# Maven Income and Growth VCT 3 PLC

Annual Report
Year ended 30 November 2012

VCTs are listed public companies which were introduced by the Government in 1995 to incentivise UK tax-payers to invest in smaller UK businesses that are looking for growth finance.

VCT investment creates jobs by stimulating growth and innovation and offers individual investors an opportunity to participate in an asset class that tends otherwise to be difficult for the general public to access. The risk inherent in investing in small businesses is mitigated by the range of tax reliefs available on investment in new VCT shares and tax-free dividends.

Maven Income and Growth VCT 3 PLC is a generalist VCT, launched in September 2001, which aims to achieve long term capital appreciation and generate maintainable levels of income for shareholders through investment in a diversified portfolio of later-stage UK private companies.

You can buy shares by subscribing to one of our public offers, and you can buy and sell shares on the London Stock Exchange through a stockbroker or a share dealing service.

www.mavencp.com/migvct3

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# Shareholders' Calendar

| | |
|---|---|
| **1 May 2013** | **Annual General Meeting** |

# Dividend Schedule

| | Rate | XD date | Record date | Payment date |
|---|---|---|---|---|
| Interim dividend | 2.00p | 1 August 2012 | 3 August 2012 | 25 August 2012 |
| Proposed final dividend | 3.00p | 8 May 2013 | 10 May 2013 | 30 May 2013 |
| **Annual** | **5.00p** | | | |

# Financial Highlights

## Financial History

| | 30 November 2012 | 30 November 2011 | 30 November 2010 | 30 November 2009 | 30 November 2008 |
|---|---|---|---|---|---|
| Net asset value (NAV) | £25,745,000 | £24,457,000 | £22,647,000 | £21,244,000 | £7,830,000 |
| Net asset value per Ordinary share | 82.70p | 80.80p | 77.90p | 77.40p | 80.40p |
| Dividends paid to date[A] | 31.45p | 26.70p | 22.45p | 18.45p | 14.25p |
| **NAV total return** (without initial tax relief)[C] | **114.15p** | **107.50p** | **100.34p** | **95.85p** | **94.65p** |
| NAV total return (with initial tax relief)[D] | 134.15p | 127.50p | 120.34p | 115.85p | 114.65p |
| Share price[E] | 75.62p | 65.75p | 53.50p | 49.00p | 45.00p |
| Discount to net asset value | 8.6% | 18.6% | 31.3% | 36.7% | 44.0% |
| Ordinary shares in issue | 31,128,892 | 30,265,707 | 29,074,396 | 27,460,383 | 9,744,243 |
| *Former C Ordinary Shares*[B] | | | | | |
| Total return (without initial tax relief)[F] | 119.40p | 114.70p | 106.20p | 100.90p | 99.40p |
| Total return (with initial tax relief)[G] | 159.40p | 154.70p | 146.20p | 140.90p | 139.40p |

[A] Excludes the final dividend for the year.
The history of dividends paid is available on the Company's webpage at www.mavencp.com/migvct3.

[B] On 28 February 2009 the C ordinary Shares converted to Ordinary Shares.

[C] Sum of net asset value per share and dividends paid to date.

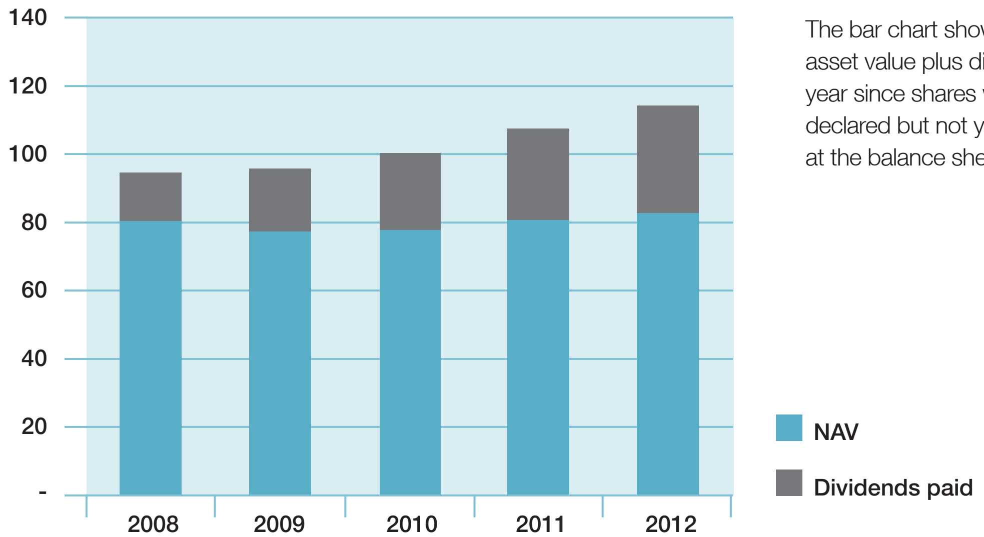
[D] Sum of net asset value per share, initial income tax relief at 20% and dividends paid to date.

[E] Source: Bloomberg

[F] Sum of Net Asset Value per share and dividends paid to date re-stated to reflect conversion of C Ordinary Shares to Ordinary Shares.

[G] Initial income tax relief at 40%.

## NAV performance




The bar chart shows net asset value total return (net asset value plus dividends paid) at 30 November for each year since shares were issued. Dividends that have been declared but not yet paid are not deducted from the NAV at the balance sheet date.

"...NAV Total Return has continued to grow year on year..."

# Chairman's Statement

**On behalf of your Board I am pleased to report on another successful year for the Company. The portfolio has continued to perform well despite the challenging environment affecting the UK and global economy.**

2012 has been a year dominated by exits of portfolio companies to both trade and private equity buyers. Notably, three holdings were sold to trade buyers from the US, Germany and South Africa at or above carrying value, which in turn has helped to support a further increase in NAV Total Return. These sales validate your Company's strategy of selecting only attractively priced, mature private companies with reliable earnings which can generate income throughout the investment holding period, and which also offer the prospect of capital gain at the point of sale.

In recognition of the value realised from the portfolio during the year, an increased final dividend is declared in line with the strategy to pay Shareholders attractive and regular levels of tax free income. Your Board fully recognises the importance of tax free dividend income to Shareholders, and continues to work closely with the Manager to build and maintain a portfolio of assets which can support this core income distribution objective.

On a more general note, I am pleased to note that in the year under review there has been a wide range of independent industry recognition of the success of your Manager's investment approach and ability to deliver a consistent level of shareholder returns. Maven was announced as the winner in the *UK Small Buyout House of the Year* category for the ACQ Finance Magazine Global Awards for 2012 and as winner of *VCT Exit of the Year* at the 2012 British Private Equity Awards as well as being a finalist in the *VCT House of the Year* category. These awards acknowledge innovation and excellence in the private equity and venture capital sectors.

## Highlights

- Total Return on Ordinary Shares of 114.15p per Share at the year end, up 6.19% (6.65p) since the previous year
- NAV at period end of 82.7p (2011: 80.8p) per Ordinary Share after payment of the interim dividend of 2.00p
- Final dividend recommended of 3.0p per Ordinary Share, up from 2.75p in 2011
- Four substantial new investments added to the portfolio during the year
- Four significant portfolio exits from ATR, TPL (Midlands), Nessco and Oliver Kay for total returns on sale ranging from 2.0 to 2.7 times cost

## The Investment Portfolio

The portfolio is now comprised of 38 later-stage private companies and is generally performing well, with most companies trading at acceptable levels and, in some cases, ahead of plan. The exposure to AIM quoted assets has been further reduced during the year and is now a modest 2.6% of net asset value.

During the year to 30 November 2012 your Company made four new private company investments and nine follow-on investments, across a wide range of sectors, and has participated in every private equity deal completed by the Manager. All of the new investments are either in established businesses, or are wholly asset backed. A number of follow-on investments were also made to support the development of existing portfolio companies and, in the case of Glacier Energy Services Group and Six Degrees Group, to fund acquisitions which we expect to further enhance value.

There have been four notable private company exits during the year which generated total capital proceeds of £4.4m. In February 2012 the investment in ATR Holdings was sold to NBGI Private Equity, a UK based mid market private equity house. In June, the holding in TPL (Midlands) was sold to German trade buyer Vossloh Kiepe, and shortly thereafter Nessco Group Holdings was sold to RigNet, a NASDAQ quoted US Telecoms business. Just prior to the year end Oliver Kay was sold to Bidfresh, an internationally focused trading and distribution group.

