

# Baronsmead VCT 3 plc

## 2005

Interim report for the  
six months ended  
30 June 2005



## 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 Policy

To establish a diverse portfolio comprising:

- Larger unquoted companies, typically as lead investor and alongside other institutional investors, which do not offer the same tax benefits to their shareholders as a VCT.
- Companies raising new share capital on the Alternative Investment Market.
- Technology-enabled companies.

## Shareholder Policies

Since launch in 2001, the Board of Directors has sought to communicate regularly and openly with Shareholders. Dialogue has been achieved principally through questionnaires, workshops and General Meetings. By understanding Shareholders' priorities, the Board has been able to initiate a number of policies, which provide greater choice for Shareholders and address their expressed objectives. The website, [www.baronsmeadvct3.co.uk](http://www.baronsmeadvct3.co.uk), contains both annual and interim statutory reports as well as other generic VCT publications.

### Shareholder choice

This is achieved by offering Shareholders the ability to:

- increase their shareholding through top-up offers
- reinvest their dividends, enabling those whose personal investment objective is capital growth to achieve this in a tax efficient manner
- sell their shares through the operation of a buy-back policy

### Buy-back policy

Purchases of shares will be made within guidelines established from time to time by the Board. This power will be exercised only if in the opinion of the Board a repurchase would be in the interests of shareholders as a whole. Historically the repurchase price has represented an approximate 10 per cent discount to Net Asset Value per share.

### Dividend policy

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

### Dividend reinvestment

The Directors offer to Shareholders the opportunity to reinvest their dividends by subscribing for new shares in the Company. The Dividend Reinvestment Scheme enables Shareholders to increase their shareholding without incurring dealing costs, issue costs or stamp duty. These shares should qualify for the VCT tax reliefs that are applicable to subscriptions for new shares and form part of each Shareholder's current annual limit of £200,000 for investing in VCTs.

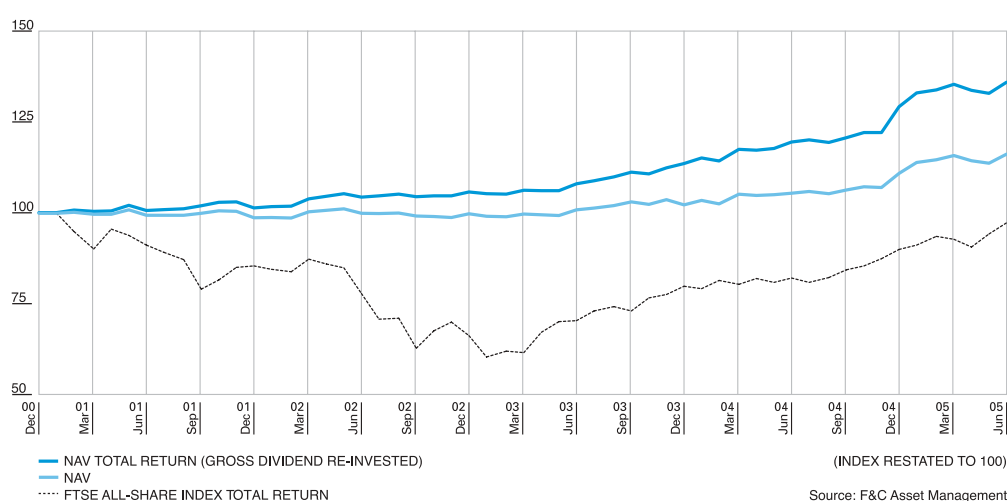
# Financial Highlights†

- NAV per ordinary share increased by 6.8 per cent to 112.40p from 105.26p before deduction of interim dividends
- After interim dividends declared of 2.0p per share, the NAV per share was 110.40p
- Total return of 36 per cent since launch in January 2001
- Nine new investments were made during the period taking the total equity portfolio to 56 companies

†The Financial Highlights stated above were calculated using middle market prices as reported previously.

