,172
Taxation on return on ordinary activities	-	-	-	(70)	-	(70)	-	-	-
Return on ordinary activities after tax	584	1,215	1,799	1,052	257	1,309	827	4,345	5,172
Earnings per share – basic and diluted	0.2p	0.5p	0.7p	0.6p	0.2p	0.8p	0.5p	2.5p	3.0p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.
- The Company has no recognised gains or losses other than those disclosed in the income statement.
- The accompanying notes are an integral part of the half-yearly report.

Balance Sheet

	Unaudited As at 31 July 2017		Unaudited As at 31 July 2016		Audited As at 31 January 2017	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		78,386		115,435		112,884
Current assets:						
Investments	70,190		-		-	
Debtors	2,245		5,248		4,077	
Cash at bank	6,067		35,632		29,229	
	78,502		40,880		33,306	
Creditors: amounts falling due within one year	(1,547)		(4,176)		(4,391)	
Net current assets		76,955		36,704		28,915
Net assets		155,341		152,139		141,799
Share capital		25,138		16,745		22,603
Share premium		48,308		1,438		34,231
Special distributable reserve		71,149		128,328		76,144
Capital redemption reserve		2,958		2,672		2,832
Capital reserve realised		7,714		(1,087)		(1,537)
Capital reserve unrealised		(520)		2,988		7,520
Revenue reserve		584		1,055		-
Translation reserve		10		-		6
Total equity shareholders' funds		155,341		152,139		141,799
Net Asset Value per share		62.2p		83.0p		63.2p

The statements were approved by the Directors and authorised for issue on 28 September 2017 and are signed on their behalf by:



Murray Steele

Chairman

Company Number: 05840377

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Special distributable reserves £'000	Capital Redemption Reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Translation reserve £'000	Total £'000
Six months to 31 July 2017									
As at 1 February 2017	22,603	34,231	76,144	2,832	(1,537)	7,520	-	6	141,799
Comprehensive income for the period:									
Management fee allocated as capital expenditure	-	-	-	-	(1,406)	-	-	-	(1,406)
Current period gains on disposal	-	-	-	-	3,701	-	-	-	3,701
Current period gains on fair value of investments	-	-	-	-	-	(1,084)	-	-	(1,084)
Current period currency gains	-	-	-	-	-	-	-	4	4
Profit on ordinary activities after tax	-	-	-	-	-	-	584	-	584
Total comprehensive income for the period	-	-	-	-	2,295	(1,084)	584	4	1,799
Contributions by and distributions to owners:									
Repurchase and cancellation of own shares	(126)	-	(754)	126	-	-	-	-	(754)
Issue of shares	2,661	14,077	-	-	-	-	-	-	16,738
Dividends paid	-	-	(4,241)	-	-	-	-	-	(4,241)
Total contributions by and distributions to owners	2,535	14,077	(4,995)	126	-	-	-	-	11,743
Other movements:									
Prior period holding gains/losses now realised	-	-	-	-	6,956	(6,956)	-	-	-
Total other movements	-	-	-	-	6,956	(6,956)	-	-	-
As at 31 July 2017	25,138	48,308	71,149	2,958	7,714	(520)	584	10	155,341
Six months to 31 July 2016									
As at 1 February 2016	13,896	48,893	60,748	2,557	(1,866)	3,510	3	-	127,741
Comprehensive income for the period:									
Management fee allocated as capital expenditure	-	-	-	-	(1,097)	-	-	-	(1,097)
Current period gains on disposal	-	-	-	-	987	-	-	-	987
Current period gains on fair value of investments	-	-	-	-	-	367	-	-	367
Profit on ordinary activities after tax	-	-	-	-	-	-	1,052	-	1,052
Total comprehensive income for the period	-	-	-	-	(110)	367	1,052	-	1,309
Contributions by and distributions to owners:									
Repurchase and cancellation of own shares	(115)	-	(901)	115	-	-	-	-	(901)
Issue of shares	2,964	21,026	-	-	-	-	-	-	23,990
Total contributions by and distributions to owners	2,849	21,026	(901)	115	-	-	-	-	23,089
Other movements:									
Prior period holding gains/losses now realised	-	-	-	-	889	(889)	-	-	-
Cancellation of share premium	-	(68,481)	68,481	-	-	-	-	-	-
Total other movements	-	(68,481)	68,481	-	889	(889)	-	-	-
As at 31 July 2016	16,745	1,438	128,328	2,672	(1,087)	2,988	1,055	-	152,139