The Manager is also currently engaged in negotiations to sell other portfolio company holdings, although there can be no certainty that these discussions will progress towards a successful exit.

## Performance

Your Company has established a sustained trend of improving returns over recent years, driven by a focused private equity investment strategy, with NAV Total Return having increased by 20.6% since November 2008. NAV Total Return is the most important measure of performance for a VCT, being the long term record of dividend payments out of income and capital gains combined with the current NAV.

## Dividends

The Board recommends an increased final dividend of 3.0p per Ordinary Share to be paid on 30 May 2013 to Shareholders on the Register at 10 May 2013. The total dividends for the year including the proposed final dividend are 5.0p per Share to Ordinary Shareholders, which is a yield of 6.25% on an effective investment of 80.0p.

Ordinary Shareholders have, since the Company's launch, received 31.45p per Share to date in tax-free dividends. The impact of paying the final dividend of 3.0p will be to reduce the NAV to 79.7p per Share.

The future level of dividends will depend on performance, and will be consistent with the declared intention of paying not less than 4.0p per Share each year subject to the maintenance of NAV at a suitable level. The Board regards the growing level of dividends as an indication of the success of the Company's investment strategy and is committed to improving Shareholder distributions in future years as the portfolio continues to expand and mature.

## Valuation Process

Investments held in unquoted companies are valued in accordance with the International Private Equity And Venture Capital Valuation Guidelines. Investments quoted or traded on a recognised stock exchange including AIM are valued at their bid prices.

## Principal risks and uncertainties

The Board has reviewed the principal risks and uncertainties facing the Company, which are set out on page 27 of the Annual Report. The Company has invested in a broadly based portfolio of investments largely in unlisted companies in the UK. The portfolio of investments in the AIM market is reducing as the unlisted portfolio is further developed.

The VCT qualifying status of the Company is reviewed regularly by the Directors and monitored on a continuous basis by the Manager in order to ensure that all of the criteria for VCT status are met. Your Board is pleased to confirm that all tests continue to be met.

## Share Buy-back Policy

Shareholders have given the Board authority to buy back Shares for cancellation when it is in the interests of the Shareholders and the Company as a whole and 487,000 Shares were bought back during the year ended 30 November 2012 at a cost of £374,028. Details of the parameters within which the Company may carry out Share buy-backs are given in the Directors' Report on page 29.

## Enhanced Share Buy-back (EBB) Scheme

Under the EBB, the Company purchased 4,708,436 Ordinary Shares of 10 pence each ("Ordinary Shares") at a price of 82.6p pence per share and allotted 4,566,741 Ordinary Shares at 85.16p per share. The offer was fully subscribed.

The EBB was successful in raising approximately £3.9 million of funds for investment for the next five years. The fact that many Shareholders have now realised part of their investment could also lessen demand for share buybacks which could in turn help to narrow the discount of the share price to net asset value.

## VCT Regulation

The Board was pleased to note the recent approval by the European Commission of proposed increases to the size of companies which can receive VCT funding, and of the amount which can be invested in a qualifying business. This was welcome news for investors and reaffirms the attraction of generalist VCTs as a tax-efficient route to investment in high growth smaller companies.

VCTs came into existence through an Act of Parliament in 1995 when, in order to stimulate the economy, the Government decided to encourage the British public to invest in small companies: by offering tax reliefs as a way of re-balancing the risk/reward ratio to make such investment more attractive; by requiring that they diversify risk across a portfolio of investments; and by requiring them to be subject to the most extensive legislative and regulatory protections for investors. Therefore, VCTs are listed companies governed by the Companies Acts, the UKLA's Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules. They are also subject to HMRC's regulations specifically for VCTs, and all the legislation, regulation and guidance that applies to companies in general. As companies rather than funds or products of an investment management business, they also have boards of directors looking after the interests of their shareholders.

The Board, the AIC (Association of Investment Companies) and others have provided comments to the FSA on its Consultation Paper 12-19 (Restrictions on the retail distribution of unregulated collective investment schemes and close substitutes). Fundamentally, VCTs are not UCIS and should not be affected by such regulations. VCTs are, of course, companies rather than funds or schemes, and they are designed by the Government specifically for investment by the UK taxpayer, as distinct from 'sophisticated investors' to whom the FSA would restrict the promotion of UCIS. The FSA said recently that it is re-considering its views on this issue.

We will continue to monitor all proposals for new legislation or regulation that would affect VCTs.

## VCT Offers

A top-up Offer was opened in December 2011 in parallel with similar offers by Maven Income and Growth VCT PLC, Maven Income and Growth VCT 2 PLC and Maven Income and Growth VCT 4 PLC resulting in the issue of 1,491,880 new Shares and raising an additional £1,248,703 of share capital. The Offer was fully subscribed by 29 February 2012 and consequently closed early.

A further top-up offer opened on 23 January 2013 in parallel with similar offers by Maven Income and Growth VCT, Maven Income and Growth VCT 2 and Maven Income and Growth VCT 5. The offer was oversubscribed and closed early on 11 February 2013 resulting in the issue of 326,269 new Ordinary Shares. A further 1,167,649 shares will be issued on 5 April and 287,654 will be issued under the offer on 30 April 2013.

The proceeds of the Offer will provide additional liquidity for the Company to make further later-stage investments, and enable it to spread its costs over a larger asset base to the benefit of all Shareholders.

## Outlook

In spite of vigorous competition for high quality private company assets in the UK, the Manager has continued to source, manage and successfully exit private company transactions and consistently generate regular improvements in shareholder value. Your Board believes that our current strategy will continue to deliver future growth in shareholder value and looks forward with confidence.

**Gregor Michie**
**Chairman**

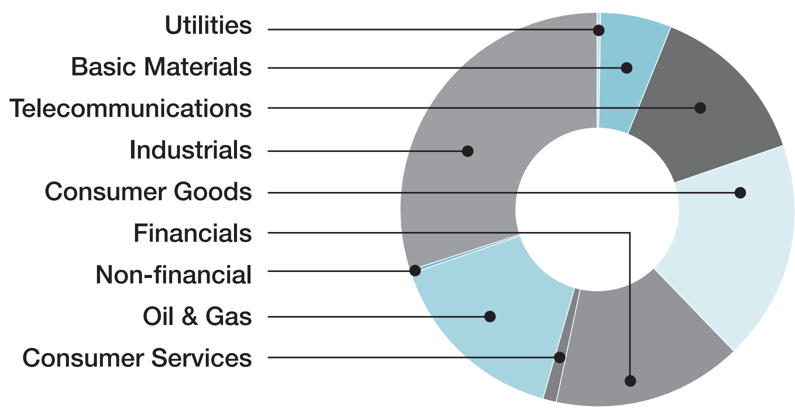
**26 March 2013**

# Analysis of Unlisted and AIM/ISDX Portfolio

## As at 30 November 2012

| Industrial sector | Unlisted valuation £'000 | % | AIM/ISDX valuation £'000 | % | Total valuation £'000 | % |
|---|---|---|---|---|---|---|
| Support services | 5,000 | 26.6 | 92 | 0.5 | 5,092 | 27.1 |
| Oil & Gas | 2,791 | 14.8 | - | - | 2,791 | 14.8 |
| Telecommunication services | 2,527 | 13.4 | 3 | - | 2,530 | 13.4 |
| Insurance | 2,315 | 12.3 | - | - | 2,315 | 12.3 |
| Household goods & textiles | 1,487 | 7.9 | 248 | 1.3 | 1,735 | 9.2 |
| Chemicals | 1,096 | 5.8 | - | - | 1,096 | 5.8 |
| Food producers & processors | 719 | 3.8 | - | - | 719 | 3.8 |
| Automobiles & parts | 614 | 3.3 | - | - | 614 | 3.3 |
| Electronic & electrical equipment | 563 | 3.0 | 35 | 0.2 | 598 | 3.2 |
| Real estate | 352 | 1.9 | - | - | 352 | 1.9 |
| Leisure & hotels | 290 | 1.5 | - | - | 290 | 1.5 |
| Media & entertainment | 16 | 0.1 | 201 | 1.1 | 217 | 1.2 |
| Banks | 210 | 1.1 | - | - | 210 | 1.1 |
| Utilities (ex-electricity) | 99 | 0.5 | - | - | 99 | 0.5 |
| Beverages | 76 | 0.4 | - | - | 76 | 0.4 |
| Software & computer services | - | - | 75 | 0.4 | 75 | 0.4 |
| Investment companies | - | - | 21 | 0.1 | 21 | 0.1 |
| **Total** | **18,155** | **96.4** | **675** | **3.6** | **18,830** | **100.0** |

