

Baronsmead VCT 3 plc



-4.8% change in Net Asset Value (NAV) per ordinary share before dividends

£1.12m gross proceeds raised from 121 existing Ordinary shareholders

£7.1m invested in 7 unquoted and 6 AiM-traded companies

Performance Summary for the quarter to 31 March 2008

	As at 31/03/08	As at 31/12/07	Movement
Capital return			
Total net assets	£62.5m	£65.2m	-
NAV per share	114.71p	120.44p	(4.8%)
Share price	107.5p	111.5p	(3.6%)
(Discount) to NAV	(6.3%)	(7.4%)	-

Performance Summary to 31 March 2008

Total return	3 month%	1 year %	3 year %	5 year %	Since launch %*
Ordinary shares					
Net asset value ¹	(4.8%)	(5.8%)	23.7%	53.6%	62.5%
Share price ²	(3.6%)	(0.6%)	30.8%	67.8%	51.0%
FTSE All-share ³	(9.9%)	(7.7%)	31.3%	98.7%	21.4%

*29 January 2001.

¹NAV Total return = NAV + reinvested dividends.

²Share price Total return = Mid to mid share price + reinvested dividends;

Source: Datastream.

³Source: Datastream.

Investment Objective

Baronsmead VCT 3 is a tax efficient listed company which aims to achieve long-term capital growth and generate tax-free dividends for private investors.

Investment Performance

Weakening economic conditions affected the UK smaller companies and this has had an impact on valuations for both unquoted and AiM portions of the portfolio. Where companies in the unquoted portfolio are facing challenging market conditions the Manager is taking actions to sustain and improve performance as necessary.

The relative health of the portfolio as measured by the 'direction of travel' has remained firm with some 83% of the 81 investee companies reporting steady or better trading progress. As stated in the Annual Report and Accounts for the year ended 31 December 2007, the unquoted investment in Hawksmere made in December 2003 was realised in January 2008 at 2.5 times the £766,000 cost. After the period end a further unquoted investment in kidsunlimited was sold for 4.75 times cost.

Top Ten Investments

Position as at 31/03/08 (31/12/07)	Activity	% of NAV as at 31/03/08
1 (1) Reed & Mackay Ltd	Travel management	3.66
2 (10) SLR Group Ltd	Environmental consultancy	3.59
3 (2) Independent Living Services	Domiciliary care	3.58
4 (6) kidsunlimited	Children's day care	3.07
5 (7) ScriptSwitch Ltd	Prescription software	2.87
6 (3) Kafévend Ltd	Vending services	2.77
7 (8) Credit Solutions Holdings Ltd	Credit management	2.74
8 (-) CSC (World) Ltd	Structural engineers software	2.57
9 (-) Cablecom Network Holdings Ltd	Internet access solutions	2.54
10 (-) Jelf Group plc	Financial services consultancy	2.54
Total		29.93

Investment Activity

The Manager's efforts in finding new investments have been assisted by a low pricing environment and its continued work on direct origination. There was a high level of new investment in the quarter, totalling £7.1 million across 7 unquoted opportunities and 6 AiM investments.

Company	Cost (£000's)	VCT Status
Active Assistance	679	Qualifying
Carnell Contractors	1,499	Part non-qualifying
Character Group *	97	Non-qualifying
CSC (World)	1,606	Non-qualifying
Debts.co.uk *	263	Qualifying
Electric World *	7	Non-qualifying
Independent Media Distribution *	6	Non-qualifying
Maelor *	246	Qualifying
Nexus	1,368	Part non-qualifying
Occam	3	Qualifying
Playforce	1,033	Part non-qualifying
STM *	140	Non-qualifying
Xention	152	Qualifying
Total investment	7,099	
* AiM traded		



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Analysis of Total Assets

	Percentage of total assets 31/03/08	Percentage of total assets 31/12/07
Investment Portfolio		
Unquoted investments	50	42
AiM and listed investments	23	25
Total investment portfolio	73	67
Cash Portfolio		
Interest bearing securities	19	25
Cash	8	8
Total cash portfolio	27	33
Total Assets	100	100

Analysis of Investment Portfolio by Sector*

	Percentage of total investments at 31/03/08	Percentage of total investments at 31/12/07
Business Services	46	44
Healthcare	13	12
IT Support Services	22	20
Media	7	9
Consumer Markets	12	15
Total	100	100

* Excluding interest bearing securities and cash

Other than the realisation of kidsunlimited set out overleaf, the Board is not aware of any significant events or transactions which have occurred between 31 March 2008 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Future share issues

The current state of the economy will no doubt provide attractive investment opportunities and as a consequence the Board is minded to ensure there is sufficient available capital within Baronsmead VCT 3 to take advantage of this. The intention is that there will be a new share offer available to shareholders in the 2008/2009 tax year and this will be communicated more clearly to shareholders once the Board has agreed the detailed plan.

Daily and key information

Further information regarding the Company, including daily net asset values published since the end of the period and quarterly factsheets, can be found at the Company's website www.baronsmeadvct3.co.uk

Future contact

For further information please contact:

Paul Forster 020 7506 5652 paul.forster@isisep.com

Michael Probin 020 7506 5796 michael.probin@isisep.com



Baronsmead VCT 3 plc is managed by ISIS EP LLP, which is Authorised and regulated by the Financial Services Authority (FSA). For more information about Baronsmead VCT 3 please visit www.baronsmeadvct3.co.uk.

ISIS Equity Partners manages the five Baronsmead VCTs. ISIS EP LLP, 100 Wood Street, London, EC2V 7AN. Tel: 020 7506 5600.

All figures as at 31 March 2008 unless otherwise stated. All sources ISIS EP LLP (ISIS Equity Partners) unless otherwise stated. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and income from, the investment. Tax rates and reliefs depend on the circumstances of individual investors and may be subject to change. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as long term in nature. An investment is only suitable for private investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result. ISIS Equity Partners does not give investment advice.