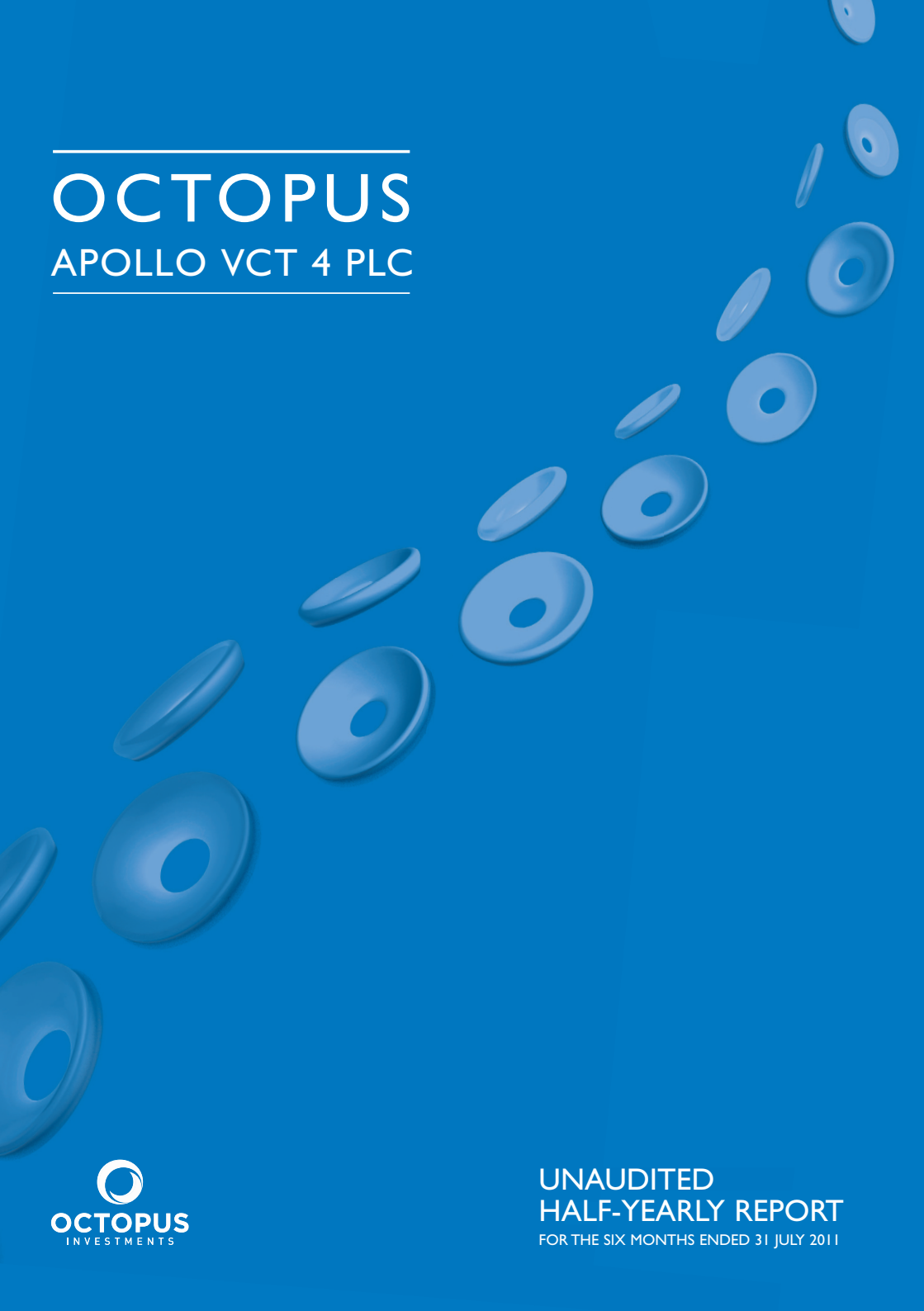


---

# OCTOPUS

APOLLO VCT 4 PLC

---



# FINANCIAL HEADLINES

1.0% Total return for the period to 31 July 2011

92.4p Net Asset Value (NAV) at 31 July 2011

## CONTENTS

1	Shareholder Information and Contact Details
3	About Octopus Apollo VCT 4 plc
4	Financial Summary
5	Chairman's Statement
7	Investment Portfolio
9	Responsibility Statement of the Directors
10	Income Statement
11	Reconciliation of Movements in Shareholders' Funds
12	Balance Sheet
13	Cash Flow Statement
15	Notes to the Half-Yearly Report
17	Directors and Advisers