### Valuation by FTSE industry sector



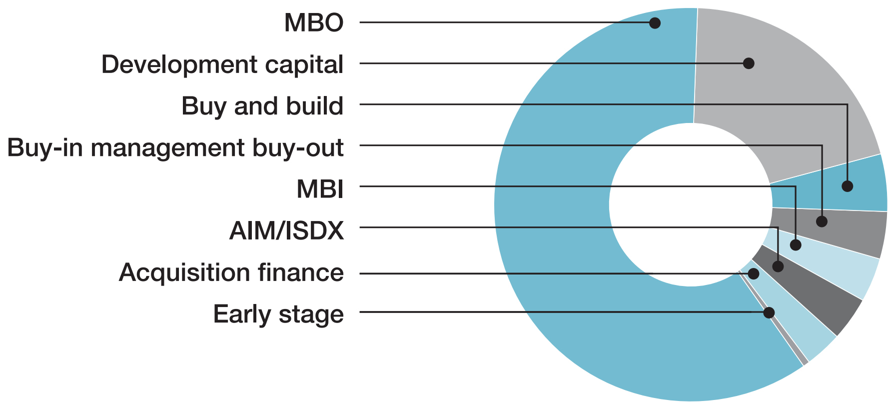

> "...the portfolio is diversified across a variety of economic sectors..."

# Analysis of Unlisted and AIM/ISDX Portfolio (continued)

## As at 30 November 2012

| Transaction type | Number | Valuation £'000 | % |
|---|---|---|---|
| **Unlisted** | | | |
| MBO | 21 | 11,412 | 60.6 |
| Development capital | 10 | 3,715 | 19.7 |
| Buy and build | 1 | 882 | 4.7 |
| Buy-in management buy-out | 2 | 791 | 4.2 |
| MBI | 1 | 719 | 3.8 |
| Acquisition finance | 2 | 559 | 3.0 |
| Early stage | 1 | 77 | 0.4 |
| **Total unlisted** | **38** | **18,155** | **96.4** |
| | | | |
| **AIM/ISDX** | **15** | **675** | **3.6** |
| **Total unlisted and AIM/ISDX** | **53** | **18,830** | **100.0** |

### Valuation by transaction type



# Investment Manager's Review

## Overview

Your Company's portfolio has benefitted from significant diversification in recent years, with a specific focus on building an asset base of established and high-yielding UK private companies. In the year under review the success of this approach has led to improvements in NAV Total Return and shareholder dividends being achieved.

As the portfolio has expanded and matured, our core strategy of investing selectively at conservative entry multiples in profitable, later-stage businesses has been vindicated as a number of these holdings have attracted trade or private equity interest during the year.

Three portfolio companies have been sold to trade buyers from across the globe, including the US, South Africa and Germany. Two other holdings were sold to private equity buyers.

The current scarcity of bank finance means that Maven's investment team, operating from six key regional centres throughout the UK, continue to find a steady flow of good quality private companies seeking new funding.

During the period several significant new assets were added to the portfolio including a joint venture with Moriond in December 2011 and the management buy-outs of Vodat and CatTech which were led by Maven and completed in March 2012. These businesses are all performing in line with expectations and are well placed to add value to your Company. We have also provided additional funding to a number of existing portfolio companies to finance growth or to fund complementary, value enhancing acquisitions.

We believe that the prospects for continuing deal flow in the private equity market remain good, as well resourced generalist VCT managers continue to be introduced to high quality later-stage private companies seeking capital to expand. Maven has been introduced to almost 500 new private company transactions around the UK in the past 12 months, mainly by a network of long-established contacts across the corporate finance and business community.

The UK economy continues to be challenging, but we remain committed to our strategy of investing in a diverse income-producing portfolio of later stage and lower risk private companies in the firm belief this will optimise shareholder returns.

## Investment Activity

During the year the Maven team completed four substantial new private equity investments on behalf of your Company, alongside nine follow-on investments in existing portfolio companies. At the year end, the portfolio stood at 53 unlisted and AIM investments at a total cost of £18.2 million.

The following investments have been completed during the period:

| Investment | Date | Sector | Investment cost £'000 | Website |
|---|---|---|---|---|
| **Unlisted** | | | | |
| Camwatch Limited | November 2012 | Technology hardware & equipment | 338 | www.camwatch.co.uk |
| Cash Bases Limited | April 2012 | Support Services | 168 | www.cashbases.co.uk |
| CatTech International Limited | March 2012 | Support Services | 627 | www.cat-tech.com |
| Glacier Energy Services Group Limited | June 2012 | Oil equipment services | 54 | www.glacier.co.uk |
| Lawrence Recycling & Waste Management Limited | December 2011 | Support services | 42 | www.lawrenceskiphire.co.uk |
| Lemac No. 1 Limited (holding company of John McGavigan Limited) | January 2012 | Automobiles & parts | 150 | www.mcgavigan.com |
| Moriond Limited | December 2011 | Real estate | 583 | No website available |
| Nessco Group Holdings Limited | March 2012 | Oil equipment services | 144 | www.nesscogroup.com |
| TC Communications Holdings Limited | September 2012 | Support Services | 68 | www.tccommunications.co.uk |
| Tosca Penta Exodus Mezzanine Limited Partnership (invested in Six Degrees Group) | July 2012 | Telecommunication services | 199 | www.6dg.co.uk |
| Trojan Capital Limited | May 2012 | Support Services | 360 | No website available |
| Venmar Limited (trading as XPD8 Solutions Limited) | June 2012 | Oil & gas | 342 | www.xpd8solutions.com |
| Vodat Communications Group Limited | March 2012 | Telecommunication services | 567 | www.vodat-int.com |
| **Total unlisted investment** | | | **3,642** | |
| | | | | |
| **Listed fixed income** | | | | |
| Treasury 5.25% 7 June 2012 | December 2011 | UK government | 2,000 | |
| Treasury Bill 24 December 2012 | July 2012 | UK government | 2,498 | |
| **Total listed fixed income investment** | | | **4,498** | |
| | | | | |
| **Total investment** | | | **8,140** | |

Maven Income and Growth VCT 3 has co-invested in some or all of the above transactions with Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Maven Income and Growth VCT 5, Talisman First Venture Capital Trust and Ortus VCT. The Company is expected to continue to co-invest with these as well as other Maven clients, which offers the advantage that, in aggregate, they are able to underwrite a wider range and larger size of transaction than would be the case on a stand-alone basis.

## Portfolio Developments

Four substantial private company investments were added to the portfolio during the period under review.

- Moriond was set up to acquire an established residential property portfolio at a significant discount to open market value. Maven is working on a joint venture basis with an experienced property developer to break up the portfolio into single lots, carry out minor refurbishment, and implement a structured sale of the individual assets over an 18-24 month period. The transaction provides a 6.5% p.a. yield throughout the life of the investment, and is also forecast to generate a significant capital gain when the assets are sold.
- CatTech International is a leading provider of industrial services to oil refineries and petrochemical plants across several major international markets. The business operates in a sector with significant barriers to entry and is well positioned for future growth given its excellent reputation and established market presence.
- Vodat Communications Group provides payment and communications solutions to high street businesses, which enable retailers to reduce costs, boost store productivity and increase sales in an increasingly competitive trading environment. The company has an established and diverse customer base, has consistently improved profitability in recent years and enjoys high levels of recurring revenue from a number of long-term service and support contracts.
- Trojan Capital is a new company established to make acquisitions in the energy services sector. One target oil and gas company was identified during the year but the transaction aborted during the final stages of the contractual negotiations. Trojan continues to seek other acquisition opportunities in the sector.

The following investments in existing portfolio companies were made during the year.