## Baronsmead VCT 3 plc

### NAV and NAV Total Return (based on middle market price) since launch against the FTSE All-Share Index Total Return



## Performance summary

	30 June 2005	31 December 2004	% Change
<b>Ordinary shares – capital values</b>			
Net asset value per share (revised UK GAAP)*	<b>110.92p</b>	106.38p	4.3
Net asset value per share (previous UK GAAP)*	<b>110.40p</b>	105.26p	4.9
Share price (mid market)	<b>97.50p</b>	92.50p	5.4
Net asset value total return since launch‡	<b>36.2%</b>	27.5%	–
Discount (revised UK GAAP)	<b>(12.1%)</b>	(13.0%)	–
<b>Total assets less current liabilities (revised UK GAAP)</b>	<b>£37.6m</b>	£35.5m	5.9
‡Net asset value total return assuming gross dividends reinvested.			
	As at 30 June 2005	As at 30 June 2004	As at 31 December 2004
<b>*Reconciliation of Net Asset Value per Share.</b>			
Net Asset Value per share (previous UK GAAP)	<b>110.40p</b>	100.15p	105.26p
Add: Dividend declared	<b>2.00p</b>	1.80p	2.70p
Less: Revaluation of investments from bid to mid prices	<b>(1.48p)</b>	(1.03p)	(1.58p)
Net asset value per share (revised UK GAAP)	<b>110.92p</b>	100.92p	106.38p

The introduction of Revised UK GAAP for accounting periods commencing 1 January 2005 has resulted in the following changes to the Company's net asset value:

In accordance with FRS25/26 quoted investments are now valued at bid instead of mid. As a result of this change the Company's net asset value as at 30 June 2005 has reduced by £504,000. As at 30 June 2004 the Company's net asset value has reduced by £353,000. As at 31 December 2004 the Company's net asset value has reduced by £527,000.

In accordance with FRS21 dividends payable by the Company are now recognised in the period in which they are paid. As a result of this change the Company's net asset value as at 30 June 2005 has increased by £679,000 (being the interim 2p dividend due to be paid on 28 September 2005). As at 30 June 2004 the Company's net asset value has increased by £612,000 (being the interim dividend of 1.8p paid on 12 August 2004). As at 31 December 2004 the Company's net asset value has increased by £894,000 (being the final dividend of 2.7p paid on 24 March 2005).

The impact of these changes has been reconciled above with the previously reported numbers.

# Chairman's Statement

**Steady progress has been sustained with increased new investment and total return.**

**Shareholders gave approval in March 2005 to a new fundraising. This is likely to be launched in September 2005 by way of a C share offer and, if fully subscribed, will move the total size of Baronsmead VCT 3 towards £60 million.**

## Results

In the six months to 30 June 2005, the NAV per share increased by 6.8 per cent from 105.26p to 112.40p before providing for the 2p interim dividend. This dividend comprises 0.5p from net revenue and 1.5p from net realised capital profits per share. The resulting NAV per ordinary share at the interim stage was 110.40p per share. The increase in the FTSE All-Share Index (total return) was 8.2 per cent over the comparable period.

The above results have been stated using UK Accounting Standards as applicable at the previous year end so that the longer term trend in our performance can be better understood by shareholders. Revised UK Accounting Standards are being introduced for the current financial year. The introduction of these standards will result in quoted and AiM investments being valued at bid (i.e. the price which the market quotes for selling shares) rather than the mid-market price (i.e. the average of the bid price and the offer price which the market quotes for buying shares). The other significant change relates to dividends, which will not be recorded in the financial statements until these dividends are paid. As a result of these changes, which have been adopted in preparing the Interim Accounts, the net impact on the Company's net asset value at 30 June 2005 is an increase of 0.52p per share to 110.92p per share. Once these standards are fully accepted by the Investment Trust and VCT industries, and understood by shareholders, the Board anticipates that performance will also be measured on this basis.

Since January 2001, the total investment return is 36 per cent, which is comparable to a 3 per cent decline in the FTSE All-Share index (total return) over the same period. Tax free dividends paid now total 15.8p for founder shareholders, which equates to 3.6 per cent annual yield or 4.5 per cent if the initial

20 per cent income tax relief is taken into account. The equivalent returns are that much higher for high rate tax payers.

