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References in this Report to Acuity VCT 3 Plc have been abbreviated to "the Company" or "the Fund". References to the Investment Manager, Acuity Capital Management Limited, have been abbreviated to "Acuity Capital".



Annual Review Investment Strategy

Investment Objective

In accordance with the Prospectus dated 14 October 2005, the Company's objective is to achieve capital gains and maximise UK tax-free income to its shareholders from dividends and capital distributions. It is intended that this objective is to be achieved by investing the majority of the Company's funds in a portfolio of Qualifying Investments as described under "Investment Strategy" below.

Investment Strategy

The Company offers investors the opportunity to gain access to the venture capital market.

The investment focus of the Investment Manager has been to seek out established companies, most of whom are cash positive, in preference to early stage opportunities.

In addition, investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided. Typically, funds managed by Acuity Capital own a significant portion of the equity of the investee companies.

This investment focus, combined with a diversified sector strategy and the typical investment structure, will, in the opinion of the Directors, contribute materially to reducing the overall risk of investing in smaller companies.

As at 30 September 2009, the Company was invested in 16 qualifying companies and 1 non-qualifying company that have been selected for their growth potential and in a further 5 qualifying companies which are preparing to trade. The Directors believe that current economic conditions favour opportunistic investment and the use of companies preparing to trade allows for the acquisition of qualifying trades on the most advantageous terms as they are permitted an additional 18 months in which to identify the trades.

As at 30 September 2009, the Company had no bank indebtedness.

The Directors do not wish the Company to be restricted by having a fixed limit on what exposure to gearing it may have, apart from the restriction in the Company's Articles, which limits borrowing to an amount equal to its adjusted capital and reserves.

Co-Investment

The Company also invests alongside the other Acuity VCTs which enables shareholders to participate in larger unquoted transactions, which tend to have a lower risk profile than smaller venture capital investments.

Qualifying Investments

The Company intends to invest in companies that it believes have a high growth potential. In the Directors' opinion, each of these companies should generally reflect the following criteria:

- A well defined business plan and ability to demonstrate strong demand for its products or services;
- Products or services that can be supplied at sustainable high margins and be cash generative;
- Objectives of management and shareholders to be similarly aligned;
- Adequate capital resources or access to further resources to achieve the targets set out in the business plan; and
- High calibre management teams.

The Company seeks to invest in a diversified portfolio of unquoted, PLUS traded and AIM quoted companies and will not specialise unduly in any particular industry sector. Unquoted investments will typically be in companies where the Company believes that there are reasonable prospects of an exit through a trade sale or flotation in the medium term.

There are no criteria set by the Directors regarding the size of the target companies, except that an investee company's gross assets must comply with current UK VCT legislation. Investments in start-up companies where, in the opinion of the Company, levels of risk are unacceptably high, in particular the technology sector, will generally be avoided.

As at 30 September 2009, the Company had invested approximately 77% of its net assets by valuation in a total of 21 qualifying companies. The average investment size at cost is £1.1m.

Non-Qualifying Investments

Associated Funds

As at 30 September 2009, 13% of net assets by valuation of the Company was invested in associated funds, CF Acuity Real Active Management Fund and Electra Private Equity PLC.

Cash Management

In addition to investments held in associated funds, as at 30 September 2009, 6% of its net assets by valuation of the Company was invested in cash deposits to provide immediate liquidity, pending suitable qualifying investments being identified.

Risk Management

Since the Company is flexible with regard to those areas in which it invests, it aims to achieve a significant degree of diversification and to spread risk by investing in unquoted, PLUS traded and AIM quoted companies. In addition, there is no emphasis on any particular industry sector and the non-qualifying investments have

Annual Review Investment Strategy

a high level of in-built diversification. The Company is restricted to investing no more than 15% of the value of its total assets at the time of investment in any one individual qualifying investment or non-qualifying investment.

Investment Portfolio

The investment classification expressed as a percentage of the value of the assets of the ordinary share pool as at 30 September 2009 was as follows :

By Sector

Media	37%
Manufacturing	29%
Business Services	24%
Consumer	10%

By Asset Type

Unquoted – Loan Stock	37%
Unquoted – Ordinary and Preference shares	34%
AIM	5%
Associated Funds	12%
Cash	6%
Accrued Income	4%
Creditors	2%

By Time Investments Held

Between 1 and 3 years	84%
Between 3 and 5 years	16%

Annual Review Financial Highlights

Year ended 30 September	2009	2008
Net assets	£30.0m	£33.6m
Net asset value per Ordinary Share	85.7p	96.1p
Dividend paid per Ordinary Share	0.0p	2.0p
Cumulative return to Shareholders since launch		
Dividends paid per Ordinary Share	3.5p	3.5p
Net asset value plus dividends paid per Ordinary Share	89.2p	99.6p

Key Dates:-

Results Announced
Annual General Meeting
Venue

16 December 2009
Wednesday 3 March 2010 at 1pm
Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB

Annual Review Chairman's Statement

Overview

Following a particularly difficult year ended 30 September 2008, in which the FTSE All Share Index fell by 25.5% and the AIM market fell by 44.4%, the year just ended on 30 September 2009 was by contrast more stable with the FTSE All Share Index increasing by approximately 7% and the AIM market by 3%. However, the relative stability of the year overall masks a story of two halves, with dramatic falls of 21% and 32% in the FTSE All Share Index and FTSE AIM All Share respectively followed by a rebound in both indices. Against this background and investing in smaller companies which are by their nature more risky, the decline in NAV becomes understandable.

Ordinary Shares

As at 30 September 2009 the Net Asset Value (NAV) per ordinary share was 85.7p. When cumulative dividends of 3.5p are included, the total NAV was 89.2p per ordinary share, 6% less than the starting NAV of the Fund of 94.5p and a fall of just over 10p or 11% during the year.

A principal reason for the decline was the difficult decision by the Investment Manager to no longer support Emote Games which had been unable to source additional external financing despite positive early signs on the acceptance of its online game, *The Hunter*. As a result, the Company made a £2.5m provision against its holding value, representing 7p per ordinary share.

Co-Investment

As a result of co-investing alongside the other two VCTs managed by Acuity Capital, the ability to support portfolio companies has been enhanced and contributed to the resilience of the Company's investments as a whole.

Portfolio Activity

During the year the Fund invested a total of £3.6m. Details of these transactions are in the Investment Manager's review.

In addition, the Company has preserved its liquidity with investments in Electra Private Equity PLC of £3.6m and in CF Acuity Active Management Fund of £0.2m, both funds associated with the Investment Manager. Further, as at 30 September 2009 the Company had a cash balance of £1.8m.

Dividend

No dividends were paid during the year to preserve the Company's liquidity; total dividends paid to date to ordinary shareholders are 3.5p. However the Board declared an interim dividend of 1p per ordinary share in respect of the year to 30 September 2009. It will be paid on 5 February 2010 to ordinary shareholders on the Register of Members at the close of business on 29 December 2009.

Share buy backs

In light of the continuing stabilisation of market conditions, the Board has also decided to re-instate its buy back programme. The Board has therefore authorised the purchase of its own shares in

the market up to the lesser amount of 10% of the issued share capital of the Company and the value of £500,000 at a maximum price representing a discount of 15% to the last published NAV of the Company. To facilitate the share buy back programme and to act as a market maker in the shares, the Company has entered an agreement with Matrix Corporate Capital LLP who have been appointed to act as corporate broker with the intention to minimize the difference between the price paid under the buy back programme and the price received by a selling shareholder as well as matching buyers and sellers of the shares. The Company is unable to buy shares directly from shareholders. If an investor wishes to sell shares, contact details for Matrix Corporate Capital can be found on page 16.

Top Up Offer

The Board intends to invite shareholders to participate in a Top Up Offer to improve the overall liquidity of the Company and also take advantage of investing at a time when company acquisition prices remain historically low. The Top Up Offer will represent an issue of up to 10% of the issued share capital of the ordinary shares of the Company. The Board will be writing to shareholders early next year with details of the Offer.

Self Invested Pension Plan (SIPP) service

Working with Cavendish Ware (www.cavendishware.co.uk), the Investment Manager has arranged, if desired, that shareholders will be able to place their shares in the Company in a SIPP, thereby accessing additional tax incentives. It should be noted that moving VCT shares into a SIPP is treated as a disposal for tax purposes, and so has implications for investors sheltering CGT gains or whose VCTs have not yet reached the end of the minimum holding period for income tax relief. Details of this service will be sent to shareholders alongside this report.

Shareholder Communication

If shareholders have any general queries, they should contact the Investment Manager by telephone or email. The Investment Manager's website provides information on Acuity Capital and the Fund.

As the Investment Manager is keen to increase communication with shareholders, its website (www.acuitycapital.co.uk) will include regular investment updates. Shareholders are encouraged to register their email addresses with the Investment Manager if they have not already done so.

We would welcome as many shareholders as possible to come to the Annual General Meeting on 3 March 2010 when two portfolio companies will present to shareholders. Over time, we would hope that all the Company's principal investments will make presentations and this will allow shareholders a better insight into the potential of the Company's portfolio.

Risks

Risks associated with the Company are set out in detail in the Report of the Directors and in note 20 of the Notes to the

Annual Review Chairman's Statement

Accounts. The Board believes that opportunities for selling both quoted and unquoted investments may be reduced by recent events in the financial markets. In addition, the fair market value of its unquoted holdings may also suffer by reference to comparable quoted companies and publicly announced transactions. However, the Company believes that it has insignificant exchange risk and minor credit or interest rate risk.

Outlook

While the Company is not leaving a particularly turbulent period unscathed, nevertheless it is emerging with a portfolio of promising investments which should provide a considerable uplift in your Company's value as they thrive in a more stable economic environment.



Stuart Stradling
Chairman
11 December 2009

Annual Review Investment Manager's Review

As set out in the Investment Strategy on page 2, our aim has been to concentrate our investments in unquoted companies with significant existing revenues and profits and to seek to add value through organic growth and "buy & build" strategies. Access to these types of investment is enhanced through co-investing with the other Acuity VCTs.

Ordinary Shares

During the year the main portfolio uplifts were in three unquoted companies where your Company's holdings increased in value. These were The Fin Machine Company, Factory Media and Loseley Dairy Ice Cream. The holding in The Fin Machine Company increased in value by £1.1m, the holding in Factory Media increased in value by £0.7m and that of Loseley Dairy Ice Cream by £0.5m.

A supplier of capital equipment used to manufacture heat exchangers in the automotive and air conditioning industries, The Fin Machine Company has entered its new financial year with an order book representing 65% of budgeted revenues. In 2009, the business opened a new factory in China and has benefited from increased margins and greater access to a market with growth rates of over 8% p.a. The potential for the company is significant with long-term forecasts representing an increase in sales of over 100%.

The strategy of investing heavily in Factory Media, a publisher of extreme sports titles, digital offering through its central website, www.mpora.com, as well as individual title websites, has now begun to see the benefits, with total digital traffic now exceeding 1.7 million monthly unique users from a comparison figure of 0.4 million last year. This break through in traffic has permitted a substantial increase in the business' value.

In October 2008, Hill Station, an AIM listed company, was forced into administration due to a wet Summer diminishing sales and tighter credit conditions hampering cash flow. However, we decided that the business was worth supporting as a private equity investment and the Company invested £0.7m alongside its sister VCTs to acquire the business from the Administrator and support its development, renaming the business Loseley Dairy Ice Cream. We are pleased to note that Loseley is beginning to show substantial traction which has allowed an increase in its value over the year. We are hopeful that Loseley will attract considerable levels of new business from the major retailers and lead to a substantial uplift in value.

On the downward side, Future Noise Music (formerly the business of Acrobat Music Group) saw a net decrease in value of £1.9m and Target Entertainment Group saw a decrease in value of £0.9m. Unfortunately the year also saw a full provision against the £2.5m holding value in Emote Games.