- John McGavigan, a manufacturer and supplier of decorative assemblies and interior parts to global automotive manufacturers with a significant share of the Western European market, invests on a phased basis in a low cost manufacturing operation in China, complementing a more mature trading operation based in the UK.
- Cash Bases, a leading designer and manufacturer of customised cash drawers, has since its formation in 1981 created more than 10,000 different product variations for its blue chip customer base, which includes major retailers, banks, lottery operators and shipping companies in more than 60 countries.
- Glacier Energy Services, a profitable oil and gas service group, has two specialist trading subsidiaries, Roberts Pipeline Machining and Wellclad. Roberts designs and manufactures on-site portable cutting machines for oil and gas clients. Wellclad provides services to the European offshore and sub-sea equipment market. Glacier is focused on growth within its core UK market and the follow-on investment funded the acquisition of a complementary machining business in the North East of England.
- Venmar is the holding company for energy services business, XPD8 Solutions, which provides asset maintenance solutions to a blue chip client base of oil and gas operators.
- Exodus, trading as Six Degrees Group, was established by Penta Capital to implement a buy-and-build strategy in the business telecommunications service sector based on the converging of mobile, fixed-line, broadband, internet and IT technology businesses. Penta is an established private equity firm with which Maven previously co-invested in the successful 2010 management buy-out of *esure*. The follow-on investment was provided as mezzanine loan to fund two additional acquisitions; and
- Camwatch provides CCTV installation and remote security monitoring services to a variety of businesses with a particular focus on the utilities construction and high net worth residential markets.

Since 30 November 2012 four follow-on investments have been completed in existing portfolio companies and four new private company assets were added to the portfolio.

The Manager is currently engaged with investee companies in negotiations with prospective acquirers. This activity reflects the increasing maturity of a number of holdings, but it should be noted that there can be no certainty that these discussions will ultimately lead to profitable sales.

New private equity investments added to the portfolio since the year end are described below.

- Grangeford is a company which owns and manages a large portfolio of ground rents throughout the UK, which are asset backed yielding investments that provide long term, low risk returns. This transaction is projected to generate capital gain over a 42 month term alongside a 9% yield paid throughout the period of investment.
- Airth Capital is a new company set up to invest in a food services business, a sector in which Maven is active and sees a large number of opportunities.
- Burray Capital was established to invest in the oil and gas sector. A target manufacturing business has been identified and discussions are at an early stage.
- Kelvinlea was established by an experienced management team to acquire a small portfolio of residential properties at a discount to market and carry out a refurbishment and sales programme over an 18-24 month period. The transaction provides an 8.5% paid yield throughout the life of the investment, and is also forecast to generate a significant capital gain when the project is completed and all assets are sold.

There were four notable private company exits during the year.

In March 2012, Maven completed the sale of ATR Group for £19.25 m via a secondary buy-out funded by the private equity manager, NBGI, realising a total return of 2.4 times the initial cost. ATR provides rental services for specialist plant, equipment and consumables, along with a comprehensive range of support services to offshore and onshore energy services maintenance contractors operating in highly regulated environments.

At the start of June 2012 the holding in TPL (Midlands) was sold to German engineering group, Vossloh Kiepe, with a 2.0 times return on investment cost for your Company, and in early July the realisation of the investment in Nessco in a sale to RigNet Inc, a NASDAQ quoted US telecoms business, resulted in a 2.7 times return on the cost of investment.

In early November 2012, the disposal of Oliver Kay Holdings to Bidfresh Limited, part of the international trading and distribution group Bidvest, resulted in a 2.4 return on cost.

Total returns on cost of investment includes all capital proceeds and income (loan stock interest, dividends and redemption premiums) received over the life of the investment.

One unlisted company was struck off the Register during the year resulting in a realised loss of £160,000 (Cost £160,000). This had no effect on the NAV as a full provision had been made in earlier years.

In respect of AIM holdings the Manager has continued its policy of disposing of quoted holdings for best possible value in cases where the investments were underperforming.

The table below gives details of all realisations during the reporting period.

| | Date first invested | Complete/ partial exit | Cost of shares disposed of £'000 | Value at 30 November 2011 £'000 | Sales proceeds £'000 | Realised gain/ (loss) £'000 | Gain/ (loss) over November 2011 value £'000 |
|---|---|---|---|---|---|---|---|
| **Unlisted** | | | | | | | |
| ATR Holdings Limited | 2007 | Complete | 181 | 200 | 378 | 197 | 178 |
| Attraction World Holdings Limited | 2010 | Partial | 86 | 86 | 86 | - | - |
| Beckford Capital Limited | 2010 | Complete | 360 | 360 | 360 | - | - |
| Blackford Capital Limited | 2010 | Complete | 630 | 630 | 630 | - | - |
| Corinthian Foods Limited | 2010 | Complete | 630 | 630 | 630 | - | - |
| Cyclotech Limited | 2007 | Complete | - | - | 55 | 55 | 55 |
| Dalglen (1150) Limited (trading as Walker Technical Resources) | 2009 | Complete | - | - | 6 | 6 | 6 |
| Moriond Limited | 2011 | Partial | 276 | 276 | 276 | - | - |
| Nessco Group Holdings Limited | 2008 | Complete | 859 | 1,198 | 1,877 | 1,018 | 679 |
| Oliver Kay Holdings Limited | 2007 | Complete | 619 | 882 | 1,049 | 430 | 167 |
| PLM Dollar Group Limited | 1999 | Complete | 56 | 53 | 55 | (1) | 2 |
| Space Student Living Limited | 2011 | Partial | 91 | 91 | 91 | - | - |
| Staffa Capital Limited | 2010 | Complete | 640 | 640 | 640 | - | - |
| Tosca Penta Investments Limited Partnership (invested in esure) | 2010 | Partial | 77 | 77 | 77 | - | - |
| TPL (Midlands) Limited (formerly Transys Holdings Limited) | 2007 | Complete | 674 | 479 | 1,073 | 399 | 594 |
| **Total unlisted disposals** | | | **5,179** | **5,602** | **7,283** | **2,104** | **1,681** |
| **AIM/ISDX** | | | | | | | |
| Brookwell Limited | 2008 | Partial | 27 | 19 | 20 | (7) | 1 |
| DM PLC | 2007 | Complete | 133 | 10 | 18 | (115) | 8 |
| Spectrum Interactive PLC | 2005 | Complete | 98 | 7 | 82 | (16) | 75 |
| **Total AIM/ISDX disposals** | | | **258** | **36** | **120** | **(138)** | **84** |
| **Listed fixed income** | | | | | | | |
| Treasury 5.25% 7 June 2012 | | | 1,968 | 1,955 | 1,966 | (2) | 11 |
| Treasury Bill 24 December 2012 | | | 749 | 751 | 749 | - | (2) |
| **Total listed fixed income disposals** | | | **2,717** | **2,706** | **2,715** | **(2)** | **9** |
| **Total disposals** | | | **8,154** | **8,344** | **10,118** | **1,964** | **1,774** |

## Outlook

The year covered by this report was a very satisfactory year for exits, all of which were concluded after many months of intensive negotiations. The challenge now is to replace these assets and expand the portfolio to continue an upward trend in shareholder returns.

As one of the best resourced private equity teams in the UK, Maven is ideally placed to invest selectively on prudent entry multiples in later-stage private companies which are capable of paying regular income and offer significant potential for capital growth. This will continue to be our focus, which we believe is the optimum strategy for creating shareholder value and a progressive dividend programme.