## The portfolio

In the six month period under review, nine new investments were made increasing the portfolio to 56 companies and taking the level of qualifying investments to well over 80 per cent. The relative health of portfolio companies is measured quarterly in terms of profitability or other measures of progress appropriate to the investment in question. At 30 June 2005, over 80 per cent of the investees were reporting substantial or steady progress.

The increase in NAV per ordinary share has come largely from the unquoted portfolio. Americana, AssA, Martin Audio and RLA Group have all made good trading progress. The Managing Director of Occam Direct Marketing based near Bath presented to the fourth Annual General Meeting giving a good picture of the direct marketing industry and future prospects.

The table below shows the profit made from part sales made in selected AiM investments, which can then be used for tax-free distributions to shareholders. Ardana floated in March 2005.

## Meeting shareholder needs

Shareholders approved a C share fundraising in March 2005 to issue up to 27 million shares and the extension of the life of your Company from 2008 to 2013. The prospectus is likely to be issued in September 2005, whilst adopting changes in the listing rules resulting from the Prospectus Directive issued on 1 July 2005.

During the period under review, 1.68 million shares were issued in the March/April 2005 top up offers raising £1.81 million net

## Realisations to 30 June 2005

	First investment date	Cost £'000	Proceeds £'000	Profits £'000	Multiple return
Begbies Traynor	September 2004	86	192	106	2.23
Huveaux	March 2003	18	39	21	2.17
MEM	August 2002	68	139	71	2.04
Business Direct	August 2004	65	114	49	1.75
Murgitroyd	November 2001	181	256	75	1.41
Vectura	April 2001	270	335	65	1.24

# Chairman's Statement

proceeds. 266,300 shares were issued under the Dividend Reinvestment Scheme at 108.5p per share. Since the Company's year end 725,000 shares were bought back and cancelled by the Company at approximately a 10 per cent discount to NAV per share.

Following shareholder approval, the Company has bought back 645,000 ordinary shares to be held in Treasury. The Board's policy on Treasury Shares is to ensure that if these shares are issued, they will be priced at the NAV or above on the day of issue. This will avoid dilution to existing shareholders. The Company is only permitted to hold 10 per cent of its issued share capital in Treasury and Treasury Shares can be cancelled by the Company at any time. The Board can also confirm that Treasury Shares are not entitled to any dividends paid by the Company and carry no voting rights.

The Board's stated dividend policy is to attempt to sustain annual dividends at a level of 4.5p or more per ordinary share. It is recognised that the level can vary depending mainly on the level of profitable realisations and also bearing in mind our objective of maintaining or growing the capital subscribed by shareholders.

These returns illustrate how Baronsmead VCT 3 can play an important part in retirement planning for shareholders who appreciate these advantageous levels of tax free income. It is our intention to communicate this important feature to stimulate the secondary market such that new purchasers are attracted to acquiring existing ordinary shares.

## Corporate governance

Recently your Board conducted a review of auditing services provided to the Company, given the changes that are to be implemented by the Company in the near future, and

concluded that it would be appropriate to move the audit services to KPMG Audit Plc. We thank the resigning auditors, PKF, for their support and advice since our inception.

The introduction of International Financial Reporting Standards (IFRS) had important implications for financial institutions which have private equity operations since IFRS requires investee companies to consolidate their financial reporting in line with the ultimate shareholder. To address this issue, on 1 July 2005, a new Limited Liability Partnership (ISIS EP LLP) was created to manage circa £500 million of private equity assets and continue the operations of ISIS Equity Partners, the managers of the Baronsmead VCTs, as before. The relationship between F&C and ISIS Equity Partners remains strong as the status of the latter moves from being a subsidiary to that of partnership. The Board was fully consulted regarding this change of control and are supportive of the new arrangement.

## Outlook

In our fifth year, the portfolio is at a higher level of investment than before despite a good flow of realisations in the last two years. The proposed issue of C shares will enable the portfolio to be built towards 80 investees providing a high level of diversity. Given stable economic conditions, this could enable the current trend in growth of total returns to continue. Our aim is to maintain the NAV per share above 100p and sustain the dividend policy.