	Share Capital £'000	Share Premium £'000	Special distributable reserves £'000	Capital Redemption Reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Translation reserve £'000	Total £'000
Year to 31 January 2017									
As at 1 February 2016	13,896	48,893	60,748	2,557	(1,866)	3,510	3	-	127,741
Comprehensive income for the year:									
Management fee allocated as capital expenditure	-	-	-	-	(2,844)	-	-	-	(2,844)
Current year gains on disposal	-	-	-	-	2,658	-	-	-	2,658
Current year gains on fair value of investments	-	-	-	-	-	4,525	-	-	4,525
Current year currency gains	-	-	-	-	-	-	-	6	6
Profit on ordinary activities after tax	-	-	-	-	-	-	827	-	827
Total comprehensive income for the year	-	-	-	-	(186)	4,525	827	6	5,172
Contributions by and distributions to owners:									
Repurchase and cancellation of own shares	(275)	-	(1,955)	275	-	-	-	-	(1,955)
Issue of shares	5,446	35,706	-	-	-	-	-	-	41,152
Dividends paid	-	-	(36,711)	-	-	-	(830)	-	(37,541)
Total contributions by and distributions to owners	5,171	35,706	(38,666)	275	-	-	(830)	-	1,656
Other movements:									
Prior year holding gains/losses now realised	-	-	-	-	515	(515)	-	-	-
Cancellation of Share Premium	-	(50,788)	50,788	-	-	-	-	-	-
Cancellation of Deferred Shares – C shares	(349)	-	349	-	-	-	-	-	-
Deferred shares created – D shares	156	-	(156)	-	-	-	-	-	-
Shares issued on D share conversion	385	-	(385)	-	-	-	-	-	-
Dividends paid on D share conversion	-	-	(14,418)	-	-	-	-	-	14,418
Acquisition of D share class	(191)	(17,693)	17,884	-	-	-	-	-	-
Acquisition of Octopus Eclipse VCT plc	3,535	18,113	-	-	-	-	-	-	21,648
Total other movements	3,536	(50,368)	54,062	-	515	(515)	-	-	7,230
As at 31 January 2017	22,603	34,231	76,144	2,832	(1,537)	7,520	-	6	141,799

As at 31 July 2014.

Cash Flow Statement

	Unaudited Six months to 31 July 2017 £'000	Unaudited Six months to 31 July 2016 £'000	Audited Year to 31 January 2017 £'000
Cash flows from operating activities:			
Return on ordinary activities after tax	1,799	1,309	5,172
Adjustments for:			
Decrease in debtors	1,832	57	1,228
Decrease in creditors	(2,844)	(291)	(76)
Debtors obtained from transaction	–	–	848
Creditors obtained from transaction	–	–	(157)
Gain on disposal of fixed assets	(3,701)	(987)	(2,658)
Loss/(Gain) on valuation of fixed asset investments	1,274	(367)	(4,525)
Gain on valuation of current asset investments	(190)	–	–
Cash from operations	(1,830)	(209)	(168)
Cash flows from investing activities:			
Cash acquired from transaction	–	–	622
Purchase of fixed asset investments	(1,348)	(9,000)	(9,269)
Purchase of current asset investments	(72,000)	–	–
Sale of fixed asset investments	38,273	11,547	40,531
Sale of current asset investments	2,000	–	–
Dividend paid to exiting D shareholders	–	–	(14,418)
Net cash flows from investing activities	(33,075)	2,547	17,466
Cash flows from financing activities:			
Purchase of own shares	(754)	(901)	(1,955)
Share issues	16,738	23,990	41,152
Dividends Paid	(4,241)	–	(37,541)
Net cash flows from financing activities	11,743	23,089	(1,656)
(Decrease)/Increase in cash and cash equivalents	(23,162)	25,357	18,954
Opening cash and cash equivalents	29,229	10,275	10,275
Closing cash and cash equivalents	6,067	35,632	29,229
Cash and cash equivalents comprise:			
Cash at Bank	6,067	35,632	29,229

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 July 2017 have been prepared in accordance with the Financial Reporting Council's (FRC) Financial Reporting Standard 104 Interim Financial Reporting (March 2015) and the Statement of Recommended Practice for Investment Companies, re-issued by the Association of Investment Companies in January 2017.

2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 July 2017 do not constitute Statutory Accounts within the meaning of s.415 of the Companies Act 2006. The comparative figures for the year ended 31 January 2017 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3 of part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The earnings per share is based on 243,295,650 shares, being the weighted average number of shares in issue during the period (31 January 2017: 169,230,581; 31 July 2016: 172,098,191 including Ordinary Shares and D Ordinary Shares).