In order to secure the Company's investment with a fixed charge over its music catalogue, we restructured Acrobat Music Group with the business emerging as Future Noise Music. The business also saw a decrease in its revenues as the failure of Woolworths and Zavvi severely effected its historic distribution channels. The company has worked hard at establishing new channels and signing new artists, and we are hopeful that much of the value in the business can be recovered.

Annual Review Investment Manager's Review

Target Entertainment Group, one of the UK's leading television producers and distributors, benefited from the production of the 7th season of *Foyle's War* but the overall TV industry was weak leading to a lower than expected performance in Target's distribution division. While expected to generate revenues of over £20m, we reduced its holding value until we can see clearer signs of a rebound in the TV industry.

Lastly, we took the difficult decision to no longer support the losses arising from the cash burn of Emote Games when it became clear that the company was unable to access additional financing from other investors. The decision was particularly difficult as there was considerable positive early data on the acceptance of its online game, *The Hunter*. However, the investment case was based on estimated rates of user growth which did not materialise in the necessary time frame and on securing a US distribution deal which was not secured.

In addition to the funding provided to Emote Games over the year and to Loseley Dairy Ice Cream, as noted above, we invested £0.7m in Red Reef Media and £0.5m in Amber Taverns.

The investment in Red Reef Media was predominantly as part of a commitment made at the initial investment in February 2008 to meet the payment of deferred consideration to the previous owner of the business. Red Reef is the publisher of a free circulation magazine, TNT (www.tntonline.co.uk), aimed historically at Antipodeans living in London. The company is seeking to expand its readership and the use of its website beyond its loyal but niche market. As part of this strategy it will be launching a new website at the significantly larger gap year market.

During the year, we invested £0.5m in Amber Taverns, memorably described by its chairman as the "Aldi and Lidl of the pub market", and an investment held by the Company's sister VCTs. Amber Taverns acquired a portfolio of 23 pubs at distressed prices and so increased the number of pubs under management after the sale of 8 unwanted units to a net 45. The acquisition of the additional pubs has been a success with the retained units responding well to Amber Tavern's management with its emphasis on the supply of competitively priced beer and a welcoming modern décor in depressed or city centre locations. With its original portfolio matching its budget, due to the overall performance of the company, we have already increased the value of the investment.

Deal Flow

With greater stability in the economy, although remaining cautious, we would hope to capitalise on the opportunities we are seeing and increase the number of investments made by the Company in new companies as well as supporting existing portfolio companies where appropriate.

Annual Review Portfolio Summary

	Investments at 30 September 2009	Cost £'000	Valuation £'000	Valuation movement in the year £'000	% of Portfolio by Value
	Acuity Business Services	250	232	(18)	0.8
	Acuity Energy	250	232	(18)	0.8
	Acuity Manufacturing	250	237	(13)	0.8
	Acuity Rights	250	227	(23)	0.8
	Acuity Support Services	250	232	(18)	0.8
	Amber Taverns	500	542	42	2.0
	Brand Acquisitions	1,800	1,777	(23)	6.4
	CF Acuity Real Active Management Fund	218	223	45	0.8
	Connect2Media	2,000	2,200	200	7.9
	Defaqto	1,285	1,465	(223)	5.3
	Electra Private Equity	3,847	3,611	(33)	13.0
	Emote Games	2,766	-	(2,509)	0.0
	Factory Media	1,925	2,850	721	10.3
	Future Noise	798	766	(32)	2.8
	The Fin Machine Company	2,150	5,814	1,115	21.0
	Jelf Group	250	141	(230)	0.5
	Loseley Dairy Ice Cream	709	1,169	460	4.2
	Managed Support Services	888	169	18	0.6
	Mount Engineering	759	629	(43)	2.3
	Munro Global	1,615	2,085	(7)	7.5
	Red Reef Media	1,263	1,058	(205)	3.8
	Sports Media Group	500	27	(80)	0.1
	Target Entertainment Group	2,000	1,467	(923)	5.3
	Zamano	750	578	31	2.2
	Total Investments	27,273	27,731	(1,766)	100.00
	Other Assets				
	Cash		1,826		
	Total		29,557		

Annual Review Investment Manager

The Fund's investments are managed by Acuity Capital. Acuity Capital was established in 1981 and is authorised and regulated by the Financial Services Authority.

Acuity Capital has considerable expertise in quoted and unquoted investments and has a well developed deal flow, including unquoted company proposals that originate from its own contacts and network, pre-float finance opportunities and broker led AIM flotations.

Acuity Capital is also the Investment Manager of Acuity VCT Plc, Acuity VCT 2 Plc and CF Acuity Real Active Management Fund, the successor fund to Electra Active Management Plc.

The Investment Manager has established an Investment Committee comprising three Acuity Capital executives and two independent members. The independent members of the Investment Committee are Angela Lane and Tony Everett. After 18 years working in private equity at 3i, Angela's final role was as a partner in 3i's Growth Capital business managing the UK Portfolio. Tony has a background as an entrepreneur and business owner and acts as a consultant to Fleming Family and Partners Private Equity. In addition, the Investment Committee is chaired by Hugh Mumford, a senior executive of Electra Partners Group. The Investment Committee meets as required to consider and review investment proposals.

Annual Review Co-investment Arrangements

Co-investment Arrangements with other Acuity VCTs

The Directors welcome the fact that the Investment Manager has five VCT pools of funds, Acuity VCT Plc Ordinary Share pool, Acuity VCT Plc 'C' Share pool, Acuity VCT 2 Plc Ordinary Share pool, Acuity VCT 2 Plc 'C' Share pool and Acuity VCT 3 Plc (together "the Acuity VCTs"), it can use for co-investment. This allows each fund to spread its investment risk and gain access to larger investments than it could do on its own. Where a co-investment opportunity arises between the Company and one or more of the other funds, the Company will invest in an agreed and consistent proportion, on the same terms and in the same securities as the funds with which it co-invests. Costs associated with any such investment will be borne by each fund pro-rata to its investment.

In more detail, the Board has adopted a set of guidelines on its co-investment arrangements with the Acuity VCTs and the Investment Manager as follows:-

- Other than as set out below, investments will be allocated between the Company and the Acuity VCTs by reference to the size of each fund and to each fund's available cash resources.
- Where an opportunity arises for a second or subsequent round of investment in a company in which one of the Acuity VCTs has invested at an earlier stage, the fund holding the existing investment will have a preferential right to take up any pro-rata entitlement it may have in the new financing round. The amount it invests on this basis will not be taken into account in determining its co-investment share thereafter.
- The Company will make an investment in which one or more of the Acuity VCTs have existing investments only when the Board considers that to be in the best interests of the Company.
- Any potential conflict of interest in a proposed investment by one or more of the Acuity VCTs will be referred by the Investment Manager to the Board of the Company and the other relevant Boards.
- In the event of a possible conflict of interest between the Investment Manager and the Company, the matter will be decided by those Directors who are independent of the Investment Manager.

The Board of the Company acknowledges that the Investment Manager may occasionally recommend an allocation of investments on a different basis from the one described above. For example, an exception may be made to ensure that one or more of the Company, Acuity VCT Plc or Acuity VCT 2 Plc maintain their status as a HMRC approved VCT, or in the interests of balancing their portfolios. A different basis may also be necessary to meet the requirements of potential investee companies. In these cases the Directors may use their judgement.

Annual Review Largest 10 Investments

Fin Machine Company

Cost	£2,150,000
Valuation	£5,814,000
Basis of Valuation	EV/EBITDA Multiple
Equity held	19.5%
Business	Specialist Engineering
Other Acuity funds investing	Acuity VCT, Acuity VCT 2

Audited financial information

Year Ended 30 September	2008 £m	2007 £m
Sales	19.5	17.0
Profit before tax	2.8	1.0
Retained Profit	2.1	0.7
Net assets	4.4	2.3

Electra Private Equity

Cost	£3,847,000
Valuation	£3,611,000
Basis of Valuation	Bid Price
Equity held	0.8%
Business	Investment Trust
Other Acuity funds investing	Acuity VCT, Acuity VCT 2

Audited financial information

Year Ended 30 September	2008 £m	2007 £m
Sales	(38.7)	269.4
(Loss)/Profit before tax	(65.6)	185.1
Retained (Loss)/Profit	(69.4)	174.3
Net assets	641.0	745.5

Factory Media

Cost	£1,925,000
Valuation	£2,850,000
Basis of Valuation	EV/Sales Multiple
Equity held	25.0%
Business	Sports Publishing Company
Other Acuity funds investing	Acuity VCT 2

Audited financial information

Year Ended 31 December	2008 £m	2007 £m
Sales	8.4	7.5
Loss before tax	(0.5)	(0.3)
Retained Loss	(0.5)	(0.3)
Net (liabilities)/assets	(0.2)	0.3

Annual Review Largest 10 Investments

Connect2Media

Cost	£2,000,000
Valuation	£2,200,000
Basis of Valuation	EV/Sales Multiple
Equity held	17.6%
Business	Mobile Games

Audited financial information

Period 16 June 2008 to 31 December 2008	2008 £m
Sales	2.4
Loss before tax	(0.7)
Retained Loss	(0.7)
Net assets	3.8

Other Acuity funds investing Acuity VCT, Acuity VCT 2

Munro Global

Cost	£1,615,000
Valuation	£2,085,000
Basis of Valuation	EV/EBITDA Multiple
Equity held	24.8%
Business	Market Research Company

Audited financial information

Year Ended 31 July	2008 £m	2007 £m
Sales	10.2	8.0
Profit before tax	0.0	0.1
Profit after tax	0.0	0.1
Net assets	0.6	0.6

Other Acuity funds investing Acuity VCT 2

Brand Acquisitions

Cost	£1,800,000
Valuation	£1,777,000
Basis of Valuation	EV/EBITDA Multiple
Equity held	16.6%
Business	Branded Menswear

Audited financial information

Period Ended 31 January	Year Ended 2009 £m	3 Months Ended 2008 £m
Sales	11.3	1.1
Profit/(Loss) before tax	0.3	(0.3)
Profit/(Loss) after tax	0.2	(0.2)
Net assets/(liabilities)	0.7	(0.5)

Other Acuity funds investing Acuity VCT, Acuity VCT 2

Annual Review Largest 10 Investments

Target Entertainment Group

Cost	£2,000,000
Valuation	£1,467,000
Basis of Valuation	EV/Sales Multiple
Equity held	13.3%
Business	Television Distribution Company

Audited financial information

Year Ended 31 December	2007 £m	2006 £m
Sales	17.1	10.3
Loss before tax	(0.5)	(0.3)
Retained Loss	(0.3)	(0.4)
Net liabilities	(0.5)	(1.8)

Other Acuity funds investing Acuity VCT, Acuity VCT 2

Defaqto Group

Cost	£1,285,000
Valuation	£1,465,000
Basis of Valuation	EV/Sales Multiple
Equity held	8.1%
Business	Financial product data provider

Audited financial information

Year Ended 31 March	2009 £m	2008 £m
Sales	8.3	7.8
Loss before tax	(0.4)	(1.8)
Retained Loss	(0.5)	(1.7)
Net liabilities	(8.1)	(7.9)

Other Acuity funds investing Acuity VCT, Acuity VCT 2

Loseley Dairy Ice Cream

Cost	£709,000
Valuation	£1,169,000
Basis of Valuation	EV/Sales Multiple
Equity held	15.0%
Business	Producer of Fine Dairy Ice Cream

No audited financial information available

Other Acuity funds investing Acuity VCT, Acuity VCT 2

Annual Review Largest 10 Investments

Red Reef Media

Cost	£1,263,000,
Valuation	£1,058,000
Basis of Valuation	Bid Price
Equity held	14.4%
Business	Magazine Publishing

Audited financial information

Period from 4 September 2007 to 30 March 2008	2008 £m
Sales	0.5
Profit before tax	0.0
Retained Profit	0.0
Net assets	1.2

Other Acuity funds investing	Acuity VCT, Acuity VCT 2
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Note:-

In many cases, the qualifying investment is made substantially in the form of loan notes which both carry a high interest rate and are treated as debt for statutory purposes. Shareholders should therefore be advised that often the investee companies report both retained losses and net liabilities as a result.