# SHAREHOLDER INFORMATION AND CONTACT DETAILS

## Financial Calendar

The Company's financial calendar is as follows:

May 2012	– Annual results for the year to 31 January 2012 announced; Annual Report and financial statements published
September 2012	– Half-yearly results for the 6 months to 31 July 2012 announced; Half-yearly Report and financial statements published

## 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	OAP4
Latest share price (30 September 2011)	83.0p per share

## Buying and Selling Shares

The Company's Ordinary shares can be bought and sold in the same way as any other company quoted on the London Stock Exchange via a stockbroker. 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, Matrix Corporate Capital ('Matrix').

Matrix 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. Matrix can be contacted as follows:

Chris Lloyd	0203 206 7176 chris.lloyd@matrixgroup.co.uk
Paul Nolan	0203 206 7177 paul.nolan@matrixgroup.co.uk

## 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 Registrars, under the signature of the registered holder. Their contact details are provided at the back 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](http://www.octopusinvestments.com) by navigating to Services, Investor Services, Venture Capital Trusts, Octopus Apollo VCT 4. 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 very 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.

# ABOUT OCTOPUS APOLLO VCT 4 PLC

Octopus Apollo VCT 4 plc (“Apollo 4,” “Company” or “Fund”) is a venture capital trust (“VCT”) and is managed by Octopus Investments Limited (“Octopus” or “Manager”).

Apollo 4 was incorporated on 9 June 2008 with the first allotment of equity occurring on 6 October 2008. Apollo 4 opened for subscription (the “Offer”) on 17 July 2008 and, pursuant to the supplementary prospectus dated 3 April 2009, the offer was extended and subsequently closed on 30 June 2009. The Company will invest primarily in unquoted UK smaller companies and aims to deliver absolute returns on its investments.

## **Venture Capital Trusts (VCTs)**

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unlisted 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:

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

# FINANCIAL SUMMARY

	Six months to 31 July 2011	Six months to 31 July 2010	Year to 31 January 2011
Net assets (£'000s)	<b>10,620</b>	10,470	10,644
Net profit/(loss) after tax (£'000s)	<b>89</b>	(121)	64
Net asset value per share (NAV)	<b>92.4p</b>	89.9p	91.5p

# CHAIRMAN'S STATEMENT

## Introduction

I am pleased to present the half-yearly report of Octopus Apollo VCT 4 plc for the period ended 31 July 2011.

## Performance

The Fund has performed positively in the first 6 months of the year, with the NAV increasing from 91.5 pence per share to 92.4 pence per share, amounting to an increase of 1.0% for the half year.

## Investment Portfolio

Follow on qualifying investments were made into CSL DualCom and Autologic where in each case the Investment Manager has managed to negotiate more favourable lending terms, enabling the Fund to receive higher rates of interest on the cash deployed.

In the case of Autologic, the deal was structured whereby the Fund was able to acquire equity at a discounted rate, allowing for an immediate gain in value to be recognised. This has accounted for the majority of the uplift in portfolio valuations recognised in the period.

A qualifying investment of £500,000 was also made into Donoma Power. This is a company that owns and operates solar power units to be connected to the National Grid. This investment was made as your Board and Investment Manager believe that solar represents a significant investment opportunity as it is a well-established, reliable form of technology that offers consistent and more predictable returns in exchange for minimal risk due to the government administered Feed-in-tariff (FiT) scheme.