There are no potentially dilutive capital instruments in issue and, therefore, no diluted earnings per share figures are relevant. The basic and diluted earnings per share are therefore identical.

4. Net asset value per share

	31 July 2017	31 July 2016	31 January 2017
Net Assets (£)	155,341,000	134,526,000	141,799,000
Shares in Issue	249,818,756	162,042,257	224,470,119
Net Asset Value per share (p)	62.2	83.0	63.2

5. Dividends

A final dividend, for the year ended 31 January 2017, of 1.7p per share was paid on 28 July 2017 to shareholders on the register on 30 June 2017.

The interim dividend of 1.6p per share for the six months ending 31 July 2017 will be paid on 15 December 2017, to those shareholders on the register on 24 November 2017.

6. Principal Risks and Uncertainties

The Company's assets consist of equity and fixed-rate interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a VCT, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 31 January 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. Related Party Transactions

Octopus acts as the investment manager of the Company. Under the management agreement, Octopus receives a fee of 2.0 per cent per annum of the net assets of the Company for the investment management services.

The Company has incurred management fees of £1,494,000 during the period to 31 July 2017 (31 July 2016: £1,232,000; 31 January 2017: £2,588,000).

A performance fee of £253,000 has been incurred during the period to 31 July 2017 (31 July 2016: £173,000; 31 January 2017: £903,000).

Octopus also provides administration and company secretarial services to the Company. Octopus receives a fee of 0.3 per cent per annum of net assets of the Company for administration services and £20,000 per annum for company secretarial services.

The Company has invested £70 million into Octopus managed funds, being the Octopus Portfolio Manager funds. To ensure the Company is not double charged management fees on these products, the Company receives a reduction in the management fee as a percentage of the value of these investments.

8. Post balance sheet events

Since 31 July 2017 the Company has issued the following shares:

Date	Number of Shares Issued	Price per share (p)
8 August 2017	53,415	61.5

9. Other Information

A version of this statement will be made available to all shareholders. Copies are also available from the registered office of the Company at 33 Holborn, London, EC1N 2HT, and will also be available to view on the Investment Manager's website at www.octopusinvestments.com.

Shareholder Information and Contact Details

The Company, formerly named Octopus Apollo VCT 3 plc, was launched in July 2006 and raised over £27.1 million (£25.9 million net of expenses) through an offer for subscription by the time it closed on 5 April 2007. On 27 September 2012, the Company acquired the net assets of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc. On the same day, the Company was renamed Octopus Apollo VCT plc. On 28 November 2014 the Company acquired the net assets of Octopus VCT plc in consideration for the issue of 52,035,840 C Ordinary Shares. Holders of C Ordinary Shares were given an opportunity to exit their investment in August 2015. The C Ordinary shareholders who did not exit their investment had their C Ordinary shares converted to Ordinary shares at a conversion ratio of 1.17506. On 27 January 2016 the Company acquired the net assets of Octopus VCT 2 plc in consideration for the issue of 19,082,726 D Ordinary shares. The holders of D Ordinary Shares were given an opportunity to exit their investment in August 2016. Those D Ordinary shareholders who did not exit their investment had their D Ordinary shares converted to Ordinary shares at a conversion ratio of 1.11205. On 19 December 2016 the Company acquired the net assets of Octopus Eclipse VCT plc in consideration for the issue of 35,349,838 Ordinary 10p shares.

The objective of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate income and capital growth over the long-term.

The Company launched an offer for subscription on 4 November 2016 to raise £20 million. This offer closed, fully subscribed, on 13 April 2017.

Further details of the Company's progress are discussed in the Chairman's Statement and Interim Management Report on pages 3 and 4.

Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

The Company has been approved as a VCT by HMRC. In order to maintain its approval the Company must comply with certain requirements of the Income Tax Act 2007 on a continuing basis, specifically the provisions of chapter 3 and, in particular, s280A:

- at least 70% of the Company's investments must comprise 'qualifying holdings' (as defined in the legislation);
- for cash raised pre 6 April 2011 at least 30% of the 70% of qualifying holdings must be invested into Ordinary Shares with no preferential rights;
- for cash raised post 5 April 2011 at least 70% of the 70% of qualifying holdings must be invested into Ordinary Shares with no preferential rights;
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary Shares with no preferential rights.