Company Information Contact Details

Acuity VCT 3 Plc

Board of Directors

Stuart Stradling (Chairman)
Kevin D'Silva
David Hurst-Brown
Nicholas Ross

Investment Manager and Administrator

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Secretary and Registered Office

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Company Number

5544383

Broker

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One Vine Street
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Registered Independent Auditors

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Registrar and Transfer Office

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Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA
Telephone (UK): 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Monday to Friday)
Telephone (Overseas): +44 208 639 3399
Email: shareholder.services@capitaregistrars.com
Web: www.capitaregistrars.com

Any change of address of a shareholder or other relevant amendment to shareholder details should be communicated to the Company's Registrar, Capita Registrars.

If any shareholder is considering trading his or her shares in the secondary market, please contact the Company's broker Matrix Corporate Capital LLP: Chris Lloyd on 0203 206 7176 (chris.lloyd@matrixgroup.co.uk) and Paul Nolan on 0203 206 7177 (paul.nolan@matrixgroup.co.uk).

Company Information Board of Directors

Stuart Stradling, Chairman

Appointed a Director on 14 September 2005

He is a chartered accountant with 36 years experience in the City of London. He was Managing Director of investment banking and Chairman of corporate banking at Dresdner Kleinwort Wasserstein until he retired in April 2006. He previously held a similar position at SG Warburg and was partner in charge of corporate broking at Rowe and Pitman for 10 years prior to the firm's sale to SG Warburg in 1986. In addition, he holds a number of non-executive positions in small companies in several fields, including media and technology. He is Chairman of the Nomination Committee.

Kevin O'Silva*

Appointed a Director on 14 September 2005.

He is a chemical engineer who has specialised in the medical devices industry. He was formerly Group Managing Director of Ferraris Group Plc and he has managed the growth of a number of publicly quoted and unquoted companies. He is Chairman of Hallmarq Veterinary Systems Limited, a MRI scanning products business, Chairman of Ai2, antimicrobial peptides and Chairman of Surface Transforms plc, a publicly listed company specialising in carbon ceramic brakes. He is also a partner in SalusInvest LP that invests and manages a portfolio of medical products businesses. He is Chairman of the Remuneration Committee.

David Hurst-Brown*

Appointed a Director on 14 September 2005.

Having graduated as a Production Engineer he worked for over 25 years in the investment banking industry. Prior to his retirement from UBS in 2002 he had worked for 15 years as an executive director in the corporate finance division of UBS Warburg. Presently he is a non-executive of Anite Plc, Imagination Technologies Plc, Ffastill Plc, Hargreave-Hale VCT and Hargreave-Hale VCT 2. He is Chairman of the Audit Committee and has been nominated the Senior Independent Director under the Combined Code on Corporate Governance.

Nicholas Ross

Appointed a Director on 14 September 2005.

He is a founding member of Acuity Capital LLP, prior to the Management buy-out he had been at Electra Quoted Management since 1993. Previously he had several years in investment analysis and fund management. He has been responsible for the launch of the three Acuity Capital VCT funds. He is a Managing Partner of Acuity Capital LLP and a Director of Acuity Capital and all three Acuity VCT funds. He also sits on a number of investee company boards.

* Member of the Audit, Remuneration and Nomination Committees

Accounts Report of the Directors

To the Members of Acuity VCT 3 Plc

The Directors present the audited accounts of the Company for the year ended 30 September 2009 and their Report on its affairs.

Investment Company Status

Throughout the year under review the Company was an investment company as defined under Section 833 of the Companies Act 2006.

VCT Status

HM Revenue and Customs has granted the Company approval under Section 274 of the Income Tax Act 2007 (ITA 2007) as a VCT, the approval being effective from the first day on which the Company's ordinary shares were listed on the London Stock Exchange (being 1 December 2005). The Board continues to direct the affairs of the Company to enable it to maintain approval as a VCT.

Business Review

Objective and Investment Strategy

A review of the Company's Objective and Investment Strategy is detailed on page 2.

Current and Future Development

A review of the main features of the year is contained in the Chairman's Statement and the Investment Manager's Review on pages 5 and 7 respectively.

The Board regularly reviews the development and strategic direction of the Company. The Board's main focus continues to be on the Company's long-term investment return. Attention is paid to the integrity and success of an investment process and on factors which may have an impact on this approach. Due regard is given to the marketing and promotion of the Company, including effective communication with shareholders and other external parties.

Social, Community, Employee and Environmental Issues

In carrying out its activities and in relationships with the community, the Company aims to conduct itself responsibly, ethically and fairly. The Company has no employees and the Board is comprised entirely of Non-Executive Directors. The Company has no direct impact on the environment. However, the Company believes that it is in the shareholders interests to consider environmental, social and ethical factors when selecting and retaining investments. Further details of how the Company views socially responsible investment is set out in page 19.

Performance

A detailed review of performance during the year under review is contained in the Investment Manager's Review on pages 7 and 8.

A number of performance measures are considered by the Board and Investment Manager in assessing the Company's success in achieving its objectives.

The key performance indicators ("KPIs") used to measure the progress and performance of the Company are established industry measures and are as follows:-

- The movement in net asset value per ordinary share
- The movement in share price
- The movement of net asset value and share price performance compared to the FTSE All-Share Index

Details of the KPIs are shown in the Financial Highlights on page 4 and through a graph comparing the Company's total return on a share price and net asset value basis over the period since shares were first issued with the FTSE All-Share Index total return over the same period as set out in the Directors' Remuneration Report on page 27.

The Board recognises that it is in the long term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is performance. As outlined in the Report of the Directors on page 19, the Board intends to seek renewal of its annual share buy-back authority at the Company's Annual General Meeting in 2010. As noted in the Chairman's Statement, the Board has reinstated the share buy-back programme but will continue to monitor the position closely.

Risk Management

Since the Company is flexible with regard to those areas in which it invests, it aims to achieve a significant degree of diversification and to spread risk by investing in unquoted, PLUS traded and AIM quoted companies. In addition, there is no emphasis on any particular industry sector and even the non-qualifying investments have quite a high level of in-built diversification. The Company is restricted to investing no more than 15% of the value of its total assets at the time of investment in any one individual qualifying investment or non-qualifying investment.

The key risks facing the Company include Market Risk, Interest Rate Risk, Credit Risk and Liquidity Risk as further detailed in Note 20 of the Notes to the Accounts.

In addition the Company is also focused on the following risks:

Macroeconomic risks

The performance of the Company's underlying investment portfolio is principally influenced by a combination of economic growth, interest rates, the availability of well-priced debt finance, the number of active trade and private equity buyers and the level of merger and acquisition activity. All of these factors have an impact on the Company's ability to invest and on the Company's ability to exit from its underlying portfolio or on the levels of profitability achieved on exit.

Long-term strategic risk

The Company is subject to the risk that its long-term strategy and its level of performance fails to meet the expectations of its shareholders. The Company constantly monitors the level of discount of its Net Asset Value to its share price and considers the

Accounts Report of the Directors

most effective methodologies to keep this at a minimum including its share buy-back policy.

In addition the Company regularly reviews its Objectives and Investment Strategy in light of prevailing investor sentiment to ensure the Company remains attractive to its shareholders.

Government policy and regulation risk

The Company carries on business as a VCT under section 274 of the Income Tax Act 2007 (ICTA 2007). Continuation of this status is subject to the Company directing its affairs in line with the relevant requirements of the legislation. Anticipated and actual changes in government policy and related tax treatment of VCTs are closely monitored, as are other changes which could affect results of operations or financial position.

Acuity Capital is an authorised person under the Financial Services and Markets Act 2000 and regulated by the FSA. Changes to the regulatory framework under which Acuity Capital operates are closely monitored and reported upon as necessary by Acuity Capital to the Company.

Socially Responsible Investment

The Company believes that high standards of corporate social responsibility ('CSR') make good business sense and have the potential to protect and enhance investment returns. Consequently, the investment process takes social, environmental and ethical issues into account when, in the Company's view, these have a material impact on either investment risk or return.

The Company recognises and supports the view that social, environmental and ethical best practice should be encouraged. It favours investing in companies committed to high standards of CSR and to the principles of sustainable development.

The Company does not screen out companies from its investment universe purely on the grounds of poor social, environmental or ethical performance. Instead, it adopts a positive engagement approach whereby, if it is appropriate, it discusses these issues with the management of the companies in which it invests. The information gathered during these meetings is used both to assist the Company's investment decisions and also to encourage investee company management to improve procedures and attitudes. The Company strongly believes that this is the most effective way to improve the CSR policies of the businesses in which it invests and the Board endorses this view.

Investment risks

The Company operates in a very competitive market. Changes in the number of market participants, the availability of funds within the market, the pricing of assets, or in the ability of Acuity Capital to access deals on a proprietary basis, could have a significant effect on the Company's competitive position and on the sustainability of returns.

In order to source and execute good quality investments the Company is primarily dependent on Acuity Capital having the ability to attract and retain people with the requisite investment

experience and whose compensation is in line with the Company's objectives.

Once invested, the performance of the Company's portfolio is dependent upon a range of factors. These include but are not limited to: (i) the quality of the initial investment decision described above; (ii) the ability of the portfolio company to execute its business strategy successfully; and (iii) actual outcomes against the key assumptions underlying the portfolio company's financial projections. Any one of these factors could have an impact on the valuation of a portfolio company and upon the Company's ability to make a profitable exit from the investment within the desired timeframe.

A rigorous process is put in place by Acuity Capital for managing the relationship with each investee company for the period prior to anticipated realisation. This includes regular asset reviews and, in many cases, board representation by one of Acuity Capital's executives.

The Company reviews both the performance of Acuity Capital and its incentive arrangements on a regular basis to ensure that both are appropriate to the objectives of the Company.

Operational risks

The Company's investment management, custody of assets and all administrative systems are provided or arranged for the Company by Acuity Capital. Therefore the Company is exposed to a range of operational risks at Acuity Capital which can arise from inadequate or failed processes, people and systems or from external factors affecting these.

The Company's system of internal control mainly comprises the monitoring of the services provided by Acuity Capital, including the operating controls established by them to ensure they meet the Company's business objectives, as discussed further on pages 22 to 25.

Share Capital

The current authorised share capital of the Company is £600,000 divided into 60,000,000 ordinary shares of 1p each. The ordinary shares have voting rights attached, holders are entitled to receive notice of and attend shareholder meetings and to receive dividends once declared and approved. The other rights and obligations attaching to the ordinary shares are set out in the Company's Articles of Association.

Authority to make Market Purchases of Shares

At the Annual General Meeting of the Company held on 4 March 2009 authority was given to make market purchases of up to 3,495,667 of the Company's issued ordinary share capital.

The Company does not hold any shares in treasury.

Accordingly, at 30 September 2009 authority remained to purchase a further 3,495,667 ordinary shares.

At 30 September 2009, a total of 34,956,673 ordinary shares of 1p each of the Company were in issue.

Accounts Report of the Directors

A Special Resolution will be proposed at the Annual General Meeting to be held on 3 March 2010 to renew, for one year, the Board's authority to buy up to 5,208,544 of the Company's ordinary shares, or such lesser number of shares as is equal to 14.9% of the total number of ordinary shares in issue as at the date of the passing of the resolution, subject to the constraints set out in the Special Resolution. Should any shares be purchased under this authority, it is the intention of the Board that such shares be cancelled.