The UK government introduced a 25 year FiT in April 2010 to encourage greater investment into renewable energy. FiT is a form of cashback, with guaranteed payments (the rates of FiTs go up along with inflation) made to households, organisations or companies that produce electricity from renewable sources, either for themselves or to be exported back to the National Grid.

## Investment Strategy

The Fund continues to be managed in line with the mandate that was set out in the prospectus whereby investments are made on the basis of taking less risk than a typical VCT. Generally the Fund receives its return from interest paid on secured loan notes as well as an exposure to the value of the shares of investee companies. The investment strategy is to derive sufficient return from the secured loan notes to achieve the Fund's investment aims and to use the equity exposure to boost returns.

The Manager of the Fund has reduced risk by investing in well managed and profitable businesses with strong recurring cash-flows. Furthermore with the majority of the investment being made in the form of a secured loan, in the event of a business failing, the Fund will rank ahead of unsecured creditors and equity investors.

## VCT Qualifying Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs. As at 31 July 2011, 73.0% of the portfolio (as measured by HMRC rules) was invested in VCT qualifying investments. The Manager does not foresee any issues with maintaining the required investment hurdle of 70% before the third anniversary of the end of the financial year in which investors subscribed to the Fund.

## Principal Risks and Uncertainties

The principal risks and uncertainties are set out in note 5 of the Notes to the Half-Yearly Report on page 15.

## Outlook

Uncertainty over the current economic climate continues both from a domestic and international point of view which has had the effect of dissuading investors from investing in small unquoted companies. Despite this, the general signs from our investee companies remain positive, with all investee companies continuing to pay the interest owed in full.

Our interests remain aligned with that of the entrepreneurs' companies we have invested into, being that of boosting growth and profitability, and we have confidence that the Fund has been successful in adhering to the lower risk mandate offered in the prospectus. We therefore expect the NAV to continue to make progress.

If you have any questions on any aspect of your investment, please call one of the team on 0800 316 2347.