**Maven Capital Partners UK LLP**
**Manager**

**26 March 2013**

# Summary of Investment Changes

## For the year ended 30 November 2012

| | Valuation 30 November 2011 £'000 | % | Net investment/ (disinvestment) £'000 | Appreciation/ (depreciation) £'000 | Valuation 30 November 2012 £'000 | % |
|---|---|---|---|---|---|---|
| **Unlisted investments** | | | | | | |
| Equities | 7,950 | 32.5 | (3,497) | 3,011 | 7,464 | 29.0 |
| Preference shares | 32 | 0.1 | (26) | 1 | 7 | - |
| Loan stock | 12,300 | 50.2 | (118) | (1,498) | 10,684 | 41.5 |
| | **20,282** | **82.8** | **(3,641)** | **1,514** | **18,155** | **70.5** |
| **AIM/ISDX investments** | | | | | | |
| Equities | 679 | 2.8 | (120) | 116 | 675 | 2.6 |
| **Listed investments** | | | | | | |
| Fixed income | - | - | 1,752 | - | 1,752 | 6.8 |
| **Total investments** | **20,961** | **85.6** | **(2,009)** | **1,630** | **20,582** | **79.9** |
| Other net assets | 3,496 | 14.4 | 1,667 | - | 5,163 | 20.1 |
| **Total assets** | **24,457** | **100.0** | **(342)** | **1,630** | **25,745** | **100.0** |

# Investment Portfolio Summary

## As at 30 November 2012

| Investment | Valuation £'000 | Cost £'000 | % of total assets | % of equity held | % of equity held by other clients[1] |
|---|---|---|---|---|---|
| **Unlisted** | | | | | |
| Torridon (Gibraltar) Limited | 1,962 | 627 | 7.6 | 4.5 | 35.5 |
| Homelux Nenplas Limited | 1,487 | 354 | 5.7 | 7.1 | 32.9 |
| Maven Co-invest Exodus Limited Partnership and Tosca Penta Exodus Mezzanine Limited Partnership (jointly trading as Six Degrees Group) | 1,081 | 829 | 4.2 | 4.0 | 14.3 |
| Westway Services Limited | 952 | 413 | 3.7 | 4.5 | 17.4 |
| Camwatch Limited | 879 | 1,310 | 3.4 | 11.9 | 31.0 |
| Lawrence Recycling & Waste Management Limited | 812 | 812 | 3.2 | 10.0 | 52.0 |
| Adler & Allan Holdings Limited | 738 | 530 | 2.9 | 1.9 | 4.7 |
| Atlantic Foods Group Limited | 719 | 522 | 2.8 | 2.9 | 5.9 |
| Venmar Limited (trading as XPD8 Solutions Limited) | 700 | 700 | 2.7 | 5.4 | 29.6 |
| Steminic Limited | 673 | 673 | 2.6 | 9.1 | 26.8 |
| Cash Bases Limited (formerly Deckflat Limited) | 663 | 193 | 2.6 | 9.5 | 18.9 |
| Cat Tech International Limited | 627 | 627 | 2.4 | 6.0 | 24.0 |
| Lemac No. 1 Limited (trading as John McGavigan Limited) | 614 | 614 | 2.4 | 10.5 | 26.3 |
| Flexlife Group Limited | 597 | 597 | 2.3 | 2.4 | 12.3 |
| Attraction World Holdings Limited | 571 | 254 | 2.2 | 6.7 | 31.7 |
| Vodat Communications Group Limited | 567 | 567 | 2.2 | 6.6 | 35.2 |
| Martel Instruments Holdings Limited | 563 | 671 | 2.2 | 12.4 | 31.8 |
| Intercede (Scotland) 1 Limited (trading as Electroflow Controls Limited) | 508 | 298 | 2.0 | 3.2 | 25.3 |
| TC Communications Holdings Limited | 473 | 787 | 1.8 | 8.3 | 21.7 |
| CHS Engineering Services Limited | 458 | 389 | 1.8 | 4.3 | 19.0 |
| Trojan Capital Limited | 360 | 360 | 1.4 | 26.6 | 70.9 |
| LCL Hose Limited (trading as Dantec Hose Limited) | 358 | 358 | 1.4 | 6.4 | 23.6 |
| Tosca Penta Investments Limited Partnership (trading as esure) | 353 | 173 | 1.4 | 0.1 | 0.2 |
| Moriond Limited | 352 | 307 | 1.4 | 11.9 | 38.1 |
| Training For Travel Group Limited | 290 | 721 | 1.1 | 8.3 | 21.7 |
| Glacier Energy Services Group Limited | 283 | 283 | 1.1 | 2.2 | 22.8 |
| Claven Holdings Limited | 210 | 82 | 0.8 | 14.2 | 35.8 |
| Enpure Holdings Limited | 99 | 200 | 0.4 | 0.9 | 1.7 |
| Space Student Living Limited | 79 | 317 | 0.3 | 12.6 | 12.6 |
| Llanllyr Water Company Limited | 76 | 164 | 0.3 | 7.5 | 42.4 |
| Other unlisted investments | 51 | 1,607 | 0.2 | | |
| **Total unlisted investments** | **18,155** | **16,339** | **70.5** | | |

# Investment Portfolio Summary (continued)

## As at 30 November 2012

| Investment | Valuation £'000 | Cost £'000 | % of total assets | % of equity held | % of equity held by other clients[1] |
|---|---|---|---|---|---|
| **AIM/ISDX** | | | | | |
| Plastics Capital Plc | 248 | 355 | 0.9 | 1.3 | 2.4 |
| Chime Communications PLC | 180 | 147 | 0.7 | 0.1 | 0.2 |
| Hasgrove PLC | 55 | 123 | 0.2 | 0.4 | 1.3 |
| Tangent Communications PLC | 47 | 79 | 0.2 | 0.3 | 2.6 |
| Datong PLC | 35 | 151 | 0.1 | 0.9 | 1.1 |
| Vianet Group PLC (formerly Brulines Group PLC) | 25 | 31 | 0.1 | 0.1 | 1.4 |
| Marwyn Management Partners PLC (formerly Praesepe PLC) | 21 | 84 | 0.1 | 0.1 | 0.1 |
| Cello Group PLC | 21 | 54 | 0.1 | 0.1 | 0.4 |
| Brookwell Limited | 20 | 47 | 0.1 | - | - |
| Work Group PLC | 17 | 201 | 0.1 | 0.9 | 2.3 |
| Other AIM/ISDX investments | 6 | 622 | - | | |
| **Total AIM/ISDX investments** | **675** | **1,894** | **2.6** | | |
| **Listed fixed income** | | | | | |
| Treasury Bill 24 December 2012 | 1,752 | 1,750 | 6.8 | | |
| **Total investments** | **20,582** | **19,983** | **79.9** | | |

[1]Other clients of Maven Capital Partners UK LLP.

"...your portfolio now contains more than 30 later-stage private equity investments..."

# Largest Unlisted and AIM Investments

## As at 30 November 2012

### Torridon (Gibraltar) Limited

Grantham, Lincolnshire

| | |
|---|---|
| **Cost (£'000)** | 627 |
| **Valuation (£'000)** | 1,962 |
| **Basis of valuation** | Earnings |
| **Equity held** | 4.5% |
| **Income received (£'000)** | 147 |
| **First invested** | Jan 2010 |

| **Year ended** 31 March | **2011** | **2010** |
|---|---|---|
| | **£'000** | **£'000** |
| **Sales** | 31,162 | 5,433 |
| **Profit/(Loss) before tax** | 2,939 | 1,828 |
| **Retained profit/(loss)** | 2,072 | 1,710 |
| **Net Assets** | 4,559 | 2,487 |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Ortus VCT and Talisman First Venture Capital Trust

Torridon was established to acquire LitComp, a national supplier of financial and legal insurance products and litigation services, in a public-to-private transaction in 2010. LitComp provides a range of products, including Before The Event, After the Event, Pet, Gap and Warranty insurance through its wholly owned subsidiary company Elite, as well as medico legal reports and psychological reports to a client base of principally UK based solicitors.

**www.elite-insurance.co.uk**

### Homelux Nenplas Limited

Ashbourne, Derbyshire

| | |
|---|---|
| **Cost (£'000)** | 354 |
| **Valuation (£'000)** | 1,487 |
| **Basis of valuation** | Earnings |
| **Equity held** | 7.1% |
| **Income received (£'000)** | 248 |
| **First invested** | May 2006 |

| **Year ended** 31 May | **2012** | **2011** |
|---|---|---|
| | **£'000** | **£'000** |
| **Sales** | 17,505 | 15,960 |
| **Profit/(loss) before tax** | 3,093 | 1,881 |
| **Retained profit/(loss)** | 2,303 | 1,556 |
| **Net Assets** | 7,377 | 5,061 |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, and Talisman First Venture Capital Trust.

Homelux Nenplas manufactures and distributes plastic extrusions used in a variety of retail and manufacturing applications. The company's Homelux division is the UK's largest supplier of bathroom and kitchen tile trims and associated products to the retail DIY sector, and has extensive markets in North America and mainland Europe. The Nenplas division manufactures extrusions used in a wide variety of general trades, including construction, caravan manufacturing, furniture and rolling stock refurbishment.