The Directors do not intend to use this authority to purchase shares unless this would result in an increase in the net asset value per share and would be in the best interests of shareholders generally. The Directors recommend shareholders to vote in favour of this Special Resolution.

Renewal of Authority to Allot Shares and Disapply Pre-emption Rights

At the Annual General Meeting to be held in 2010 an Ordinary Resolution will be proposed seeking to renew the authority granted at the Annual General Meeting held on 4 March 2009 to allot additional shares, up to an aggregate nominal amount of £116,522.24, representing one third of the current issued share capital. It is standard practice for most public companies to renew this authority to allot shares annually. The Directors are seeking to renew this authority to provide them with the ability to make further small share issues if considered suitable. Otherwise, the Directors have no present intention of exercising this authority. The authority conferred on the Directors will expire at the conclusion of the Company's Annual General Meeting in 2011.

A Special Resolution will be proposed at the Annual General Meeting in 2010 seeking to renew the authority granted at the Annual General Meeting held on 4 March 2009 to issue equity securities of the Company for cash without the application of the pre-emption rights provided by the Companies Act 2006. The authority contained in this Resolution is sought in connection with a rights issue or similar issue, or otherwise in connection with an allotment of up to 10% of the nominal value of the issued ordinary share capital of the Company shown in the accounts for the year ended 30 September 2009. The Directors' authority will expire at the conclusion of the Company's Annual General Meeting in 2011.

Power of Directors to change the name of the Company

A Special Resolution will be proposed at the Annual General Meeting in 2010 seeking shareholders' approval to an alteration of the Articles of Association of the Company to include a new power for directors to be able to resolve to change the name of the Company in the future. This will allow the Company to take advantage of new provisions contained in the Companies Act to provide companies with an administratively simpler and faster method to change their names.

Results and Dividend

Revenue returns attributable to shareholders amounted to £139,000 (2008: £637,000). Capital (losses)/returns attributable to shareholders amounted to £(3,780,000) (2008: £1,666,000).

The Directors recommend an interim dividend in respect of the year ended 30 September 2009.

Directors

The current Directors of the Company are listed on page 17. Mr SR Stradling, Mr D Hurst-Brown, Mr KA D'Silva and Mr NRW Ross all served as Directors throughout the year ended 30 September 2009. No other person was a Director of the Company during any part of the year under review. Mr S Stradling and Mr NRW Ross will retire at the Annual General Meeting in 2010 and, being eligible, offer themselves for re-election. Short biographical details of all the Directors are provided on page 17. Following performance appraisals of all of the Directors, details of which are to be found on page 23, the Board considers that the performance of each Director retiring at the Annual General Meeting and offering himself for re-election continues to be effective and that each Director continues to show commitment to his role. Accordingly, the Board recommends that those Directors retiring at the Annual General Meeting in 2010 and offering themselves for re-election be re-elected.

Directors' Interests

The beneficial interests of the Directors in the ordinary shares of the Company are shown below. Save as disclosed, no Director had any notifiable interest in the securities of the Company.

No Director bought or sold any ordinary shares of the Company during the year under review. There have been no changes in the interests of any of the Directors in the ordinary shares of the Company between 1 October 2008 and 11 December 2009. No options over ordinary shares in the capital of the Company have been granted to the Directors.

	30 September 2009 Ordinary Shares of 1p each	1 October 2008 Ordinary Shares of 1p each
SR Stradling	51,500	51,500
KA D'Silva	10,300	10,300
D Hurst-Brown	25,750	25,750
NRW Ross**	51,600	51,600

** NRW Ross also has an interest in £22,462 (2008: £22,462) of the 3.75% Loan Notes issued by the Company.

Directors' Remuneration Report

An Ordinary Resolution to approve the Directors' Remuneration Report will be put to the Annual General Meeting in 2010.

Contracts with Directors

No Director has a service contract with the Company. As a result of being a Partner of Acuity Capital LLP, Mr NRW Ross is deemed to have an interest in the Management Contract between the Company and Acuity Capital.

Directors' and Officers' Liability Insurance

Directors' and Officers' Liability Insurance is maintained on behalf of the Directors in respect of their positions as Directors of the Company.

Accounts Report of the Directors

Substantial Shareholders

At 11 December 2009 the Directors had not been notified of any interests of 3% or more in the Company's issued share capital.

Independent Auditors

A resolution to re-appoint KPMG Audit Plc as Auditors to the Company will be proposed at the Annual General Meeting in 2010. A separate resolution will be proposed at the Annual General Meeting in 2010 authorising the Directors to fix the remuneration of the Auditors.

The Directors confirm that so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Creditor Payment Policy

The Company agrees the terms of payment with its suppliers when agreeing the terms of each agreement. Suppliers are aware of the terms of payment and the Company abides by the terms of payment. The Company's average creditor payment period at 30 September 2009 was one day.

Investment Manager

Acuity Capital Management Limited was the Investment Manager of the Company during the year under review. The Board regularly reviews the performance of the Investment Manager and as a result believes the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

Management Fees and Arrangements

Acuity Capital was appointed as Investment Manager under an agreement dated 14 October 2005. The agreement is for an initial period of five years and thereafter until terminated by not less than one year's notice. Fees are paid quarterly in arrears, as a percentage of net assets (less a rebate of fees suffered on investments on funds managed by Acuity Capital Management), at the following annual rates:

Period ended 30 June 2006	1.5%
Year ended 30 June 2007	2.0%
Year ended 30 June 2008 and thereafter	2.5%

Incentive Schemes

Certain persons engaged in the business of the Investment Manager will be entitled to receive a performance fee based upon returns to shareholders. The incentives are designed to encourage significant dividend payments to shareholders and a Net Asset Value performance that would equate to a historic top quartile industry ranking, before any performance fee payment is made. Therefore, if, by the end of a financial year, aggregate distributions of 30p per share have been declared and if the Performance Value, which is equal to the Net Asset Value plus

distributions, at that date exceeds 130p per share, then the beneficiaries will be entitled to a performance fee equal to 20% of the excess of such Performance Value over 100p per share. If, on a subsequent financial year end, the performance of the Company falls short of the performance of the Company on the previous financial year end, the beneficiaries will not be entitled to any incentive. If, on a subsequent financial year end, the performance of the Company exceeds the previous performance of the Company, the beneficiaries will be entitled to 20% of such excess. To give effect to this performance fee, Loan Notes have been issued by the Company to certain persons engaged in the business of the Investment Manager. No Loan Notes have been issued directly to the Investment Manager. Further details of the terms of the Loan Notes are set out in Note 13 of the Financial Statements. At 30 September 2009 there was no amount due under the Incentive Schemes.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Accounts as the Company has adequate resources to continue in operational existence for the foreseeable future. The board took into consideration cashflow forecasts and that there was no debt at the year end when arriving at this conclusion.

Annual General Meeting

The Annual General Meeting of the Company will be held on 3 March 2010. In addition to the ordinary business, the following special business will be considered:-

Authority to Allot Shares: Resolution 7

At the Annual General Meeting an Ordinary Resolution will be proposed seeking to renew the authority conferred upon the Directors at the Annual General Meeting held on 4 March 2009 to allot additional shares, up to an aggregate nominal amount of £116,522.24, representing one third of the nominal value of the issued share capital of the Company at the date of this Directors' Report. The Directors have no present intention of exercising this authority. The authority conferred on the Directors will expire at the conclusion of the Company's Annual General Meeting in 2011. This Ordinary Resolution will also remove the concept of an authorised share capital from the Company's articles of association, in accordance with the provisions of the Companies Act 2006. The Directors recommend shareholders to vote in favour of this Ordinary Resolution.

Authority to Disapply Pre-emption Rights: Resolution 8

A Special Resolution will be proposed at the Annual General Meeting seeking to renew the authority conferred upon the Directors at the Annual General Meeting held on 4 March 2009 to issue equity securities of the Company for cash without the application of the pre-emption rights provided by the Companies Act 2006. The authority contained in this Resolution is sought in connection with a rights issue or similar issue, or otherwise in connection with an allotment of up to 10% of the nominal value of the issued ordinary share capital of the Company shown in the accounts for the year ended 30 September 2009. The Directors'

Accounts Report of the Directors

authority will expire at the conclusion of the Company's Annual General Meeting in 2011. The Directors recommend shareholders to vote in favour of this Special Resolution.

Authority to Make Market Purchases of Shares: Resolution 9

As set out in the Chairman's Statement, the Board has decided to reinstate the Company's buy back programme. Therefore, the Board wishes to have in place the authority to purchase the Company's own shares so that the buy back programme can be re-instated as and when conditions permit. Accordingly, a Special Resolution will be proposed to renew, for one year, the Board's authority to buy up to 5,208,544 of the Company's ordinary shares, or such lesser number of shares as is equal to 14.9% of the total number of ordinary shares in issue immediately prior to the passing of the resolution, subject to the constraints set out in the Special Resolution. Should any shares be purchased under this authority, it is the intention of the Board that such shares be cancelled and not held as treasury shares.

The Directors do not intend to use this authority to purchase shares unless this would result in an increase in the net asset value per share and would be in the best interests of shareholders generally. The Directors recommend shareholders to vote in favour of this Special Resolution.

Power of Directors to change the name of the Company: Resolution 10

To take advantage of new provisions contained in the Companies Act 2006, and for reasons of administrative simplicity and speed, the directors propose that the Articles of Association of the Company be amended to include a new power for directors to be able to resolve to change the name of the Company in the future.

Corporate Governance

Arrangements in respect of corporate governance, appropriate to a venture capital trust, have been made by the Board. The Board has considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance issued in March 2009 ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council ('FRC') ('the Combined Code'), as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company. The FRC confirmed in February 2009 that it remained their view that the AIC Guide was appropriate and that investment companies may report against the AIC Code.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code) will provide better information to shareholders.

Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code. Since all the Directors are non-executive the provisions of the Combined Code in respect of

the role of the chief executive are not relevant to the Company and, likewise, the provisions of the Combined Code relating to Directors' remuneration are not relevant except in so far as they relate specifically to non-executive Directors. For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers that these provisions are not relevant to the Company, being an externally managed venture capital trust. The Company has therefore not reported further in respect of these provisions.

The Directors confirm that during the year under review the Company has complied with Section 1 of the Combined Code on Corporate Governance ('the Code') issued by the Financial Reporting Council in June 2008.

Directors' Attendance at Scheduled Meetings of the Board and Committees of the Board

	Board		Audit Committee		AGM/EGM	
	Held	Attended	Held	Attended	Held	Attended
Stuart Stradling	4	4	2	2	2	2
Kevin D'Silva	4	3	2	2	2	2
Nicholas Ross	4	4	2	2	2	2
David Hurst-Brown	4	3	2	2	2	2

In addition, a number of Directors attended further Board meetings at short notice to address specific issues.

The Board of Directors

The Board, which meets regularly, comprised four Directors at 30 September 2009, all of whom were non-executive. All of the Directors who held office at 30 September 2009, apart from Mr NRW Ross, have been considered by the Board to be independent from the Investment Manager. The Board has nominated Mr David Hurst-Brown as the Senior Independent Director.

Acuity VCT Plc and Acuity VCT 2 Plc are also managed by Acuity Capital and Mr NRW Ross is one of its Directors. The Board has considered the independence of each Director in light of the Code's provisions on that subject.

The Board believes that each of the Company's Directors, apart from Mr NRW Ross, continues to be wholly independent under the Code. Independence is a state of mind and the character and judgement which accompany this are distinct from and, in the Board's opinion, are not compromised by having cross directorships with other Directors.

