

# BARONSMEAD

Baronsmead VCT 3 plc  
Quarterly update  
For the three month period from  
1 July 2011 to 30 September 2011.



## Financial Headlines

- 4.5p Second interim dividend declared payable on 9 December 2011 to shareholders on the register as of 25 November 2011
- Sale of investment in Quantix at 3.1 times cost

### 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 of Baronsmead VCT 3 has the objective to maintain a minimum annual dividend level of around 4.5p per ordinary 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

Capital return	As at 30 September 2011	As at 30 June 2011	Movement
Total net assets	£62.99m	£66.70m	
Net asset value per share	105.41p	108.43p*	(2.8%)
Share price	95.25p	96.25p	(1.0%)
Discount to NAV	(9.6%)	(11.2%)	

\* Stated after allowing for 3.0p interim dividend for comparative purposes. NAV at 30 June 2011 excluding effect of dividend was 111.43p.

Total return	3 months (%)	1 year (%)	5 years (%)	Since launch (%)
Net asset value total return <sup>1</sup>	(2.7)	9.9	18.0	91.1
Share price total return <sup>2</sup>	2.1	15.7	25.4	73.8
FTSE All-share total return <sup>3</sup>	(13.5)	(4.4)	4.0	25.6

<sup>1</sup> NAV total return = NAV + reinvested dividends; Source: ISIS EP LLP

<sup>2</sup> Share price total return = Mid to mid share price + reinvested dividends; Source: AIC

<sup>3</sup> FTSE All-share = FTSE All-share Index + reinvested dividends; Source: AIC

These total returns are stated before the inclusion of VCT tax reliefs which are designed to mitigate the higher risks and costs associated with investing in smaller companies and the constraints of the VCT legislation. The tax reliefs given at the time of subscription have been 20%, 40% and later 30%, so any adjusted performance measure including this relief will vary depending on the date of subscription. There is the additional benefit of receiving VCT dividends tax free.

### Investment Performance

The net asset value total return of the company fell 2.7% during the quarter compared to a drop of 13.5% in the FTSE All Share Total Return over the same period. The unquoted valuation movement stayed flat in the quarter while the AIM portfolio fell by 10.3%.

### Top Ten Investment Holdings

Position as at 30 September 2011	Position as at 30 June 2011	Company	Percentage of NAV as at 30 September 2011
1	1	Nexus Vehicle Holdings Limited	8.9
2	3	CableCom Networking Holdings Limited	5.9
3	5	Crew Clothing Company Limited	4.3
4	4	IDOX plc	3.9
5	6	CSC (World) Limited	3.4
6	7	Kafévend Holdings Limited	3.2
7	9	Fisher Outdoor Leisure Holdings Limited	2.8
8	10	Valldata Group Limited	2.6
9	12	Vectura Group plc	2.2
10	15	Inspired Thinking Group Limited	2.0
Total			39.2

### Analysis of Total Assets

	Percentage of total assets 30 September 2011	Percentage of total assets 30 June 2011
Unquoted investments	46	47
AIM, Listed & Collective Investments	29	29
Interest Bearing Securities	24	23
Net current assets	1	1
Total cash portfolio	25	24
Total Assets	100	100

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## Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments 30 September 2011	Percentage of total investments 30 June 2011
Business Services	35	31
Consumer Markets	18	21
Financial Services	3	2
Healthcare & Education	11	10
IT & Media	33	36
<b>Total</b>	<b>100</b>	<b>100</b>

## Realisations

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple* (x)
Alere Inc	Aug 2011	157	108	0.7
Carnell Contractors Limited (partial loan redemption)	Aug 2011	558	558	N/A
Getting Personal Limited	Jul 2011	988	1,811	ND^
MLS Limited (partial loan redemption)	Sep 2011	188	188	1.0
Quantix Limited	Sep 2011	1,194	2,904	3.1
<b>Total realisations</b>		<b>3,085</b>	<b>5,569</b>	

\* Multiple includes interest and dividends received, loan note redemptions and partial realisations accounted for in prior periods.

^Not disclosed

## Investment Activity

A total of £4.05m was invested during the period under review: four unquoted investments totalling £3.44m, comprising three new and one follow on investment, and one AIM traded investment totalling £0.61m. The three new unquoted investments were in acquisition companies which are being led by experienced chairmen who have previously been backed by ISIS through investment by the Baronsmead VCTs. All three investments delivered successful realisations for shareholders and the three chairmen are now seeking new opportunities in their chosen sectors.

After the period end a further unquoted investment of £1.35m was completed in ICCM a provider of high acuity care for home based care users.

A total of £5.57m was realised from the sale or partial sale of four unquoted investments and one quoted investment. These sales realised net capital profits of £2.48m, being 1.8 times the cost of the investments.

## Investments made

Company	Date	Cost (£'000)
Escher Group Holdings plc	Aug 2011	614
Independent Living Services Limited*	Sep 2011	438
Arcas Investments Limited^	Sep 2011	1,000
Quest Venture Partners Limited^	Sep 2011	1,000
HealthTech Innovation Partners Limited^	Sep 2011	1,000
<b>Total investments</b>		<b>4,052</b>

\*Follow on investment

^Acquisition vehicles

## Net Asset Value

The NAV per share at 31 October 2011 was 105.03p representing a decrease of 0.37p per share (0.35%) since the quarter end as a result of the decrease in the value of the Company's investments in quoted companies.

## Events after the period end

### Declaration of dividend

The Board has declared a second interim dividend in lieu of a final dividend of 4.5p per share, resulting in total dividends for the year of 7.5p per share. The dividend will be payable on 9 December 2011 to shareholders on the register as of 25 November 2011. The ex-dividend date will be the 23 November 2011.

### New investments

Since 30 September 2011, the Company has invested a total of £1.5m in one new unquoted and one new quoted investment. The Company has investments in 67 companies, 21 unquoted and 46 quoted investments and exposure to a further 29 companies through the investment in Wood Street Microcap Investment Fund.

Other than the events described above, the Board is not aware of any significant events or transactions which have occurred between 30 September 2011 and the date of publication of this statement which would have a material impact on the financial position of the Company.

## Further information

Further information regarding the Company, including 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](http://www.baronsmeadvct3.co.uk)

## Contact

For further information please contact:

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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 2011 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.

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