

BARONSMEAD

Baronsmead VCT 3 plc
Quarterly update
For the three month period to 30 September 2009



Financial Headlines

0.7%	(0.7p per share) increase in underlying Net Asset Value (NAV) per share
3.0p	interim dividend paid on 7 September 2009
11.0%	increase in the valuation of the AIM-traded portfolio

Investment Objective and Dividend Policy

Baronsmead VCT 3 plc is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

The Board wishes to maintain a minimum annual dividend of around 4.5p per share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed. There will be variations in the amount of dividends paid year on year.

Performance Summary

	As at 30 September 2009	As at 30 June 2009	Movement %
Capital return			
Ordinary shares			
Total net assets	£54.36m	£55.59m	
Net asset value per share	100.23p	99.51p*	0.7
Share price	89.50p	91.30p	(2.0)
Premium/(Discount) to NAV	(10.7%)	(10.9%)	

*Adjusted for 3.0p interim dividend for comparative purposes. Actual NAV was 102.51p.

	3 months to 30 September 2009 (%)	1 year to 30 September 2009 (%)	5 years to 30 September 2009 (%)	Since launch in January 2001 (%)
Total return				
Ordinary shares				
Net asset value ¹	0.7	1.1	31.5	57.1
Share price ²	(0.5)	(0.7)	36.4	39.6
FTSE All-share ³	22.4	10.8	38.4	16.7

¹ NAV Total return = NAV + reinvested dividends; Source: ISIS EP LLP

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

³ FTSE All-share = FTSE All-share Index + reinvested dividends; Source: AIC

Investment Performance

The underlying NAV per share of the Company increased by 0.7% over the quarter with the unquoted portion of the portfolio falling marginally in value and the AIM portion increasing by 11.0%. Upward revaluations of the unquoted investments in Cablecom, Nexus and ScriptSwitch were balanced out by further provisions taken on the investments in Occam and downward revaluations in Credit Solutions and ILS. The main downward movement

on the unquoted portfolio related to Xention where a larger provision has been taken. Within the AIM portfolio the quarter saw welcome positive movement as equity markets continued to rally. The AIM portfolio now represents 23% of the total NAV.

Investment Activity

Five AIM traded investments totalling £0.51m were completed in four existing portfolio companies and one new company, Clarity Commerce Solutions plc.

During the period Baronsmead VCT 3's investment in Concateno was realised after that company was acquired by Inverness Medical Inc. The return on the Company's investment in Concateno, in the form of Inverness Medical shares and cash, is approximately 1.32 times the initial cost.

Two further trade sales of Claimar Care Group plc and MBL Group plc were made in the period realising £0.63m. The overall portfolio consisted of 68 companies at the period end.

Fundraising

The Board's current intention is that there will be a significant fundraising in the current tax year in conjunction with Baronsmead VCT 4 plc. The documentation associated with this fundraising is currently being prepared and at this stage it is anticipated that this fundraising will commence in January 2010. Shareholders will automatically receive a copy of the fundraising documentation when it is published and further announcements will be made in due course.

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Investments

Company	Date	Cost (£'000)	VCT Status
Clarity Commerce Solutions	Sep 09	50	Qualifying
Electric Word	Sep 09	200	Qualifying
Ffastfill	July 09	34	Non Qualifying
Inverness Medical Inc*	Aug 09	180	Part Qualifying
Kiotech	Sep 09	75	Qualifying
Win	July 09	150	Non Qualifying
Total investment		689	

*NYSE traded

Top Ten Investment Holdings

Position as at 30 September 2009	Position as at 30 June 2009	Company	Percentage of net assets as at 30 September 2009
1	1	Reed & Mackay	5.49
2	2	ScriptSwitch	5.44
3	4	Nexus Vehicle	4.65
4	3	Carnell Contractors	4.54
5	6	Cablecom	3.40
6	7	Quantix	3.31
7	5	ILS	2.88
8	8	Fisher Outdoor	2.64
9	10	Vectura	2.50
10	9	Kafévend	2.48
Total			37.33

October Net Asset Value

The NAV per share at 31 October 2009 was 100.39p.

Other than disclosed in this statement, the Board is not aware of any significant events or transactions which have occurred between 30 September 2009 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Baronsmead VCT 3 plc is managed by ISIS EP LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Services Authority (FSA). ISIS EP LLP manages five Baronsmead VCTs. All information sources are provided by ISIS EP LLP and all figures are as at 30 September 2009 unless otherwise stated. ISIS EP LLP does not give investment advice. 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. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as a long term investment and are 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.

Sector Breakdown

(excluding cash and interest bearing securities)

	Percentage of total investments 30 September 2009	Percentage of total investments 30 June 2009
Business Services	32	32
Consumer Markets	14	14
IT & Media	28	27
Healthcare & Education	20	21
Financial Services	6	6
Total	100	100

ISIS portfolio company award

We are pleased to report that Mike Washburn, CEO of ScriptSwitch, has been awarded the "Venture Capital backed CEO of the Year" by the British Venture Capital Association and Private Equity News. ScriptSwitch has already delivered results for more than 115 NHS Primary care organisations with significant cost savings to the NHS.

Sale of ScriptSwitch

ScriptSwitch, an investment made in May 2007, was subject to a bid that completed shortly after the quarter end resulting in a return, including expected future payments, approaching four times the initial cost.

Further information

Information regarding the Company, including latest financial statements or quarterly factsheets, can be found at the Company's website www.baronsmeadvct3.co.uk

Future contact

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