The Board has agreed a schedule of matters reserved for its specific approval, which includes a regular review of the Company's Management Agreement with Acuity Capital, together with the monitoring of the performance thereunder. The Management Agreement sets out the matters over which Acuity Capital has authority in accordance with the policies and directions of the Board. The Board Meetings consider as appropriate such

Accounts Report of the Directors

matters as overall strategy, investment performance, share price performance, share price discount and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The numbers of scheduled meetings of the Board and the Audit Committee are shown in the table above.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Each Director receives board papers several days in advance of each scheduled Board meeting and is able to consider in detail the Company's performance and any issues to be discussed at the relevant meeting.

The Directors believe that the Board has the balance, skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 17.

Performance Appraisal

The Board carried out a formal appraisal process of its own and of its Committees' operation and performance during the year under review. This was implemented by means of questionnaires circulated to the Directors, the results of which were then reviewed by the Board. Issues covered included board composition, meeting arrangements and communication. The process was considered by the Board to be constructive in identifying areas for improving the functioning and performance of the Board and of its Committees. The Board concluded that its performance and that of its Committees was satisfactory.

The Chairman carried out a formal appraisal of each of the Directors during the year under review and the Board, under the leadership of the Senior Independent Director, similarly appraised the Chairman. Relevant matters considered included the attendance and participation at Board and Committee meetings, commitment to Board activities and the effectiveness of the contribution made by the relevant Director. As a result of this process the Chairman has confirmed that the performance of each of the Directors being proposed for re-election continues to be effective and that each of them continues to show commitment to his role. The Senior Independent Director has also confirmed the continuing effectiveness and commitment of the Chairman.

Re-election of Directors

In accordance with either the Code's provisions or the Company's Articles, Mr S Stradling and Mr NRW Ross will retire at the Annual General Meeting to be held in 2010 and offer themselves for re-election.

Independent Professional Advice

Individual Directors may seek independent professional advice in furtherance of their duties at the Company's expense within certain parameters. All Directors have access to the advice and services of the Company Secretary. Any appointment or removal

of the Company Secretary would be a matter for consideration by the entire Board.

The Audit Committee

The Board has an Audit Committee established in compliance with the Code. It comprises all the Directors other than the Chairman of the Board and Mr NRW Ross, with Mr David Hurst-Brown as Chairman of the Committee. The Board has taken note of the suggestion that at least one member of the Committee should have recent and relevant experience and is satisfied that the Committee is properly constituted in this respect. Its authority and duties are clearly defined in its written terms of reference which are available on Acuity Capital's website.

The Committee's Responsibilities include:

- monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditors;
- making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement;
- developing and implementing the Company's policy on the provision of non-audit services by the external auditors;
- reviewing the arrangements in place within Acuity Capital whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company; and
- considering annually whether there is a need for the Company to have its own internal audit function.

The Committee has reviewed the provision of non-audit services provided by the external auditors and believes them to be cost effective and not an impediment to the external auditors' objectivity and independence. It has been agreed that all non-audit work to be carried out by the external auditors, must be approved by the Committee and that any special projects must be approved in advance.

The Committee annually reviews the performance of KPMG Audit Plc, the Company's external auditor. In doing so, the Committee considers a range of factors including the quality of service, the auditor's specialist expertise and the level of audit fees. There are no contractual obligations restricting the choice of external auditor. Under Company Law the reappointment of the external auditor is subject to shareholder approval at the AGM.

Internal Audit

Following the review carried out by the Committee as to whether there is a need for the Company to have its own internal audit function, the Board has considered and continues to believe that

Accounts Report of the Directors

the internal control systems in place within Acuity Capital provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

The Remuneration Committee

During the year under review the Remuneration Committee comprised all the Directors of the Company other than the Chairman of the Board and Mr NRW Ross, with Mr KA D'Silva as Chairman of the Committee. The Committee met once during the year. It was agreed for there to be no change in Directors fees. The Committee has written terms of reference which are available on Acuity Capital's website. Full details of its role are set out in the Directors' Remuneration Report.

The Nomination Committee

The Nomination Committee meets on an ad hoc basis to consider suitable candidates for appointment as Director. It comprises all the Directors apart from Mr NRW Ross, with Mr Stuart Stradling as Chairman of the Committee. It was not necessary to hold any meeting of the Committee during the course of this year. The Committee has written terms of reference which are available on Acuity Capital's website. The Committee is responsible for identifying and nominating, for the approval of the Board, candidates to fill board vacancies to maintain a balanced Board.

Letters of appointment, which specify the terms of appointment, are issued to new Directors.

The current Directors of the Company were appointed with regard to their independence, suitability for the position and their experience in related business areas.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee and which includes being briefed fully about the Company by the Chairman and senior executives of Acuity Capital. Following appointment, Directors continue to receive other relevant training and advice as necessary to enable them to discharge their duties.

The Company's Relationship with its Shareholders

The Company places great importance on communication with the Company's shareholders. In addition to the Annual and Half Yearly Reports shareholders will be sent regular newsletters from the Investment Manager.

At the Annual General Meeting all shareholders are welcome to attend and have the opportunity to put questions to the Board.

The notice of the Annual General Meeting and related papers are sent to shareholders at least 13 working days before the Meeting. A separate resolution is proposed on each substantially separate issue including the annual report and accounts.

All proxy votes are counted and, except where a poll is called, the level of proxies lodged for each resolution is announced at the Meeting and is published on Acuity Capital's website. The Chairman and the Senior Independent Director can always be contacted either through the Company Secretary or care of the Company's registered office at Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB.

Internal Control

The Code requires the Directors to review the effectiveness of the Company's system of internal control and report to shareholders that they have done so. The Code extended the earlier reporting requirements and now includes financial, operational and compliance controls and risk management.

The Board confirms that it has an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and has continued since the year end and up to the date of this report. It is reviewed at regular intervals by the Board and accords with the Financial Reporting Council's 'Internal Control: Revised Guidance for Directors on the Combined Code'.

The Board is responsible for the Company's system of internal control and it has reviewed its effectiveness for the year ended 30 September 2009. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided or arranged for the Company by Acuity Capital, the Company's system of internal control mainly comprises the monitoring of services provided by Acuity Capital, including the operating controls established by them, to ensure they meet the Company's business objectives. The key elements designed to provide effective internal control for the Company are as follows:

- Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data including management accounts, revenue projections, analyses of transactions and performance comparisons.
- Investment Strategy – Agreement by the Board of the Company's investment strategy and monitoring of all large investments.
- Management Agreements – The Board regularly monitors the performance of Acuity Capital to ensure that the Company's assets and affairs are managed in accordance with the guidelines determined by the Board.
- Investment Performance – The investment transactions and performance of the Company's assets and affairs are managed in accordance with the guidelines determined by the Board.

Accounts Report of the Directors

- Management Systems – Acuity Capital's system of internal control includes clear lines of responsibility, delegated authority, control procedures and systems. Acuity Capital's compliance department monitors compliance with the Financial Services Authority rules.

The Board keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of key controls of Acuity Capital as follows:

- The Board reviews the terms of the Management Agreement and receives regular reports from Acuity Capital executives.
- The Board reviews the certificates provided by Acuity Capital on a six monthly basis, verifying compliance with documented controls.

Voting Policy

The Company's investee companies are principally a mixture of quoted and unquoted companies in which the Company is a significant shareholder and the Company is usually a party to all issues requiring shareholder approval. The Company has given discretionary voting power to Acuity Capital to vote on its behalf.

Acuity Capital's voting policy as agent for the Company has adopted and applies the Statement of Principles drawn up by the Institutional Shareholders Committee when it considers these in its reasonable judgement to best serve the financial interests of the Company's shareholders. Acuity Capital's voting policy has been reviewed and endorsed by the Board.



Acuity Capital Management Limited
Secretary
Registered Office:
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
11 December 2009

Accounts Statement of Directors' Responsibilities in respect of the Annual Report, the Directors' Remuneration Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Directors' Remuneration Report, that complies with that law and those regulations.

The accounts of the Company are published on www.acuitycapital.co.uk which is a website maintained by the Company's Investment Manager, Acuity Capital.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Management Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with the FSA's Disclosure and Transparency Rules, the Directors confirm to the best of their knowledge that:-

- (a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) the Report of the Directors includes a fair review of the development and performance of the business and position of the Company together with a description of the principal risks and uncertainties that it faces.

By order of the Board of Directors
Stuart Stradling, Chairman
Registered Office:
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
11 December 2009

Accounts Directors' Remuneration Report

The Directors submit this report in accordance with the requirements of Section 3 of the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008. An Ordinary Resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting. The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such.

Remuneration Committee

During the year under review the Remuneration Committee comprised all the Directors of the Company other than the Chairman of the Board and Mr NRW Ross. Mr KA D'Silva was Chairman of the Remuneration Committee throughout the year.

The Committee met once during the year. The current annual fee rates are £20,000 for the Chairman and Mr David Hurst-Brown and £15,000 for the other Directors, apart from Mr NRW Ross who receives no remuneration from the Company. The Company has not been provided with advice or services by any person in respect of Directors' remuneration during the year.

Policy on Directors' Remuneration

In accordance with the Articles of Association of the Company, the aggregate remuneration of the Directors may not exceed £100,000 per annum or such higher amount as may from time to time be determined by an Ordinary Resolution of the Company. Subject to this overall limit, the Remuneration Committee's policy is that remuneration of non-executive Directors should be sufficient to attract and retain the Directors needed to oversee the Company and reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ended 30 September 2010 and subsequent years. Non-executive Directors are not eligible to receive bonuses, pension benefits, share options and other benefits.

Directors' Service Contracts

None of the Directors has a service contract with the Company. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors for compensation for loss of office.

Performance Graph

Pursuant to the Directors' Remuneration Report Regulations 2002, the Company is required to show a graph of total shareholder return against a suitable benchmark index in its Directors' Remuneration Report for the last five financial years.

The graph below shows the Company's performance being measured in terms of its Total Shareholder Return and its Net Asset Value per share since the date on which the shares were first issued, being 25 November 2005, against the Total Shareholder Return of the FTSE All-Share Index.

The graph has incorporated the change in net asset value per share because changes in net asset value per share relative to the FTSE All-Share Index are an important indicator of the performance of the Company's assets.

The Directors consider that since the Company invests in a broad range of commercial sectors, the FTSE All-Share Index is the most appropriate index against which to compare the Company's performance.

Acuity VCT 3 Share Price Total Return v Acuity VCT 3 Net Asset Value v FTSE All Share Index (Total Return)

Date	NAV Total Return (gross dividend re-invested)	FTSE All-Share Index Total Return	Share Price
30/11/2005	100.00	100.00	100.00
31/03/2006	94.19	112.16	100.00
30/09/2006	99.23	114.57	100.00
31/03/2007	113.03	122.42	95.00
30/09/2007	102.50	126.01	100.00
31/03/2008	98.20	113.09	94.00
30/09/2008	99.60	90.61	82.00
31/03/2009	78.90	72.39	45.00
30/09/2009	85.71	96.12	36.00

The Directors who served during the year received the following emoluments in the form of fees:

	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
Sk Stradling (Chairman & joint highest paid Director)	20	20
D Hurst-Brown (joint highest paid Director)	20	20
KA D'Silva	15	15
NRW Ross	-	-
Total	55	55

As a former executive of the Electra Partners Group and as a current executive of Acuity Capital, NRW Ross has an interest in the Management Contract between the Company and Acuity Capital and also holds loan notes. NRW Ross has waived his right to receive Directors fees from the Company.

By order of the Board of Directors
Mr KA D'Silva
Chairman of the Remuneration Committee
Registered Office: Paternoster House, 65 St Paul's Churchyard,
London, EC4M 8AB
11 December 2009

Accounts Independent Auditors' Report

Independent Auditors' Report to the Members of Acuity VCT 3 Plc

We have audited the financial statements of Acuity VCT 3 Plc for the period ended 30 September 2009 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception


We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 21, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.