New VCT Regulations

VCTs have always been subject to UK regulations, not least as they confer tax benefits on investors. In recent years these regulations have become subject themselves to European State Aid rules. The Chancellor proposed new rules in his Summer Budget in July 2015 and, following discussions with European authorities in Brussels, these became law following the granting of Royal Assent in November 2015. These are in addition to existing rules which already limited investment to companies with gross assets of no more than £15 million, 250 employees and where no more than £5 million of State Aided funds had been raised within the past 12 months.

The new rules now in force relate to the age of companies receiving a first investment, a lifetime limit on State Aided funds and rules designed to target any funds raised on a company's growth. They also recognise that there is a class of company which is 'knowledge intensive' and therefore hungrier for capital, and some of the limits are more generous for these types of companies.

To summarise the changes, in order to qualify companies must:

- have fewer than 250 full time equivalent employees; and
- have less than £15 million of gross assets at the time of investment and no more than £16 million immediately post investment; and
- be less than seven years old (or 10 years if a knowledge intensive company) if raising State Aided funds for the first time; and

- have raised no more than £5 million of State Aided funds in the previous 12 months and less than the lifetime limit of £12 million (or £20 million if a knowledge intensive company); and
- produce a business plan to show that its funds are being raised for growth.

Follow-on investments are allowed to provide further capital for an existing investment up to the lifetime limit, and in certain circumstances a company may obtain clearance to raise money to develop a new business or market. Money raised from VCTs is not allowed to be used for acquisitions (unless they qualify too), or to buy out debt or existing equity. In addition, non-qualifying purchases of AIM shares are no longer allowed.

Dividends

Dividends are paid by Computershare Investor Services PLC (“Computershare”) on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at www-uk.computershare.com/investor/.

Queries relating to dividends, shareholdings and requests for mandate forms should be directed to Computershare by calling **0370 703 6327**, or by writing to them at:

The Registrar
Computershare Investor Services PLC
The Pavillions
Bridgewater Road
Bristol
BS99 6ZZ

The table below shows the movement in NAV per share and lists the dividends that have been paid since the launch of Octopus Apollo VCT plc:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends
31 January 2007	93.7p	–	93.7p
31 January 2008	95.5p	–	95.5p
31 January 2009	92.2p	3.0p	95.2p
31 January 2010	90.1p	3.0p	96.1p
31 January 2011	89.6p	3.0p	98.6p
31 January 2012	90.9p	3.5p	103.4p
31 January 2013	89.3p	5.0p	106.8p
31 January 2014	86.8p	5.0p	109.3p
31 January 2015	84.8p	5.0p	112.3p
31 January 2016	82.3p	5.0p	114.8p
31 January 2017	63.2p	21.5p	117.2p
31 July 2017	62.2p	1.7p	117.9p

The interim dividend in respect of the year to 31 January 2018 of 1.6p will be paid on 15 December 2017 to shareholders on the register on 24 November 2017.

Share Price

The Company's share price can be found on various financial websites with the following TIDM/EPIC code:

Ordinary Shares

TIDM/EPIC code	OAP3
Latest share price (27 September 2017)	58.5p per share

Buying and Selling Shares

The Company's shares can be bought and sold via a stockbroker, in the same way as any other company quoted on the London Stock Exchange. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure').

Panmure is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Panmure can be contacted as follows:

Chris Lloyd	020 7886 2716	chris.lloyd@panmure.com
Paul Nolan	020 7886 2717	paul.nolan@panmure.com

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrar, Capita Asset Services, under the signature of the registered holder. Their contact details can be found at the end of this report.

Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at www.octopusinvestments.com. All other statutory information will also be found there.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas

based “brokers” who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offer to buy shares at a discount or offer for free company reports.

Please note that it is very unlikely that either Octopus Investments or the Company’s Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment “advice”.

If you are in any doubt about the veracity of an unsolicited phone call, please call either Octopus Investments or the Registrar, at the numbers provided at the back of this report.

Directors and Advisers

Board of Directors

Murray Steele (Chairman)
Christopher Powles
James Otter
Alex Hambro

Company Number

Registered in England & Wales
No. 05840377

Secretary and Registered Office

Nicola Board ACIS
33 Holborn
London
EC1N 2HT

Investment Manager

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Tel: 0800 316 2295
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Corporate Broker

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Independent Auditor and Taxation Adviser

James Cowper Kreston
Reading Bridge House
George Street
Reading
Berkshire

VCT Status Adviser

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WC2N 6RH

Bankers

HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars

Computershare Investor Services PLC
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Bridgewater Road
Bristol
BS99 6ZZ
Tel: 0370 703 6327
Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.
www.computershare.com/uk
www-uk.computershare.com/investor/

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