**www.homeluxnenplas.co.uk**

## Maven Co-invest Exodus Limited Partnership

### London


| | | | |
|---|---|---|---|
| **Cost (£'000)** | 829 | **Year ended** [1] | |
| **Valuation (£'000)** | 1,081 | | |
| **Basis of valuation** | Earnings | **Sales** | |
| **Equity held** | 4.0% | **Profit/(Loss) before tax** | |
| **Income received (£'000)** | 16 | **Retained profit/(loss)** | |
| **First invested** | June 2011 | **Net Assets** | |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Maven Income and Growth VCT 5, Ortus VCT and Talisman First Venture Capital Trust.

Six Degrees Group was established in 2011 with a buy and build acquisition strategy for the B2B telecoms service sector targeting three key managed data services elements: data centre and hosting, network connectivity and cloud offerings. The aim is to help UK mid-market companies meet the challenges of a connected, always-on world. Acquisition targets are high quality cash-generative businesses that offer complementary products and services. Six Degrees acts as a re-seller of converged business communications services to customers where there is a requirement for a 'one stop shop' operation that is beyond most independent voice and data re-sellers.

**www.6dg.co.uk**

## Westway Services Limited

WESTWAY

### Middlesex

| | | | | |
|---|---|---|---|---|
| **Cost (£'000)** | 413 | **Year ended** 28 February | **2012** | **2011** |
| **Valuation (£'000)** | 952 | | **£'000** | **£'000** |
| **Basis of valuation** | Earnings | **Sales** | 23,114 | 27,521 |
| **Equity held** | 4.5% | **Profit/(Loss) before tax** | 1,031 | 4,224 |
| **Income received (£'000)** | 175 | **Retained profit/(loss)** | 8,283 | 3,129 |
| **First invested** | June 2009 | **Net Assets** | 8,479 | 7,724 |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Talisman First Venture Capital Trust and Ortus VCT.

Westway provides design, installation and maintenance services to the built environment. The company's original focus was on heating, ventilation and air-conditioning services, and has expanded its focus to other technical services including M&E maintenance, energy services, communications, internet protocol television and security systems. Westway now provides a full range of building services through a network of residential engineers and mobile technicians.

**www.westwayservices.com**

## Camwatch Limited

Sheffield, South Yorkshire


| | |
|---|---|
| **Cost (£'000)** | 1,310 |
| **Valuation (£'000)** | 879 |
| **Basis of valuation** | Earnings |
| **Equity held** | 11.9% |
| **Income received (£'000)** | 183 |
| **First invested** | March 2007 |

| **Year ended** | 31 March* | **2011** | **2010** |
|---|---|---|---|
| | | **£'000** | **£'000** |
| **Sales** | | 5,143 | 4,378 |
| **Profit/(Loss) before tax** | | (1,008) | (804) |
| **Retained profit/(loss)** | | (1,090) | (804) |
| **Net Assets** | | (1,908) | (920) |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4 and Talisman First Venture Capital Trust.

Camwatch is one of the UK's fastest growing and most innovative CCTV security companies, providing remote monitoring technology and security services to the construction and utilities sectors and high net worth residential markets. Its in-house remote video monitoring centre deters theft using features such as live voice challenges, while the versatile Rapid Deployment Tower protects equipment and inventories where traditional fixed CCTV technology is ineffective at constantly evolving locations such as construction sites.

*The company has changed its year end to 30 September.

**www.camwatch.co.uk**

## Lawrence Recycling & Waste Management Limited

Kidderminster, Worcestershire


| | |
|---|---|
| **Cost (£'000)** | 812 |
| **Valuation (£'000)** | 812 |
| **Basis of valuation** | Earnings |
| **Equity held** | 10.0% |
| **Income received (£'000)** | Nil |
| **First invested** | Jan 2009 |

| **Year ended** | 31 December | **2011** | **2010** |
|---|---|---|---|
| | | **£'000** | **£'000** |
| **Sales** | | 6,887 | 5,011 |
| **Profit/(Loss) before tax**[2] | | | |
| **Retained profit/(loss)**[2] | | | |
| **Net Assets** | | 450 | 872 |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Ortus VCT and Talisman First Venture Capital Trust.

Operator of material recycling facility.

**www.lawrenceskiphire.co.uk**

## Adler & Allan Holdings Limited

Harrogate

| | |
|---|---|
| **Cost (£'000)** | 530 |
| **Valuation (£'000)** | 738 |
| **Basis of valuation** | Earnings |
| **Equity held** | 1.9% |
| **Income received (£'000)** | 83 |
| **First invested** | June 2007 |

| **Year ended** 30 September | **2012** | **2011** |
|---|---|---|
| | **£'000** | **£'000** |
| **Sales** | 44,676 | 40,265 |
| **Profit/(Loss) before tax** | 534 | 175 |
| **Retained profit/(loss)** | (147) | (424) |
| **Net Assets** | (3,767) | (3,620) |

Other Maven clients invested Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4 and Talisman First Venture Capital Trust

Adler & Allan is a leading environmental services business, specialising in the handling, transport, clean-up and disposal of oil based waste. The business is particularly noted for its skills in emergency spill response situations, having been heavily involved in the clean-up exercise in the aftermath of the Buncefield explosion in December 2005. The original buy out completed in June 2007 and a follow on investment to support a strategic acquisition concluded in July 2009.

**www.adlerandallan.co.uk**

## Atlantic Foods Group Limited

Egham, Surrey

| | |
|---|---|
| **Cost (£'000)** | 522 |
| **Valuation (£'000)** | 719 |
| **Basis of valuation** | Earnings |
| **Equity held** | 2.9% |
| **Income received (£'000)** | 68 |
| **First invested** | Feb 2008 |

| **Year ended** 30 September | **2011** | **2010** |
|---|---|---|
| | **£'000** | **£'000** |
| **Sales** | 45,116 | 38,662 |
| **Profit/(loss) before tax** | 1,241 | 1,349 |
| **Retained profit/(loss)** | 627 | 784 |
| **Net Assets** | 4,650 | 4,022 |

Other Maven clients invested Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Ortus VCT and Talisman First Venture Capital Trust.

Value-added food service supplier.

**www.atlanticfoods.co.uk**

# Venmar Limited (trading as XPD8 Solutions Limited)

### Aberdeen

| | | | | | |
|---|---|---|---|---|---|
| **Cost (£'000)** | 700 | **Year ended** | 31 December | **2011** | **2010**[3] |
| **Valuation (£'000)** | 700 | | | **£'000** | **£'000** |
| **Basis of valuation** | Earnings | **Sales** | | 2,770 | 1,531 |
| **Equity held** | 5.4% | **Profit/(Loss) before tax** | | (859) | (214) |
| **Income received (£'000)** | 37 | **Retained profit/(loss)** | | (856) | (214) |
| **First invested** | June 2010 | **Net Assets** | | (378) | 477 |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4, Maven Income and Growth VCT 5, Ortus VCT and Talisman First Venture Capital Trust.

XPD8 was formed in 2003 and is a successful asset integrity business which operates in the energy services industry. Integrity services is an area of increasing focus for the sector, as energy services businesses seek to maximise production and control costs whilst maintaining safety with an ageing infrastructure of critical equipment. XPD8 offers customers an integrated package of bespoke software tools and skilled engineers, which dovetails with customers' own asset integrity processes to help extend the life of critical equipment.

**www.xpd8solutions.com**

# Steminic Limited

### Aberdeen


| | | | | | |
|---|---|---|---|---|---|
| **Cost (£'000)** | 673 | **Year ended** | 31 December | **2011** | **2010** |
| **Valuation (£'000)** | 673 | | | **£'000** | **£'000** |
| **Basis of valuation** | Earnings | **Sales**[4] | | | |
| **Equity held** | 9.1% | **Profit/(Loss) before tax**[4] | | | |
| **Income received (£'000)** | 80 | **Retained profit/(loss)**[4] | | | |
| **First invested** | April 2007 | **Net Assets** | | 413 | (666) |

Other Maven clients invested: Maven Income and Growth VCT, Maven Income and Growth VCT 2, Maven Income and Growth VCT 4 and Talisman First Venture Capital Trust.

Steminic is an environmental services group adopting a buy and build strategy primarily focused on the oil and gas sector and acquired MS Industrial Services, a provider of industrial cleaning and waste management services in the North East of Scotland, in 2007. Traditionally MSIS provided industrial cleaning services to a wide range of clients, and has been successful in expanding its business into the offshore markets, particularly in offering tank cleaning, waste removal and disposal services.