**Murray Steele**

Chairman  
30 September 2011

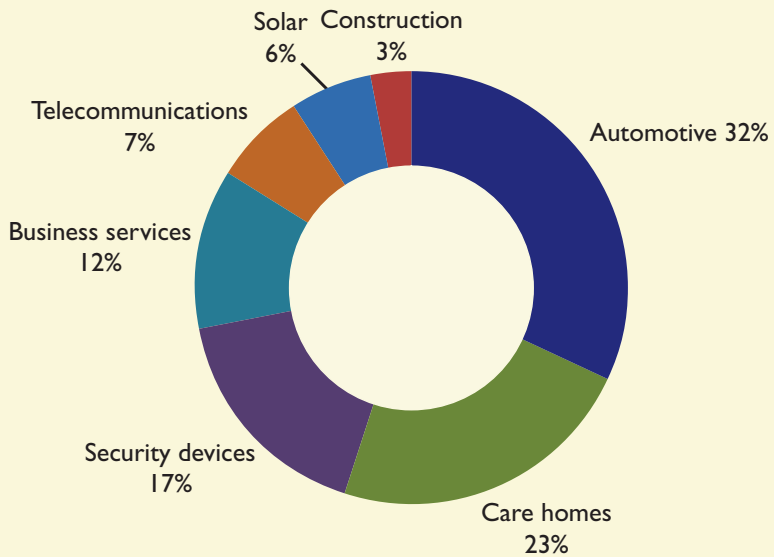
# INVESTMENT PORTFOLIO

Unquoted qualifying investments	Sector	Investment at cost as at 31 July 2011 £'000	Movement in valuation to 31 July 2011 £'000	Fair value as at 31 July 2011 £'000	% equity held by Apollo 4	% equity held by all funds managed by Octopus
Salus Services						
1 Holdings Limited	Care homes	1,881	-	1,881	19.6%	100.0%
Clifford Thames Group Limited	Automotive	1,335	210	1,545	2.0%	8.0%
CSL Dualcom Limited	Security devices	1,375	6	1,381	0.0%	45.3%
Autologic Diagnostics Holdings Limited	Automotive	950	104	1,054	1.6%	10.0%
Resilient Corporate Services Limited	Business services	1,000	-	1,000	16.3%	49.0%
Bluebell Telecom Group Limited	Telecommunications	500	55	555	1.1%	6.5%
Donoma Power	Solar	500	-	500	18.4%	100.0%
<b>Total unquoted qualifying investments</b>		<b>7,541</b>	<b>375</b>	<b>7,916</b>		
Non-qualifying investments		195	-	195		
<b>Total investments</b>		<b>7,736</b>	<b>375</b>	<b>8,111</b>		
Cash at bank				2,544		
Debtors less creditors				(35)		
<b>Total net assets</b>				<b>10,620</b>		

# INVESTMENT PORTFOLIO (continued)

## SECTOR ANALYSIS

Qualifying investments by fair value as at 31 July 2011:



# RESPONSIBILITY STATEMENT OF THE DIRECTORS' IN RESPECT OF THE HALF-YEARLY REPORT

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement "Half-Yearly Financial Reports" issued by the UK Accounting Standards Board;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority 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  
30 September 2011

# INCOME STATEMENT

	Six months to 31 July 2011			Six months to 31 July 2010			Year to 31 January 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	198	–	198	75	–	75	215	–	215
Loss on disposal of fixed asset investments	–	–	–	–	–	–	–	(12)	(12)
Fixed asset investment holding gains	–	104	104	–	–	–	–	271	271
Investment management fees	(26)	(80)	(106)	(24)	(73)	(97)	(53)	(158)	(211)
Other expenses	(107)	–	(107)	(99)	–	(99)	(199)	–	(199)
Profit/(loss) on ordinary activities before tax	65	24	89	(48)	(73)	(121)	(37)	101	64
Taxation on profit/(loss) on ordinary activities	–	–	–	–	–	–	–	–	–
Profit/(loss) on ordinary activities after tax	65	24	89	(48)	(73)	(121)	(37)	(101)	64
Earnings per share – basic and diluted	0.6p	0.2p	0.8p	(0.4)p	(0.6)p	(1.0)p	(0.3)p	0.9p	0.6p

- 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 accompanying notes are an integral part of the half-yearly report.
- The Company has no recognised gains or losses other than those disclosed in the income statement.

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months to 31 July 2011 £'000	Six months to 31 July 2010 £'000	Year to 31 January 2011 £'000
Shareholders' funds at start of period	<b>10,644</b>	10,591	10,591
Profit/(loss) on ordinary activities after tax	<b>89</b>	(121)	64
Shares bought back for cancellation	<b>(113)</b>	–	(11)
Shareholders' funds at end of period	<b>10,620</b>	10,470	10,644

# BALANCE SHEET

	As at 31 July 2011		As at 31 July 2010		As at 31 January 2011	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		<b>8,111</b>		7,587		7,358
Current assets:						
Investments*			2,789		1,430	
Debtors	<b>90</b>		11		43	
Cash at bank	<b>2,544</b>		100		1,852	
	<b>2,634</b>		2,900		3,325	
Creditors: amounts falling due within one year	<b>(125)</b>		(17)		(39)	
Net current assets		<b>2,509</b>		2,883		3,286
Net assets		<b>10,620</b>		10,470		10,644
Called up equity share capital	<b>1,150</b>		1,165		1,164	
Share premium	<b>–</b>		–		–	
Capital redemption reserve	<b>15</b>		–		1	
Special distributable reserve	<b>9,720</b>		9,844		9,833	
Capital reserve gains and losses on disposal	<b>(393)</b>		(215)		(313)	
Capital reserve holding gains and losses	<b>375</b>		–		271	
Revenue reserve	<b>(247)</b>		(324)		(312)	
Total equity shareholders' funds		<b>10,620</b>		10,470		10,644
Net asset value per share		<b>92.4p</b>		89.9p		91.5p

\*Held at fair value through profit and loss

The statements were approved by the Directors and authorised for issue on 30 September 2011 and are signed on their behalf by:



