

BARONSMEAD

Baronsmead VCT 3 plc
Quarterly update
For the three month period from
1 July 2012 to 30 September 2012.



Headlines

- 1.7% increase in underlying Net Asset Value per share
- £1.2m invested in one new and three follow on investments

Performance Summary

	As at 30 September 2012	As at 30 June 2012	Movement
Capital return			
Total net assets	£67.21m	£68.25m	
Net asset value per share	106.83p	105.01p*	1.7%
Share price	94.25p	95.50p	(1.3%)
Discount to NAV	(11.8%)	(9.1%)	

Total return	3 months (%)	1 year (%)	5 years (%)	10 years (%)
Net asset value total return ¹	1.7	8.9	18.3	99.8

* Adjusted for 3.0p interim dividend for comparative purposes paid on 21 September 2012. NAV at 30 June 2012 excluding effect of dividend was 108.01p per share.

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

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 per cent., 40 per cent. and later 30 per cent., 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 increased by 1.7 per cent. during the quarter. The unquoted portfolio valuation increased by 1.3 per cent. in the quarter and the AIM portfolio increased by 1.8 per cent.

Top Ten Investment Holdings

Position as at 30 September 2012	Position as at 30 June 2012	Company	Percentage of NAV as at 30 September 2012
1	1	Nexus Vehicle Holdings Limited	7.0
2	2	IDOX plc	6.3
3	3	Cablecom Networking Holdings Limited	6.1
4	4	Crew Clothing Holdings Limited	4.5
5	8	Kafevend Holdings Limited	4.3
6	6	Independent Living Services Limited	4.0
7	5	Fisher Outdoor Leisure Holdings Limited	3.5
8	7	CSC (World) Limited	3.4
9	9	Valldata Group Limited	2.6
10	10	Inspired Thinking Group Limited	2.3
Total			44.0

Analysis of Total Assets

	Percentage of total assets 30 September 2012	Percentage of total assets 30 June 2012
Unquoted investments	55	52
AIM, listed & collective investments vehicle	37	34
Listed interest bearing securities	6	11
Net current assets	<u>2</u>	<u>3</u>
Total cash portfolio	8	14
Total Assets	100	100

Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 30 September 2012	Percentage of total investments at 30 June 2012
Business Services	31	31
Consumer Markets	20	18
Financial Services	2	2
Healthcare & Education	15	16
Technology, Media & Telecommunications	32	33
Total	100	100

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Investment Activity

During the period under review the company invested a total of £1,212,000 in one new and three follow on investments.

The unquoted investments during the period consisted of a new investment of £987,000 in Pho, a group of traditional Vietnamese restaurants based in London and a further investment of £75,000 in Impetus.

A total of £150,000 was invested in two follow on investments in AIM traded companies: £70,000 invested in Accumuli plc and £80,000 invested in Electric Word plc.

Investments made

Company	Date	Cost (£'000)
Accumuli plc	Aug/Sep 2012	70
Electric Word plc	Sep 2012	80
Impetus Holdings Limited	Aug 2012	75
Pho Holdings Limited	Jul 2012	987
Total Investments		1,212

Realisations

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple (x)
Adventis Group plc (written off)	Sep 2012	361	0	0.0
MLS Limited (partial loan note redemption)	Jul/Aug/Sep 2012	178	178	1.0
Total Realisations		539	178	

Events after the period end

Other than the event described above, the Board is not aware of any significant events or transactions which have occurred between 1 October 2012 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Share Price Discount Policy

In further support for the Company's shareholders, the Directors will seek to narrow the share price discount to net asset value of the Company's shares by buying back shares through the market at a 5 per cent. discount to net asset value. This share price discount policy will be kept under review based on the number of shares bought back over the next 12 months and may be subject to revision. Shares will be bought back depending on market conditions at the time and only where the Directors believe that it will be in the best interests of shareholders as a whole.

Fundraising

The Directors have announced that they intend to launch an Offer for Subscription ("the Offer") to raise up to £5 million. The funds raised by the Company pursuant to its Offer will be added to the liquid resources available for investment so as to put the Company into a position to take advantage of attractive investment opportunities over the next two to three years. Full details of the Offer will be contained in a prospectus that is expected to be published in due course.

Investment objective

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

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

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 2012 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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