**www.msisgroup.com**

[1] This Company has not yet produced its first report and accounts.

[2] This Company only produces abridged accounts, as permitted under the Companies Act.

[3] Accounts for period 23 February 2010 to 31 December 2010.

[4] These companies only produce abridged accounts, as permitted under the Companies Act relating to small companies.

“...one of the best resourced private equity teams in the UK...”

Maven offices

Ten Largest Investments

# Your Board

**The Board of Directors, the majority of whom are independent of the Manager, supervises the management of Maven Income and Growth VCT 3 PLC and looks after the interests of its Shareholders.**

## **Gregor Michie** Independent Chairman

**Relevant experience and other directorships:** Mr Michie graduated with a law degree in 1968 and qualified as a chartered accountant in 1972. He joined Morgan Grenfell & Co Limited in 1972 and worked internationally and in the UK in banking, corporate finance and, latterly, in investment management until leaving the Deutsche Bank group in 1999. He is also chairman of Octopus Titan VCT 4 plc.

**Length of service:** A Director and Chairman since September 2001.

**Age:** 65.

**Committee Member:** Audit (Chairman), Management Engagement (Chairman), Nomination (Chairman) and Remuneration.

**Employment by the Manager:** None.

**Other connections with Manager:** None.

**Shared directorships with other Directors:** None.

## **Alec Craig** Independent Non-executive Director

**Relevant experience and other directorships:** Mr Craig is an experienced corporate lawyer dealing with all forms of corporate transactions including venture capital transactions and flotations. He has held, and continues to hold public and private company directorships.

**Length of service:** A Director since September 2001.

**Age:** 55.

**Committee Member:** Audit, Management Engagement, Nomination and Remuneration.

**Employment by the Manager:** None.

**Other connections with Manager:** None.

**Shared directorships with other Directors:** None.

## **Bill Nixon** Non-executive Director

**Relevant experience and other directorships:** Mr Nixon is Managing Partner at Maven Capital Partners and has more than 30 years' experience of banking and private equity. In the mid-1990s he was Head of the UK private equity business at National Australia Bank and he joined Aberdeen Asset Management PLC in 1999. In 2004 he was appointed as principal fund manager for all Aberdeen managed VCTs, responsible for the UK investment team. In 2009 Bill and his senior colleagues led a buy-out from Aberdeen and formed Maven Capital Partners. He is a Fellow of the Chartered Institute of Bankers in Scotland and obtained an MBA from Strathclyde University in 1996.

**Length of service:** An alternate Director since 1 November 2005; appointed a Director in July 2008.

**Age:** 49.

**Committee Member:** Nomination and Remuneration.

**Employment by the Manager:** Since 2009; with Aberdeen Asset Management 1999-2009.

**Other connections with Manager:** Mr Nixon is a non-executive director of Maven Income and Growth VCT 2 PLC, Maven Income and Growth VCT 4 PLC, Ortus VCT PLC and Talisman First Venture Capital Trust PLC.

**Shared directorships with other Directors:** None.

## **Andrew Murison** Independent Non-executive Director

**Relevant experience and other directorships:** Mr Murison began his career in 1970 as an investment analyst at fund managers John Govett & Co Limited, followed by three years as a financial correspondent of The Economist. He then returned to investment banking and spent fourteen years as a private investor in, and/or advisor to, companies mainly in the United States. Between 1995 and 2003 he was a Fellow and Senior Bursar of Peterhouse, Cambridge, in which capacity he was responsible for its finance and investments. He is Chairman of JPMorgan European Investment Trust plc and a director of Hg Capital Trust PLC, a private equity investment trust.

**Length of service:** A Director since September 2001.

**Age:** 64.

**Committee Member:** Audit, Management Engagement, Nomination and Remuneration (Chairman).

**Employment by the Manager:** None.

**Other connections with Manager:** None.

**Shared directorships with other Directors:** None.

## **Stephen Wood** Independent Non-executive Director

**Relevant experience and other directorships:** Mr Wood is an actuary with 35 years' fund management experience and was responsible for the investment portfolios of The Co-operative Insurance Society Limited for seventeen years.

**Length of service:** A Director since September 2001.

**Age:** 73.

**Committee Member:** Audit, Management Engagement, Nomination and Remuneration.

**Employment by the Manager:** None.

**Other connections with Manager:** Mr Wood was a director of The Enhanced Zero Trust PLC, which was formerly managed by Aberdeen Asset Managers, the previous manager of the Company.

**Shared directorships with other Directors:** None.

# Directors' Report

**The Directors submit their annual report and audited financial statements of the Company for the year ended 30 November 2012.**

## Results and dividends

The revenue attributable to Ordinary shareholders for the year amounted to £781,000 (2011: £685,000). The total return attributable to Ordinary shareholders for the year was £2,019,000 (2011: £2,154,000). The net asset value per Ordinary share at 30 November 2012 was 82.7p (2011: 80.8p).

The Directors now propose a final dividend for the year of 3.0p per Ordinary share (2011: 2.75p) payable on 30 May 2013 to Ordinary shareholders on the register at the close of business on 10 May 2013, bringing the total for the year to 4.75p (2011: 4.5p). A resolution in respect of the final dividend will be proposed at the annual general meeting in May 2013.

## Business Review

A review of the Company's activities is given in the Chairman's Statement and in the Investment Manager's Review. A summary of the business objectives and the Board's strategy for achieving them, the risks faced and the key performance indicators is given below.

## Investment objective

The Company aims to achieve long-term capital appreciation and to generate maintainable levels of income for shareholders.

## Investment policy

The Company intends to achieve its objective while managing and minimising risk by:

- investing the majority of its funds in a diversified portfolio of shares and securities of smaller, unquoted UK companies and in AIM companies which meet the criteria for VCT qualifying investments and have strong growth potential
- investing, in line with VCT regulations, no more than 15% of total investment by cost in one company at the time of investment
- maintaining a qualifying investment level of at least 70% according to VCT regulations
- borrowing up to 15% of net asset value on a selective basis in pursuit of investment strategy
- retaining the services of a Manager who can provide the breadth and depth of resources to achieve the investment objective
- diversifying across a range of economic sectors
- actively and closely monitoring the progress of investee companies
- seeking to appoint a non-executive director to the board of each private investee company, provided from the Manager's investment management team or from its pool of experienced independent directors
- co-investing with other clients of the Manager, in larger deals, which tend to carry less risk
- not investing in hostile public-to-private transactions.

Other risks not directly associated with the investment policy are managed as set out below.

- We monitor VCT qualifying status and minimise risk by retaining the services of a Manager with the resources to provide a sufficient flow of investment opportunities and integrated administrative and management information systems to ensure continuing compliance with regulations.
- The Manager monitors and takes into account risks of political change, exchange controls, taxation or other regulations that might affect investee companies when selecting investments and in its valuation process.

The Company's adherence to its stated investment policy and management of risk is demonstrated in tables and charts throughout the Annual Report and in the figures provided in the Chairman's Statement.

The management of the investment portfolio has been delegated to Maven Capital Partners UK LLP ('Maven'), one of the best resourced private equity teams in the UK, which also provides administrative, financial management and company secretarial services to the Company. The Board is satisfied with the depth and breadth of the Manager's resources and its network of offices, which both generate new deals and enable Maven to monitor the geographically diverse portfolio companies effectively. The Investment Portfolio Summary shows that your portfolio contains more than 30 later-stage private equity investments and the degree of co-investing with other Maven clients. The tabular Analyses of Portfolio by Industry Sector shows that the portfolio is diversified across a variety of economic sectors. The level of qualifying investments is monitored by the Manager continuously and reported to the Board quarterly.

## Future outlook

The Directors' view of the Company's future outlook is set out in the Chairman's Statement on page 5.

## Key performance indicators

At each board meeting, the Directors assess the company's performance overall and with regard to individual investments. The key performance indicators are as follows:

- NAV total return
- dividends per share.

The NAV total return is a measure of shareholder value which includes both the current NAV per share and the sum of dividends per share paid to date. It therefore reflects the return that an investor in the original offer for subscription for shares has made to date. It does not include initial tax relief on investment, nor does it reflect the fact that dividends have been paid free of income tax. Although tax forms an essential part of an investor's assessment of the risk/reward ratio, is not part of the Board's review of the Company's performance.

The statement of dividends paid per share summarises payments to shareholders in the form of dividends, as set out in the Financial History statement on page 4.