Simon Pashby (Senior Statutory Auditor)
for and on behalf of
KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
Edinburgh
11 December 2009

Accounts Income Statement

	Notes	For the year ended 30 September 2009			For the year ended 30 September 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised (losses)/gains on investments sold	9	-	(1,154)	(1,154)	-	(396)	(396)
Investment holding losses	9	-	(2,332)	(2,332)	-	(755)	(755)
Income	1	670	-	670	1,324	-	1,324
Recoverable VAT	2	33	98	131	-	-	-
		703	(3,388)	(2,685)	1,324	(1,151)	173
Investment management fees	2	(185)	(556)	(741)	(239)	(719)	(958)
Other expenses	3	(297)	124	(173)	(257)	63	(194)
		(482)	(432)	(914)	(496)	(656)	(1,152)
Return on Ordinary Activities before Interest and Taxation		221	(3,820)	(3,599)	828	(1,807)	(979)
Finance Cost	4	(42)	-	(42)	(50)	-	(50)
Return on Ordinary Activities before Taxation		179	(3,820)	(3,641)	778	(1,807)	(1,029)
Tax on ordinary activities	6	(40)	40	-	(141)	141	-
Return on Ordinary Activities after Taxation		139	(3,780)	(3,641)	637	(1,666)	(1,029)
Return to Shareholders per Ordinary Share	7	0.4p	(10.8)p	(10.4)p	1.8p	(4.7)p	(2.9)p

The total column of this statement represents the Company's Income Statement, prepared in accordance with UK GAAP. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year. A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The information on pages 33 to 46 form part of these financial statements.

Accounts Reconciliation of Movements in Shareholders' Funds

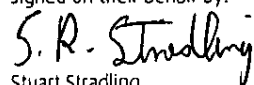
	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
Total Return on Ordinary Activities after Taxation	(3,641)	(1,029)
Repurchase of ordinary shares	-	(100)
Dividend payment on ordinary shares	-	(701)
Movements in Total Shareholders' Funds	(3,641)	(1,830)
Total Shareholders' Funds at start of year	33,606	35,436
Total Shareholders' Funds at the end of the Year	29,965	33,606

Accounts Balance Sheet

	Notes	As at 30 September 2009 £'000	As at 30 September 2008 £'000
Fixed Assets			
Investments held at fair value	9	27,731	31,019
Current Assets			
Debtors	10	1,159	723
Other investments	11	-	630
Cash at bank		1,826	2,404
		2,985	3,757
Current Liabilities			
Creditors: amounts falling due within one year	12	297	566
		297	566
Net Current Assets		2,688	3,191
Total assets less current liabilities		30,419	34,210
Creditors: amounts falling due after more than one year	13	454	604
Net Assets		29,965	33,606
Capital and Reserves			
Called-up share capital	15	350	350
Special Reserve	16	31,907	31,907
Capital reserve	16	(2,953)	827
Revenue reserve	16	661	522
Total Equity Shareholders' Funds		29,965	33,606
Net Asset Value per Ordinary Share	17	85.7p	96.1p
Number of Ordinary Shares in issue at end of year		As at 30 September 2009 34,956,673	As at 30 September 2008 34,956,673

The information on pages 33 to 46 forms part of these Financial Statements.

The Financial Statements on pages 29 to 46 were approved and authorised for issue by the Board of Directors on 11 December 2009 and were signed on their behalf by:


Stuart Stradling
Chairman

Accounts Cash Flow Statement

		For the year ended 30 September 2009		For the year ended 30 September 2008	
	Notes	£'000	£'000	£'000	£'000
Operating Activities					
Investment income received		215		814	
Bank deposit interest received		1		35	
Investment management fees paid		(584)		(1,224)	
Other cash payments		(337)		(354)	
Recoverable VAT		140		-	
Net Cash Outflow from Operating Activities	18		(565)		(729)
Taxation					
Corporation Tax Paid			-		(34)
Capital Expenditure and Financial Investments					
Purchase of investments		(5,167)		(14,192)	
Sale of investments		4,969		2,727	
(Payment)/Receipt of funds from related parties for Co-investment		(445)		445	
Net Cash Outflow from Investing Activities			(643)		(11,020)
Equity Dividends Paid			-		(701)
Cash Outflow before Financing and Management of Liquid Resources			(1,208)		(12,484)
Management of Liquid Resources					
Sale of current asset investments		630		13,445	
Net Cash Inflow from Management of Liquid Resources			630		13,445
Financing					
Repurchase of shares			-		(114)
Net Cash Outflow from Financing			-		(114)
(Decrease)/Increase in Cash for the Period	19		(578)		847

Accounts Statement of Accounting Policies

Basis of Accounting

The accounts are prepared on a going concern basis and on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments, and in accordance with the Companies Act 2006 United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for investment trust companies and venture capital trusts issued by the Association of Investment Companies in December 2005 and revised in January 2009 (the "SORP").

In order to reflect the activities of an investment company, supplementary information which analyses the financial statements between items of a revenue and capital nature has been presented alongside the financial statements. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the SORP.

The management fee is allocated between revenue and capital in accordance with the Board's expected long term split of returns, and other expenses are charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated.

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year, follows:

Investments

Purchases and sales of quoted investments are recognised on the trade date where a contract exists whose terms require delivery within a timeframe determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Investments are designated at fair value through profit or loss (described in the Accounts as investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below. Changes in the fair value of investments are recognised in the income statement through the capital account.

Quoted Investments

Quoted investments are stated at the bid market prices on the balance sheet date without discount.

Unquoted Investments

Unquoted investments are held at fair value as fixed asset investments. The fair value is calculated in accordance with International Private Equity and Venture Capital Valuation Guidelines issued in September 2009 following the methodology outlined below.

Principles of Valuation of Investments

General

In valuing investments, the Directors follow the principles recommended in the International Private Equity and Venture Capital Valuation Guidelines issued in September 2009. Investments are valued at fair value at the reporting date.

Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating fair value, the Directors use a methodology which is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. Methodologies are applied consistently from one period to another except where a change results in a better estimate of fair value. Because of the inherent uncertainties in estimating the value of private equity investments, the Directors exercise appropriate prudence in applying the various methodologies.

As part of the valuation process, the proposed valuations are reviewed by the independent members of the Investment Committee before being examined by the auditors and then approved by the Directors.

Unquoted Investments

The principal methodologies applied in valuing unquoted investments, including PLUS investments (a UK market focussed on small and medium companies which the Directors do not regard as an active market with sufficient liquidity), include the following:

- Earnings multiple
- Price of recent investment
- Net assets

In applying the Earnings Multiple methodology, the Directors apply a market based multiple that is appropriate and reasonable to the maintainable earnings of the company. In the majority of cases the Enterprise Value of the underlying business is derived by the use of an Earnings Before Interest, Tax and Depreciation multiple applied to current year's earnings where these can be forecast with a reasonable degree of certainty and are deemed to represent the best estimate of maintainable earnings. Where this is not the case, historic earnings will generally be used in their place.

Where a recent investment has been made, either by the Company or by a third party in one of Company's investments, this price will be used as the estimate of fair value for a period of up to one year from the date on which the investment was made. One of the principal methodologies, as above, may be used at any time if this is deemed to provide a better assessment of the fair value of the investment. Unquoted investments may be subject to an impairment adjustment to valuation where necessary.

Accounts Statement of Accounting Policies

The fair value of an investment in a company will be arrived at through the following process:

- The Enterprise Value of the underlying business will be calculated using one of the above methodologies;
- The Enterprise Value of the underlying business will then be adjusted for surplus assets or excess liabilities to arrive at an Enterprise Value for the company; and
- The valuation of the Company's investment will be calculated from the Enterprise Value for the company after deduction of prior ranking debt and other financial instruments and an appropriate marketability discount.

A discount will normally be applied to the earnings multiple. The amount of the discount is a question of judgement and will reflect several factors including the ability of the Company to influence the timing and nature of any realisation. Where the Company has the ability to influence an exit, or is part of a syndicate of like-minded investors who initiate the exit, a marketability discount will be applied. This may vary according to market and investee company circumstances. Where the likelihood of an exit is high, the discount is likely to be lower. Where there is no ability to initiate an exit and exit is not under discussion, the discount is likely to be higher. In cases where no exit is contemplated by controlling shareholders, the investment may be valued by discounting the cash flow from the investment itself.

Although the Company holds more than 20% of the equity of certain companies, it is considered that the investments are held as part of the investment portfolio. Accordingly, and as permitted by FRS 9 'Associates and joint ventures', their value to the Company lies in their marketable value as part of that portfolio. It is not considered that any of the holdings represent investments in associated undertakings.

Under FRS 2 'Accounting for subsidiary undertakings' control is presumed to exist when the parent owns, directly or indirectly more than half of the voting power by a number of means. The Company does not hold more than 50% of the equity of any of the companies within the portfolio. In addition, it does not control any of the companies held as part of the investment portfolio. It is not considered that any of the holdings represent investments in subsidiary undertakings.

Income

Dividends receivable from equity investments are brought into account on the ex-dividend date or, where no ex-dividend date is quoted, are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity investments and on debt securities are recognised on a time apportionment basis, which reflects the effective interest rate. Where there is reasonable doubt that a return, which falls within the accounting period, will actually be received by the Company, the recognition of the return is deferred until the reasonable doubt has been removed.

Interest receivable on cash deposits is accounted for on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except for expenses in connection with the disposal of fixed asset investments, which are deducted from the disposal proceeds of the investment and investment management and incentive fees which are dealt with below.

Investment Management and Incentive Fees

The investment management fees for the Investment Manager's services are charged 25% to the revenue account and 75% to the capital account. This is in line with the Board's long-term expected split of returns from the investment portfolio of the Company. Incentive fees are fully charged to the capital account. The incentive fee on realisations in the period is charged to the realised capital reserve and the incentive fee provision in respect of unrealised value growth in the portfolio is charged to the unrealised capital reserve.

Revenue and Capital Reserves

The revenue return in the Income Statement is taken to the revenue reserve.

Gains and losses on the realisation of investments are taken to the realised capital reserve.

Gains and losses arising from changes in fair value are considered to be realised only to the extent that they are readily convertible to cash in full at the balance sheet date. Otherwise, gains and losses are treated as unrealised.

Taxation

The tax effects of different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period. Due to the Company's status as a venture capital trust and the continued intention to meet the conditions required to comply with Section 274 of the Income Tax Act 2007 (ITA 2007), no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are recoverable.

Dividends Payable

Dividend distributions to shareholders are recognised as a liability in the period in which they are paid in respect of interim dividends or when approved by members in respect of final dividends.

Accounts Statement of Accounting Policies

Trail Commission

The fair value of trail commission payable on new share issues is estimated on the date the new shares are issued based on the net asset value of the trust at that time, an estimate of annualised growth in NAV over the life of the contract and an appropriate discount rate. Subsequent to initial recognition, changes in the value of the creditor arising through the unwinding of the discount rate are recognised in the revenue column of the Income Statement and movements in the value of the creditor resulting from changes in assumptions are recognised in the capital column of the Income Statement.

Accounts Notes to the Accounts

1. Income

	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
Franked investment income*	25	174
Income from liquidity funds#	1	539
Unfranked investment income*	634	576
Interest from bank deposits#	1	35
Interest on Recoverable VAT#	9	-
	670	1,324

*Denotes income arising from investments designated as fair value through profit or loss on initial recognition.

#Denotes Income arising on financial assets not designated as fair value through profit or loss.

2. Investment Manager's Fees

	For the year ended 30 September 2009			For the year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Acuity Capital Management	185	556	741	239	719	958

The Management Fee includes irrecoverable VAT of Enil (2008: £145,000).

Acuity Capital also received an administration fee of £68,000 (2008: £65,000), net of VAT, which increases each year in line with RPI. The administration fee is included in the administration expenses of £146,000 (2008: £140,000) in Note 3.