## Mark Cannon Brookes

Chairman

18 August 2005

## New Investments to 30 June 2005

New investment was made into two unquoted companies, Credit Solutions and Boldon James together with seven AiM-traded companies as set out in the table below.

Company	Location	Sector	Activity	£'000
Accuma	Manchester	Business services	Insolvency services	75
Boldon James	Crewe	IT services	Messaging security	687
Credit Solutions	Carshalton	Business services	Corporate financial services	1,032
DebtMatters	Manchester	Consumer	Insolvency services	219
Eg Solutions	Staffordshire	IT services	Financial services software	375
Fishworks	Bath	Consumer	Fishmongers & restaurants	128
Hamsard	Warrington	IT services	Security network solutions	375
InterQuest	London	Business services	Recruitment agencies	323
Talarius	London	Consumer	Amusement machine centres	313
<b>Total investment</b>				<b>£3,527</b>

# Unaudited Income Statement

For the Six Months to 30 June 2005

	Six months to 30 June 2005			Six months to 30 June 2004 (as restated)			Year to 31 December 2004 (as restated)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Increase in fair value designated investments held	–	2,670	2,670	–	1,796	1,796	–	4,029	4,029
(Decrease)/increase in fair value designated investments disposed of	–	(185)	(185)	–	–	–	–	200	200
Income	433	–	433	391	–	391	987	–	987
Investment management fee	(134)	(400)	(534)	(120)	(360)	(480)	(248)	(745)	(993)
Other expenses	(135)	–	(135)	(124)	–	(124)	(253)	–	(253)
<b>Profit on ordinary activities before taxation</b>	<b>164</b>	<b>2,085</b>	<b>2,249</b>	147	1,436	1,583	486	3,484	3,970
Tax on ordinary activities	–	–	–	(14)	14	–	(76)	76	–
<b>Profit on ordinary activities after taxation</b>	<b>164</b>	<b>2,085</b>	<b>2,249</b>	133	1,450	1,583	410	3,560	3,970
<b>Return per ordinary share</b>			<b>6.69p</b>			4.65p			11.70p

## Amounts recognised as distributions to equity holders in the period:

Interim dividend for the year ended 31 December 2004 of 1.8p per share	–	–	–	–	–	–	102	510	612
Final dividend for the year ended 31 December 2004 of 2.7p (2003: 3.3p) per share	298	596	894	442	679	1,121	442	679	1,121
	<b>298</b>	<b>596</b>	<b>894</b>	442	679	1,121	544	1,189	1,733

## Proposed distributions to equity holders at period end:

Interim dividend for the year ended 31 December 2005 of 2.0p (2004: 1.8p) per share	170	509	679	102	510	612	–	–	–
Final dividend for the year ended 31 December 2004 of 2.7p per share	–	–	–	–	–	–	298	596	894
	<b>170</b>	<b>509</b>	<b>679</b>	102	510	612	298	596	894

## Notes

- The unaudited interim results which cover the six months to 30 June 2005 have been drawn up in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts for the year ended 31 December 2004 apart from the following:
  - under FRS 25/26, applicable for accounting periods commencing 1 January 2005, the unrealised increase in fair value designated investments has been recognised through the Income Statement. In line with the revised GAAP, quoted investments have been valued at bid, rather than mid-market price;
  - under FRS 21, applicable for accounting periods commencing 1 January 2005, dividends payable by the Company are now recognised in the period in which they are paid.
- There were 33,937,092 ordinary shares in issue at 30 June 2005 (31 December 2004: 33,361,024; 30 June 2004: 34,033,170). During the period 1,946,068 ordinary shares were issued and 725,000 ordinary shares were bought in by the Company for cancellation at a cost of £712,000. Since the Company's AGM held on 23 March 2005, the Company has bought back 645,000 shares to be held in Treasury at a cost of £629,000. These shares will be reissued at Net Asset Value or above.
- Earnings for the six months to 30 June 2005 should not be taken as a guide to the results for the full year. The returns per ordinary share are based on a weighted average of 33,594,934 (31 December 2004: 33,920,111; 30 June 2004: 34,031,429) ordinary shares in issue during the period.
- The interim dividend of 2.0 pence per ordinary share will be paid on 28 September 2005 to shareholders on the register on 2 September 2005.
- These are not statutory accounts in terms of Section 240 of the Companies Act 1985 and are unaudited. Statutory accounts for the period to 31 December 2004, which were unqualified, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2004 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
- Copies of the Interim Report have been mailed to shareholders and are available from the Registered Office of the Company at Exchange House, Primrose Street, London EC2A 2NY.