**Murray Steele**  
Chairman

Company Number: 05840377

# CASH FLOW STATEMENT

	Six months to 31 July 2011 £'000	Six months to 31 July 2010 £'000	Year to 31 January 2011 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	24	(117)	(201)
<b>Financial investment:</b>			
Purchase of fixed asset investments	(770)	(1,171)	(1,170)
Sale of fixed asset investments	120	–	488
<b>Management of liquid resources:</b>			
Purchase of current asset investments		(907)	(6,477)
Sale of current asset investments	1,431	2,210	9,138
<b>Financing:</b>			
Purchase of own shares	(113)		(11)
Increase in cash at bank	692	15	1,767

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 July 2011 £'000	Six months to 31 July 2010 £'000	Year to 31 January 2011 £'000
Increase in cash at bank	692	15	1,767
Decrease in cash equivalents	(1,430)	(1,302)	(2,661)
Opening net cash resources	3,282	4,176	4,176
Net cash resources at end of period	2,544	2,889	3,282

## RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 July 2011 £'000	Six months to 31 July 2010 £'000	Year to 31 January 2011 £'000
Profit/(loss) on ordinary activities before tax	89	(121)	64
(Decrease)/increase in debtors	(47)	75	43
Increase/(decrease) in creditors	86	(71)	(49)
Loss on disposal of fixed asset investments	–	–	12
Holding gain on fixed asset investments	(104)	–	(271)
Net cash inflow/(outflow) from operating activities	24	(117)	(201)

# NOTES TO THE HALF-YEARLY REPORT

## 1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 July 2011 have been prepared in accordance with the Accounting Standards Board's (ASB) statement on half-yearly financial reports (July 2007) and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 31 January 2011, which were prepared under UK GAAP and in accordance with the Statement of Recommended Practice for Investment Companies issued by the Association of Investment Companies in January 2009.

## 2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 July 2011 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 2011 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, 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 at 31 July 2011 is calculated on the basis of 11,624,036 (31 July 2010: 11,650,327 and 31 January 2011: 11,647,457) shares, being the weighted average number of shares in issue during the period.

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

## 4. Net asset value per share

The net asset value per share is calculated on the basis of 11,498,447 (31 July 2010: 11,650,327 and 31 January 2011: 11,637,267) shares in issue at that date.

## 5. 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 2011. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## 6. 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. During the period, the Company incurred management fees of £106,000 (31 July 2010: £97,000 and 31 January 2011: £211,000) payable to Octopus. At the period end there was £nil (31 July 2010: £nil and January 2011: £nil) outstanding to Octopus. Furthermore, Octopus 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 £10,000 per annum for company secretarial services.

7. Copies of this statement will be made available to all shareholders. Copies are also available from the registered office of the Company at 20 Old Bailey, London, EC4M 7AN, and will also be available to view on the Investment Manager's website at [www.octopusinvestments.com](http://www.octopusinvestments.com).

# DIRECTORS AND ADVISERS

## Board of Directors

Murray Steele (Chairman)  
Christopher Powles  
Chris Hulatt

## Secretary and Registered office

Celia L Whitten FCIS  
20 Old Bailey  
London  
EC4M 7AN  
Registered in England No 05840377

## Investment Manager

Octopus Investments Limited  
20 Old Bailey  
London  
EC4M 7AN  
Tel: 0800 316 2349  
[www.octopusinvestments.com](http://www.octopusinvestments.com)

## Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU  
Tel: 0871 664 0300  
(calls cost 10p per minute plus network extras)  
[www.capitaregistrars.com](http://www.capitaregistrars.com)

## Independent Auditor and Taxation Adviser

Grant Thornton UK LLP  
1 Westminster Way  
Oxford  
OX2 0PZ

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## Corporate Broker

Matrix Corporate Capital LLP  
1 Vine Street  
London  
W1J 0AH  
Tel: 0203 206 7176

## Bankers

HSBC Bank plc  
31 Holborn  
London  
EC1N 2HR