Included in other expenses is an amount payable to the investment manager of £50,000 as a contribution toward the increase in non-recoverable VAT to Acuity Capital as a result of the changes to VAT on investment management fees.

HM Revenue & Customs has accepted that under European Union VAT law the exemption of VCT management fees from VAT should have applied from January 1990 onwards and has indicated that claims may be made for repayment of VAT previously paid by VCTs on management fees, subject to such claims being limited to a period of three years prior to the date of claim. During the year ended 30 September 2009 the company received a repayment of £131,000 in respect of VAT previously suffered on management fees and this amount has been recognised as a separate credit in the income statement, allocated between revenue and capital return in the same proportion as that in which the irrecoverable VAT was originally charged.

Management Fees and Arrangements

Acuity Capital was appointed as Investment Manager under an agreement dated 14 October 2005. The agreement is for an initial period of five years and thereafter until terminated by not less than one year's notice to expire at any time after the initial period. Fees are paid quarterly in arrears, as a percentage of net assets (less a rebate of fees suffered in the investment in CF Acuity Real Active Fund which is managed by Acuity Capital), at the following annual rates:

Period ended 30 June 2006	1.5%
Year ended 30 June 2007	2.0%
Year ended 30 June 2008 and thereafter	2.5%

Accounts Notes to the Accounts

Annual running expenses of the Fund are capped at 3.6% of the Net Asset Value at 30 September 2009. Any excess will be redeemed against the Management Fee payable to the Investment Manager.

Incentive Schemes

Certain employees of, and persons engaged in, the business of the Investment Manager, will be entitled to receive a performance fee based upon returns to shareholders. The incentives are designed to encourage significant dividend payments to shareholders and a NAV performance that would equate to a historic top decile industry ranking, before any performance fee payment is made. Therefore, if by the end of a financial year, aggregate distributions of 30p per share have been declared and if the Performance Value, which is equal to the Net Asset Value plus distributions, at that date exceeds 130p per share, then the beneficiaries will be entitled to an incentive equal to 20% of the excess of such Performance Value over 100p per share. If, on a subsequent financial year end, the performance of the Company falls short of the performance of the Company on the previous financial year end, the beneficiaries will not be entitled to any incentive. If, on a subsequent financial year end, the performance of the Company exceeds the previous performance of the Company, the beneficiaries will be entitled to 20% of such excess. To give effect to this performance fee, Loan Notes have been issued by the Company to certain employees of, and persons engaged in, the business of the Investment Manager. No Loan Notes have been issued directly to the Investment Manager. Further details of the terms of the Loan Notes are set out in Note 13 of the Financial Statements. At 30 September 2009 there was no amount due under the Incentive Schemes.

3. Other Expenses

	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
Directors' remuneration	55	55
Employer's NIC	8	4
Auditors' fees		
Audit:-		
KPMG	18	19
PwC	-	8
Non audit:-		
PwC - Taxation Services	11	17
KPMG - Other services	-	1
Legal fees	9	13
Re-estimation of Trail Commission creditor	(124)	(63)
Recharge of non-recoverable VAT from ACML	50	-
Administration expenses	146	140
	173	194

In addition to the audit fees above, an amount of £13,000 was settled by Acuity Capital in relation to the period to 30 September 2008.

4. Finance Cost

	As at 30 September 2009		As at 30 September 2008	
	Ordinary Shares £'000	Total £'000	Ordinary Shares £'000	Total £'000
Deferred trail commission expense amortisation	42	42	50	50
	42	42	50	50

Accounts Notes to the Accounts

5. Directors' Remuneration

Details of Directors' remuneration are shown in the table in the "Directors Remuneration for the Year (audited)" section of the Directors' Remuneration Report on page 27.

The Company had no employees or employee costs in 2009 Enil (2008: Enil).

6. Taxation of Ordinary Activities

	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
Analysis of charge in the period		
Current tax:		
UK Corporation tax at 21% (2008: 20.5%)	-	-
Total Current Tax	-	-
Factors affecting tax charge for the period		
Return on ordinary activities before tax	(3,641)	(1,029)
Revenue return multiplied by corporate tax rate (21%)	(765)	(216)
Effects of:		
Dividend income not subject to tax	(5)	(36)
Expenses not deductible for tax purposes	(17)	-
(Losses)/gains on investments	732	159
Unutilised tax losses arising in the year	55	93
Total Current Tax	-	-

In light of the Company's status as a venture capital trust and the Directors' intention to continue to meet the conditions necessary to obtain such approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments. There is no unprovided deferred tax liability at 30 September 2009. There has been no recognition of a deferred tax asset of £68,000 (2008: £13,000) as the Directors do not anticipate these being used.

7. Return per Ordinary Share

The revenue return per ordinary share is based on the net revenue from ordinary activities after taxation of £139,000 (2008: £637,000) and on 34,956,673 (2008: 35,024,962) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The capital return per ordinary share is based on net capital losses of £3,780,000 (2008: £1,666,000) and on 34,956,673 (2008: 35,024,962) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The total return per ordinary share is based on the net (deficit)/revenue from ordinary activities after taxation of (£3,641,000) (2008: £1,029,000) and on 34,956,673 (2008: 35,024,962) ordinary shares, being the weighted average number of shares in issue during the year.

Accounts Notes to the Accounts

8. Dividend

	For the year ended 30 September 2009			For the year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Recognised as distribution in the financial statements for the year						
First interim paid of Enil (2008 1.0p) per share	-	-	-	351	-	351
Second interim dividend of Enil (2008: 1.0p) per share	-	-	-	350	-	350
Total	-	-	-	701	-	701

	For the year ended 30 September 2009			For the year ended 30 September 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Paid and proposed in respect for the period						
First interim of £1.0p (2008 1.0p) per share	350	-	350	351	-	351
Second interim dividend of Enil (2008: 1.0p) per share	-	-	-	350	-	350
Total	350	-	350	701	-	701

Accounts Notes to the Accounts

9. Investments

	Qualifying investments		Non-qualifying investments		Total £'000
	Traded on AIM £'000	Unlisted £'000	Open-ended Investment Company £'000	Closed-ended Investment Company £'000	
Costs at 1 October 2008	3,147	21,064	273	5,151	29,635
Investment holdings (losses)/gains at 1 October 2008	(1,300)	2,983	(27)	(272)	1,384
Valuation at 1 October 2008	1,847	24,047	246	4,879	31,019
Purchases at cost	-	5,746	184	-	5,930
Proceeds	-	(4,513)	(201)	(1,018)	(5,732)
Realised losses on disposals in year	-	(896)	(41)	(217)	(1,154)
Unrealised losses realised during the year	-	(1,340)	3	(69)	(1,406)
Investment holding (losses)/gains in year	(303)	(691)	32	36	(926)
Valuation at 30 September 2009	1,544	22,353	223	3,611	27,731
Cost at 30 September 2009	3,147	20,061	218	3,847	27,273
Investment holdings (losses)/gains at 30 September 2009	(1,603)	2,292	5	(236)	458
Valuation at 30 September 2009	1,544	22,353	223	3,611	27,731

The purchases and sales proceeds figures above include transaction costs of £nil (2008: £nil) and £2,000 (2008: £nil) respectively.

All investments are designated as fair value through profit or loss on initial recognition; therefore all gains and losses arise on investments designated as fair value through profit or loss.

10. Debtors

	2009 £'000	2008 £'000
Amounts receivable within one year:		
Other debtors	26	35
Amounts receivable after one year:		
Accrued income	1,133	688
	1,159	723

Accounts Notes to the Accounts

11. Other Investments

	2009 £'000	2008 £'000
Liquidity Funds:		
JP Morgan	-	5
Scottish Widows	-	625
	-	630

The market value of the Liquidity Funds is £nil (2008: £630,000). The funds earned a floating rate of interest.

12. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Due to Acuity Capital	198	-
Trail Commission Payable	69	84
Other creditors	30	37
Related Party Liability	-	445
	297	566

The related party liability related to a co-investment with Acuity VCT and Acuity VCT 2 as at 30 September 2008.

13. Creditors: amounts falling due after one year

	2009 £'000	2008 £'000
Trail Commission Payable	378	528
Unsecured 3.75% Loan Notes	76	76
Issued at 30 September 2009	454	604

The Loan Notes are redeemable in certain circumstances at par including the termination of the Investment Management Agreement with the Investment Manager. They carry a 3.75% interest coupon and also the right to additional interest payments under the terms of the incentive schemes set out in Note 2 to the Financial Statements.

Accounts Notes to the Accounts

14. Significant Interests

At 30 September 2009 the Company held significant investments, amounting to 3% or more of the equity capital in the following companies:-

	Equity investment (Ordinary Shares)	Investments Loan Stock And Preference Shares	Total Investments	Percentage of Investee Company's Total Equity
	£'000	£'000	£'000	%
Acuity Business Services Ltd	100	150	250	33.0
Acuity Energy Ltd	100	150	250	33.0
Acuity Manufacturing Ltd	100	150	250	33.0
Acuity Rights Ltd	100	150	250	33.0
Acuity Support Services Ltd	100	150	250	33.0
Emote Games	229	2,537	2,766	27.4
Factory Media	193	1,733	1,925	25.0
Munro Global	162	1,454	1,615	24.8
Fin Machine Company	215	1,935	2,150	19.5
Connect 2 Play	2,000	-	2,000	17.6
Brand Acquisitions	200	1,600	1,800	16.6
Red Reef Media Ltd	309	954	1,263	14.4
Target Group	533	1,467	2,000	13.3
Loseley Dairy Ice Cream Ltd	0	709	709	15.0
Defaqto	129	1,156	1,285	8.1
Mount Engineering	759	-	759	4.4
Zamano	750	-	750	3.9

It is considered that, as permitted by FRS 9 "Associates and Joint Ventures", the above investments are held as part of an investment portfolio and that, accordingly, their value to the Company lies in their marketable value as part of its portfolio.

In view of this, it is not considered that the above represent investments in associated undertakings. The above companies are incorporated in the United Kingdom, except for Zamano, which is incorporated in the Republic of Ireland.

15. Called Up Share Capital

	Number	2009 £'000	Number	2008 £'000
Authorised				
Ordinary Shares of 1p each	60,000,000	600	60,000,000	600
Issued:				
At 1 October 2008	34,956,673	350	35,069,648	351
Ordinary Shares of 1p each repurchased during the year	-	-	(112,975)	(1)
As at 30 September 2009	34,956,673	350	34,956,673	350

Accounts Notes to the Accounts

During the year under review, the Company made no purchases of its own ordinary shares in the market under the authority granted by shareholders at the Annual General Meeting held in March 2009, as the Board continues its suspension of the Company's share buy-back policy.

Management of Capital

The Capital of the Company is managed in accordance with the Company's investment objective, detailed in the Investment Strategy detailed on page 2.

The Company does not have any externally imposed capital requirements.

16. Reserves

As at 30 September 2009	Special Reserve £'000	Capital Reserve (Non distributable) £'000	Revenue Reserve (Distributable) £'000
At 1 October 2008	31,907	827	522
Investment holding losses	-	(2,332)	-
Realised Loss on disposal of investments in the year	-	(1,154)	-
Investment management fees charged to capital account (net of recoverable VAT and tax)	-	(418)	-
Re-estimation of trail commission creditor charged to capital account	-	124	-
Retained revenue for the year	-	-	139
At 30 September 2009	31,907	(2,953)	661

At 30 September 2009, distributable reserves by way of dividend amounted to £32,568,000 (2008: £32,429,000), comprising the revenue reserve.

17. Net Asset Value per Ordinary Share

Net asset value per ordinary share is based on net assets at 30 September 2009 of £29,965,000 (2008: £33,606,000) and on 34,956,673 (2008: 34,956,673) ordinary shares, being the number of ordinary shares in issue on that date.