# Unaudited Balance Sheet

	<b>As at 30 June 2005 £'000</b>	As at 30 June 2004 (as restated) £'000	As at 31 December 2004 (as restated) £'000
<b>Fixed assets</b>			
<b>Held at Fair Value Investments</b>			
Quoted on the Alternative Investment Market	<b>13,442</b>	8,858	12,598
Quoted FTSE SmallCap	<b>619</b>	–	–
Unquoted investments	<b>17,498</b>	14,242	14,053
Listed fixed interest investments	<b>4,803</b>	7,769	7,045
	<b>36,362</b>	30,869	33,696
<b>Net current assets</b>	<b>1,282</b>	3,476	1,792
<b>Net assets</b>	<b>37,644</b>	34,345	35,488
<b>Capital and reserves</b>			
Called-up share capital	<b>3,394</b>	3,403	3,335
Share premium account	<b>3,721</b>	1,620	1,786
Capital redemption reserve	<b>311</b>	88	175
Revaluation reserve	<b>6,621</b>	2,527	5,019
Profit and loss account	<b>23,597</b>	26,707	25,173
<b>Equity shareholders' funds</b>	<b>37,644</b>	34,345	35,488
<b>Net asset value per share</b>	<b>110.92p</b>	100.92p	106.38p
Number of shares in issue	<b>33,937,092</b>	34,033,170	33,361,024
<b>Treasury net asset value per share</b>	<b>110.92p</b>		
Number of ordinary shares in issue	<b>33,937,092</b>		
Number of ordinary shares held in Treasury	<b>645,000</b>		
Number of listed ordinary shares	<b>34,582,092</b>		

# Unaudited Statement of Changes in Equity

For the Six Months to 30 June 2005

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000
<b>At 1 January 2005</b>	<b>3,335</b>	<b>1,786</b>	<b>175</b>	<b>5,019</b>	<b>25,173</b>
Profit for the year	–	–	–	–	2,249
Net increase in value of investments	–	–	–	2,670	(2,670)
Transfer of prior years revaluation to profit and loss account	–	–	–	(1,068)	1,068
Deferred consideration	–	–	–	–	12
Purchase of shares for cancellation	(72)	–	72	–	(712)
Purchase of shares for Treasury	(64)	–	64	–	(629)
Equity dividends	–	–	–	–	(894)
Net issue of shares	195	1,935	–	–	–
<b>At 30 June 2005</b>	<b>3,394</b>	<b>3,721</b>	<b>311</b>	<b>6,621</b>	<b>23,597</b>