Accounts Notes to the Accounts

18. Reconciliation of Net Return on Ordinary Activities Before Taxation to Net Cash (Outflow) from Operating Activities

	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
Return on ordinary activities before finance costs and taxation	(3,599)	828
(Losses)/gains in investments	3,486	(719)
Non cash movements	(124)	-
(Decrease) in debtors	(436)	(465)
Increase/(Decrease) in creditors and accruals	108	(373)
Net cash (Outflow) from operating activities	(565)	(729)

19. Analysis of Changes in Cash

	For the year ended 30 September 2009 £'000	For the year ended 30 September 2008 £'000
At beginning of the period	2,404	1,557
Net cash inflow	(578)	847
At 30 September	1,826	2,404

Included within the cash balance there is a restricted cash balance of £nil (2008: £2,000,000).

20. Financial Instruments

Market Risk: Market Risk incorporates the possibility for losses and gains from Investments and encompasses interest risk and price risk.

Investment risk management is governed by the Investment Strategy detailed on page 2 of these accounts and Market Risk is within that process. On a regular basis the Investment Manager monitors the Fund's Market Risk, in accordance with policies and procedures documented in the Report of the Directors. The Board meets regularly to review the Fund's market position.

Details of the nature of the Fund's investment portfolio at the balance sheet date can be found on page 9 within the Portfolio Summary. The constituent parts of those investments are set out below.

The investment note, Note 9, details the split between listed and unlisted investments, which shows that at the balance sheet date 19% was invested in quoted investments (2008:22%). A 5% increase in the bid price of the quoted investments as at the balance sheet date would have increased net assets and the total return for the year by £269,000 (2008: £348,000), an equivalent change in the opposite direction would have reduced net assets and the total return for the year by the same amount. A 5% increase in the value of unquoted investments held at the Balance Sheet date would have increased net assets and the total return for the year by £1,118,000 (2008:£1,202,000); an equivalent change in the opposite direction would have reduced net asset and the total return for the year by the same amount.

Accounts Notes to the Accounts

Interest Rate Risk: A proportion of the Fund's financial assets are interest bearing, earning a fixed or a variable rate. Therefore, the Fund has exposure to fair value Interest Rate risk due to fluctuations in the market interest rates.

The interest rate profile of the Company's financial assets as at 30 September 2009 was:

	Financial Assets on which no Interest Paid £'000	Fixed Rate Financial Assets £'000	Variable Rate Financial Assets £'000	Total £'000	Weighted Average Interest Rates %	Weighted Average Period for which rate is fixed (Years)
Equity shares	15,766	-	-	15,766	-	-
Non-Equity shares	-	860	-	860	8.0	3.1
Loan stock	-	11,105	-	11,105	8.0	2.3
Liquidity Funds	-	-	-	-	-	-
Cash	-	-	1,826	1,826	2.0	-
Debtors	1,159	-	-	1,159	-	-
Total	16,925	11,965	1,826	30,716	-	-

The only financial liabilities were the unsecured Loan Notes of £76,000 which carry a 3.75% coupon and trail commission creditor of £447,000.

The interest rate profile of the Company's financial assets as at 30 September 2008 was:

	Financial Assets on which no Interest Paid £'000	Fixed Rate Financial Assets £'000	Variable Rate Financial Assets £'000	Total £'000	Weighted Average Interest Rates %	Weighted Average Period for which rate is fixed (Years)
Equity shares	14,235	-	-	14,235	-	-
Non-Equity shares	-	1,061	-	1,061	8.0	-
Loan stock	-	15,670	53	15,723	8.1	3.7
Liquidity Funds	-	-	630	630	5.5	-
Cash	-	-	2,404	2,404	4.9	-
Debtors	723	-	-	723	-	-
Total	14,958	16,731	3,087	34,776	-	-

The only financial liabilities were the unsecured Loan Notes of £76,000 which carry a 3.75% coupon and trail commission creditor of £612,000.

Fixed Rate Assets: Represent investments with predetermined yield targets. The fixed rate investments are held for the medium term and have a predetermined interest rate, in-line with their risk profile. Therefore a change of 25 basis points in the interest rate at the balance sheet date would not have a significant impact on the company's net assets.

Variable Rate Assets: Represent investments with interest rates linked, by formula, to utilisation of funds by investee companies and cash held in interest-bearing deposit accounts.

Credit Risk: Credit risk is the risk that a counterparty to a financial instrument is unable to discharge an obligation or commitment entered into with the Company. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is monitored on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

Credit Risk	2009 £'000	2008 £'000
Investments in fixed interest instruments	11,965	16,731
Investments in variable interest instruments	-	683
Cash	1,826	2,404
Interest, dividends and other receivables	1,159	723

Accounts Notes to the Accounts

Credit risk on fixed interest instruments which are solely comprised of loan stock is part of the Fund's venture capital procedures and are managed within the main investment management procedures.

All the assets of the Company which are traded on a recognised exchange are held in a secured facility on site. This mitigates the risk of a third party custodian going into liquidation or becoming bankrupt.

The cash of the Company was held by HSBC Bank Plc.

Liquidity risk: The liquidity risk is the risk that the Company might encounter difficulty in meeting its obligations arising from holding financial instruments.

The Company's fixed assets include unquoted equity securities which are not listed on a recognised stock exchange and which generally are illiquid. As a result, the Company may not be able to realise some of its investments in these securities quickly at an amount close to their fair value.

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager as presented in the Report of the Directors.

The Company maintains sufficient investments in cash to pay all accounts payable and accrued expenses as they become due.

21. Post Balance Sheet Events

There were no significant post balance sheet events.

22. Geographical Analysis

The operations of the Company are wholly in the United Kingdom.

23. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments of the Company at 30 September 2009.

24. Transactions with the Investment Manager

During the year ended 30 September 2009, £809,000 was payable (2008: £1,302,000) to Acuity Capital, the Investment Manager. At 30 September 2009, the Company owed £148,000 (2008: £nil) to the Investment Manager. Details of the Investment Manager's fee arrangements are included in Note 2.

Annual General Meeting Notice of Annual General Meeting

Notice is hereby given that the 2010 Annual General Meeting of Acuity VCT 3 Plc will be held on 3 March 2010 at 1.00pm at Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB for the purpose of considering and, if thought fit, passing the following Resolutions (of which, Resolutions 1 to 7 will be proposed as Ordinary Resolutions and Resolutions 8 and 9 will be proposed as Special Resolutions):

Ordinary Resolutions

- 1 To receive, consider and adopt the Reports of the Directors and Auditors and the Company's Accounts for the year ended 30 September 2009.
- 2 To approve the Directors' Remuneration Report for the year ended 30 September 2009.
- 3 To re-elect Mr S Stradling as a Director of the Company.
- 4 To re-elect Mr N Ross as a Director of the Company.
- 5 To re-appoint KPMG Audit Plc as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
- 6 To authorise the Directors to fix the remuneration of the Auditors.
- 7 THAT for the purposes of section 551 of the Companies Act 2006 (the "Act") (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):
 - (a) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to an aggregate nominal amount of £116,522.24 to such persons and at such times and on such terms as they think proper during the period expiring at the conclusion of the Company's Annual General Meeting in 2011; and
 - (b) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

so that all previous authorities of the Directors pursuant to section 80 of the Companies Act 1985 be and are hereby revoked and to the extent that any restriction on the directors' authority to allot shall apply to the Company by virtue of the operation of paragraph 42(2)(a) of the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008, such restriction shall be and is hereby revoked in accordance with paragraph 42(2)(b) of that Order.

Special Resolutions

- 8 THAT, subject to the passing of Resolution 7, the Directors be and are empowered in accordance with section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution as if section 561(1) of the Act did not apply to the allotment, provided that the power conferred by this resolution shall be limited to:
 - (a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems arising in connection with the laws of, or requirements of any recognised regulatory body or stock exchange in, any territory; and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value not exceeding £34,956.67 and this power, unless renewed, shall expire at the conclusion of the Company's Annual General Meeting in 2011 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- 9 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares"), provided that:
 - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 5,208,544 or such lesser number of shares as is equal to 14.9% of the total number of Ordinary Shares in issue as at the date of the passing of this resolution;
 - (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 1p;
 - (c) the maximum price (exclusive of expenses) which the Company may pay for each Ordinary Share cannot be more than the higher of:
 - (i) 105% of the average market value of an Ordinary Share (as defined by reference to

Annual General Meeting Notice of Annual General Meeting

the middle market quotations for such shares taken from The London Stock Exchange Daily Official List) for the five business days prior to the day on which the Ordinary Share is contracted to be purchased; and

- (ii) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; or (b) the highest current independent bid for, any number of the Ordinary Shares on the trading venue where the purchase is carried out;
 - (d) unless previously renewed or revoked, the authority hereby conferred shall expire on the earlier of 4 June 2011 and the conclusion of the Company's Annual General Meeting in 2011 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.
- 10 THAT the Articles of Association of the Company be altered by the insertion of the following Article as Article 19.7: In accordance with section 77(1)(b) of CA 2006, the Directors have the power to change the name of the Company by a resolution passed at a duly convened meeting of the Directors pursuant to these Articles.

By order of the Board of Directors
Acuity Capital Management Limited
Secretary
Registered Office:
Paternoster House,
65 St Paul's Churchyard,
London EC4M 8AB
11 December 2009

Notes

- A Holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting (the "Meeting" or the "AGM"). Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the Meeting. A shareholder can appoint the Chairman of the Meeting or anyone else to be his/her proxy at the Meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder (or you may contact the Registrars to obtain

additional proxy forms).

The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. Please also indicate if the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with Capita as described in Note B below.

- B A Form of Proxy is provided. To be effective, the Form of Proxy and any power of attorney under which it is executed (or a duly certified copy of such power) must reach the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time of the Meeting or adjourned Meeting or (in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned Meeting) for the taking of the poll at which it is to be used. Completion and return of the Form of Proxy will not prevent a member from attending and voting at the Meeting. You can also deliver by hand during normal business hours to The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
- C In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of Ordinary Shares entered on the register of members of the Company as at 6.00pm on 2 March 2010 (the "Specified Time") shall be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after the Specified Time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- D If the Meeting is adjourned to a time not more than 48 hours after the Specified Time applicable to the original Meeting, that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period, then to be so entitled, members must be entered on the Company's register of members at a time which is not more than 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.
- E If you are a person nominated to enjoy information rights in respect of the Company pursuant to section 146 of the Companies Act 2006, you should be aware that you may have a right under an agreement between yourself and the member who nominated you to be appointed, or to have someone else appointed, as a proxy entitled to attend and speak and vote at the Meeting. You are advised to contact the member who nominated you for further information on this and the procedure for appointing any such proxy. If you have no right to be appointed, or to have someone else

Annual General Meeting Notice of Annual General Meeting

appointed, as a proxy for the Meeting, or you do not wish to exercise such right, you may still have the right under an agreement between yourself and the member who nominated you to give instructions to the member as to the exercise of voting rights at the Meeting. You are advised to contact the member who nominated you for further information on this.

relevant accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was made, for transmission to the purchaser or transferee.

- F In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that: (i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.
- G The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and Public Holidays excepted) from the date of this notice until the close of the Annual General Meeting, and will be available at the place of the Annual General Meeting from 12.45pm until the conclusion of the Meeting.
- (a) the Memorandum and Articles of Association of the Company; and
 - (b) the terms and conditions of appointment of all Directors.
- H The total number of issued Ordinary Shares in the Company on 11 December 2009, which is the latest practicable date before the publication of this document, is 34,956,673 Ordinary Shares carrying one vote each. The Company has not granted any options over shares in the Company or issued any warrants in the Company.
- I Short biographical details of all of the Directors are contained in the Report & Accounts for the year to 30 September 2009 on page 17.

If you have sold or otherwise transferred all your Ordinary Shares in Acuity VCT 3 Plc, you should pass this document and other