# Summarised Unaudited Statement of Cash Flows

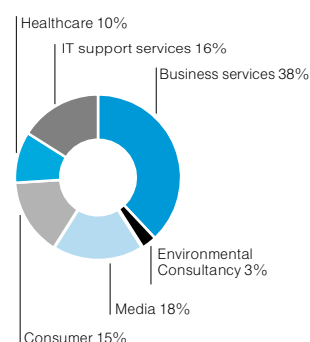
	Six months to <b>30 June</b> <b>2005</b> <b>£'000</b>	Six months to 30 June 2004 (as restated) £'000	Year to 31 December 2004 (as restated) £'000
Net cash outflow from operating activities	<b>(152)</b>	(258)	(308)
Tax paid	–	–	(83)
Capital expenditure and financial investment	<b>(192)</b>	(130)	(6,353)
Equity dividends paid	<b>(894)</b>	(1,121)	(1,733)
Net cash outflow before financing	<b>(1,238)</b>	(1,509)	(8,477)
Financing	<b>790</b>	132	(480)
Decrease in cash	<b>(448)</b>	(1,377)	(8,957)
<b>Reconciliation of net cash flow to movement in net cash</b>			
Decrease in cash	<b>(448)</b>	(1,377)	(8,957)
Opening net cash	<b>1,951</b>	10,908	10,908
Net cash at end of period	<b>1,503</b>	9,531	1,951
<b>Reconciliation of operating profit before taxation to net cash flow from operating activities</b>			
Profit on ordinary activities before taxation	<b>2,249</b>	1,583	3,970
Decrease/(increase) in fair value designated investments disposed of	<b>185</b>	–	(200)
Increase in fair value designated investments held	<b>(2,670)</b>	(1,796)	(4,029)
Decrease/(increase) in debtors	<b>80</b>	(102)	(137)
Increase in creditors	<b>4</b>	57	88
Net cash outflow from operating activities	<b>(152)</b>	(258)	(308)



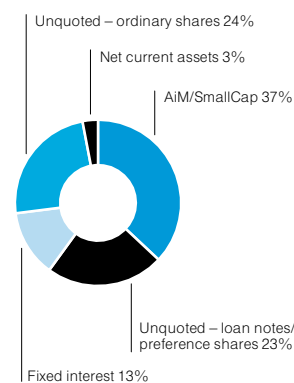
# Investment Portfolio

Company	Book Cost £'000	Valuation £'000	% of Total Assets less Current Liabilities
<b>Unquoted</b>			
Americana	57	2,758	7.3
AssA	1,113	2,326	6.2
The Art Group	1,280	2,028	5.4
RLA Group	1,105	1,717	4.6
Martin Audio	786	1,671	4.4
Credit Solutions	1,032	1,032	2.7
kidsunlimited	481	1,023	2.7
Language Line	660	911	2.4
SLR Holdings	494	797	2.1
Fretwell Downing	671	771	2.1
Boldon James	687	687	1.8
Occam	420	420	1.1
Country Artists	448	402	1.1
Domantis	356	356	1.0
Oxxon Pharmaceuticals	250	250	0.7
Hawksmere	766	199	0.5
Xention Discovery	150	150	0.4
Spaform	867	–	–
<b>Total unquoted</b>	<b>11,623</b>	<b>17,498</b>	<b>46.5</b>
<b>Quoted FTSE SmallCap</b>			
Ardana	619	619	1.6
<b>Total FTSE SmallCap</b>	<b>619</b>	<b>619</b>	<b>1.6</b>
<b>Quoted on AiM</b>			
Vectura Group	771	1,407	3.7
Begbies Traynor Group	438	986	2.6
Huveaux	541	674	1.8
Air Music & Media Group	575	625	1.7
Colliers CRE	470	580	1.5
IDOX	600	560	1.5
Zoo Digital Group	584	556	1.5
The Real Good Food Company	540	540	1.4
Business Direct Group	457	511	1.3
Sanderson Group	387	495	1.3
Murgitroyd Group	319	461	1.2
Jelf Group	393	442	1.2
Eg Solutions Placing	375	441	1.2
WIN	263	397	1.1
Medal Entertainment & Media	303	379	1.0
Interactive Prospect Targeting	253	372	1.0
Hamsard Group	375	370	1.0
Prologic	310	339	0.9
Talarius	313	306	0.8
InterQuest Group	323	264	0.7
neuTec Pharma	79	256	0.7
Adventis Group	281	256	0.7
Quadnetics Group	296	252	0.7
Cardpoint	92	234	0.6
Debtmatters Group	219	219	0.6
Stagecoach Theatre Arts	419	203	0.5
Blooms of Bressingham	320	195	0.5
Polaron	296	192	0.5
Scott Tod	421	189	0.5
Fishworks	128	163	0.4
Universe Group	158	121	0.3
Xpertise Group	296	108	0.3
Accuma Group	75	98	0.3
VI Group	300	98	0.3
Micap	325	89	0.2
Capcon Holdings	137	32	0.1
MKM Group	284	32	0.1
<b>Total AiM</b>	<b>12,716</b>	<b>13,442</b>	<b>35.7</b>
<b>Fixed interest securities</b>	<b>4,783</b>	<b>4,803</b>	<b>12.8</b>
<b>Total investments</b>	<b>29,741</b>	<b>36,362</b>	<b>96.6</b>
<b>Net current assets</b>	<b>1,282</b>	<b>1,282</b>	<b>3.4</b>
<b>Total assets less current liabilities</b>		<b>37,644</b>	<b>100.00</b>

## Sector Analysis as at 30 June 2005



## Market Analysis as at 30 June 2005



The unquoted investments are valued in accordance with the British Venture Capital Association ('BVCA') guidelines and the Investment Trust Statement of Recommended Practice ('SORP').

# Independent Review Report by KPMG Audit Plc to Baronsmead VCT 3 plc

## Introduction

We have been engaged by the Company to review the financial information set out on pages 4 to 6 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where there are to be changes in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

KPMG Audit Plc  
Chartered Accountants  
Edinburgh

18 August 2005

# Shareholder Information

## Dividends

Interim dividends are ordinarily paid to shareholders in September. Final dividends are ordinarily paid to shareholders in April. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained from the Company's registrar, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH.

## Dividend Reinvestment Scheme

The Company operates a dividend reinvestment scheme to enable shareholders to buy shares using their dividends. The shares issued via this scheme are new shares and attract VCT tax reliefs for eligible investors. Details can be obtained from the Company Secretary.

## Share Price

The Company's ordinary shares are listed on the London Stock Exchange. The mid-price of the Company's ordinary shares is given daily in the *Financial Times* in the Investment Companies section of the London Share service. Share price information can also be obtained from many financial websites.

## Notification of Change of Address

Communications with shareholders are mailed to the 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, Computershare Investor Services PLC, under the signature of the registered holder.

## Financial Calendar

8 September 2005	Date by which applications to participate in the Dividend Reinvestment Scheme need to be received by the Registrars
28 September 2005	Interim dividends paid
February 2006	Results for year to 31 December 2005 announced and annual report and accounts sent to shareholders
March 2006	Fifth Annual General Meeting

## Shareholder Enquiries

If Baronsmead VCT 3 shareholders have any questions or comments about their investment, please contact:

David Thorp	or	Computershare Investor Services PLC
ISIS Equity Partners		PO Box 82
Exchange House, Primrose Street		The Pavilions, Bridgwater Road
London EC2A 2NY		Bristol BS99 7NH
Tel: 020 7506 1609		Tel: 0870 703 0137
Fax: 020 7770 5426		(from outside the UK: +44 870 703 0137)
Email: david.thorp@isisep.com		Email: web.queries@computershare.co.uk
Website: www.baronsmeadvct3.co.uk		

Please contact our Broker Support Team – 08457 99 22 99.\*

\* Telephone calls may be recorded.

Baronsmead VCT 3 plc is managed by ISIS EP LLP which is regulated by the FSA. 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 and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

# Corporate Information

## Directors

Mark Cannon Brookes (Chairman)\*  
Andrew Karney†  
Gillian Nott OBE  
Robert Owen

## Secretary

F&C Asset Management plc  
80 George Street  
Edinburgh EH2 3BU

## Registered Office and Investment Managers

ISIS EP LLP  
Exchange House  
Primrose Street  
London EC2A 2NY

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## Financial Adviser

Noble & Company Limited  
76 George Street  
Edinburgh EH2 3BU

## Registrars and Transfer Office

Computershare Investor Services PLC  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH

## Bankers

JP Morgan Chase Bank  
125 London Wall  
London EC2Y 5AJ

## Stockbrokers

Teather & Greenwood Limited  
Beaufort House  
15 St Botolph Street  
London EC3A 7QR

## Auditors

KPMG Audit Plc  
Chartered Accountants  
20 Castle Terrace  
Edinburgh EH1 2EG

## Solicitors

Norton Rose  
Kempson House  
Camomile Street  
London EC3A 7AN

\*Chairman of the Audit Committee

†Senior Independent Director