Most of our shareholders purchased their shares in response to the original prospectus in 2001 and to the C share issue. The Financial History table on page 4 shows figures relevant to the original investors and the former C shareholders. It is not practical to include the return on smaller share issues made more recently.

The Board also considers peer group comparative performance.

## Principal Risks and Uncertainties

The principal risks facing the Company relate to its investment activities and include market price, interest rates, liquidity and credit risk. An explanation of these risks and how they are managed is contained in Note 18 to the financial statements. Additional risks faced by the Company, and the mitigating measures adopted by the Board, are as follows.

- Investment objective: the Board's aim is to maximise absolute returns to shareholders while managing risk by diversifying investments geographically and by sector.
- Investment policy: the Company mitigates the risk of inappropriate stock selection leading to underperformance in absolute and relative terms by operating within investment guidelines and the regulations governing venture capital trusts and by using suitably experienced investment managers to source investments and manage them effectively.
- Discount volatility: due to lack of liquidity in the secondary market, venture capital trust shares tend to trade at a discount to net asset values and the Company from time to time buys shares for cancellation in order to manage the discount.
- Regulatory risk: the Company operates in a complex regulatory environment and faces a number of related risks including becoming subject to capital gains tax on the sale of its investments as a result of breach of section 274 of the Income Tax Act 2007, loss of VCT status and consequent loss of tax reliefs currently available to shareholders as a result of a breach of the VCT Regulations, and loss of VCT status and reputational damage as a result of serious breach of other regulations such as the UKLA Listing Rules and the Companies Act. The Board considers all risks and the measures in place to manage them and monitors their management at each meeting and in more depth at bi-annual Audit Committee meetings. There is an additional risk from "regulatory creep" (the FSA's CP 12-19, RDR, AIFM, FATCA) which would increase costs and potentially make it more difficult for the Company to raise additional funds via public offers but the Board believes that common sense will prevail and that none of the aforementioned proposals will prevent the Company from conducting its business in the spirit of the legislation that first introduced VCTs as set out in the Company's original and C Share prospectuses.

## Principal activity and status

The Company's affairs have been conducted in a manner that satisfies the conditions for approval as a venture capital trust under s.274 of the Income Tax Act 2007. HM Revenue & Customs will grant s.274 status if asked to do so, provided that the Company's affairs have been conducted in a manner that will satisfy the conditions of that section of the Act. Such approval was last granted in respect of the year ended 30 November 2011.

## Directors

The biographies of the Directors are shown on pages 24 and 25 and their interests in shares of the Company are shown below.

| | 30 November 2012 Ordinary shares | 30 November 2011 Ordinary shares |
|---|---|---|
| W G M Michie | 78,354 | 63,972 |
| I A Craig | 21,850 | 21,850 |
| W R Nixon | 293,614 | 243,319 |
| A H Murison | 22,180 | 22,180 |
| S F Wood | 22,353 | 22,353 |
| **Total** | **438,351** | **373,674** |

Unless otherwise stated, all holdings are beneficial. Maven Capital Partners, which is regarded as a connected person of Mr Nixon, held 491,288 shares in the Company at 30 November 2012 (2011: 190,358).

In accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years, and Mr Craig and Mr Murison retire by rotation at this time and, being eligible, offer themselves for re-election. As a non-independent Director, by virtue of his position as Managing Partner of Maven Capital Partners UK LLP, Mr Nixon offers himself for re-election annually. Resolutions will be proposed at the annual general meeting to re-elect each of the above-named Directors.

The Company may not have more than one Director who is also a Director of another company with the same investment manager. Mr Nixon is the only such Director.

Maven Capital Partners is entitled to receive investment management and secretarial fees as described below. No other contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

## Manager and Company Secretary

Investment management, accounting, administrative and company secretarial services are provided to the Company by Maven Capital Partners UK LLP (Maven). For the year ended 30 November 2012, the investment management and secretarial fees payable to Maven have been charged on the following bases:

- an investment management fee of 2.5% a year of the gross assets of the Company at the previous quarter end, which is chargeable 20% to revenue and 80% against realised capital reserves
- a secretarial fee of £98,000 a year, which is charged 100% to revenue and is subject to an annual adjustment to reflect movement in the UK Retail Prices Index.

The management services agreement may be terminated with one year's notice. Should the Company terminate the management agreement, the Manager would be entitled to receive fees which would otherwise have been due up until the end of the relevant notice period.

In order to ensure that the Manager's staff are appropriately incentivised in relation to the portfolio, the Directors have approved a co-investment scheme which enables individuals nominated by the Manager to participate in investments in portfolio companies alongside the Company. All such investments are made through a nominee and under terms previously agreed by the Board. The terms of the scheme ensure that all investments in voting ordinary shares are made on identical terms to those made by the Company. Total investments by participants in the co-investment scheme were set at 5% of the aggregate amount of voting ordinary shares subscribed for by the Company and the co-investment scheme ("the aggregate amount"), except where the only securities to be acquired by the Company are ordinary shares or are securities quoted on AIM, in which case the co-investment percentage is 1.5%. The Directors believe that the scheme provides a useful incentive to the Manager's staff and therefore more closely aligns the interests of key individuals with those of the Shareholders. In the year ended 30 November 2012, the amount subscribed under the co-investment scheme was £8,013.

In view of the fact that there is no performance incentive fee arrangement with Maven, notwithstanding that this is standard in the VCT sector and that most of the other VCTs managed by Maven have such an arrangement, the Board, after careful consideration, agreed to increase the co-investment scheme level of participation in the voting ordinary shares of portfolio companies to 8% of the level of the aggregate amount with effect from 1 December 2012.

The Board has reviewed the terms of the investment management contract and believes that the continued appointment of the Manager on the agreed terms is in the interests of the Shareholders because of the quality of the investment management service provided, particularly the breadth and depth of the experience, knowledge and skill of the manager's staff and its network of offices across the country from which it sources new investments and monitors portfolio companies.

## Issue of shares

A resolution will be put to shareholders at the annual general meeting for their approval to issue ordinary shares up to an aggregate nominal amount of £311,288 (equivalent to 3,112,880 ordinary shares) or 10% of the total issued ordinary share capital at 15 February 2013. Further issues of new ordinary shares may be made only at a premium to net asset value per share, thus ensuring that existing investors will not be disadvantaged by such issues. The proceeds of any issue may be used to purchase the Company's ordinary shares in the market or to fund further investments in accordance with the Company's investment policy.

This authority shall expire either at the end of the next annual general meeting of the Company or after 15 months from the date of the passing of the resolution, whichever is earlier. When shares are to be allotted for cash, section 561 (1) of the Companies Act 2006 provides that existing shareholders have pre-emption rights and that the new shares are offered first to shareholders in proportion to their existing shareholdings. However, shareholders can, by Special Resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. A resolution will be put to shareholders at the annual general meeting to give Directors the power to allot for cash shares up to aggregate nominal amount of £311,288 as if section 561 (1) did not apply. This authority shall also expire either at the end of the annual general meeting of the Company or after 15 months from the date of the passing of the resolution, whichever is earlier.

An explanation of these resolutions is given in the Explanatory Notes to the Notice of Annual General Meeting, which starts on page 59.

During the year ended 30 November 2012, under the authority granted at the AGM in 2012, the Company issued 1,491,880 Ordinary shares in connection with an offer for subscription at a price of 83.7p. A further 4,566,741 Ordinary Shares were allotted at 85.16p pursuant to an Enhanced Buyback Scheme.

A further 326,269 Ordinary shares have been allotted at 84.19p under the 2012/13 offer and the remainder will be allotted on 5 April and 30 April 2013.

## Purchase of shares for cancellation

A Special Resolution will be put to Shareholders for their approval to renew the authority to purchase in the market an aggregate of 10% of the Ordinary shares in issue (3,112,880 Ordinary shares) at 15 February 2013. An explanation of the resolution is given in the Explanatory Notes to the Notice of Annual General Meeting which starts on page 54.

This authority will expire on the date of the next annual general meeting or after a period of 15 months from the date of passing of the resolution, whichever is the earlier. This means that the authority will be put to shareholders for renewal at the annual general meeting of the Company in 2014.

Purchases of ordinary shares may be made within guidelines established from time to time by the Board, but only if it is considered that they would be to the advantage of the Company and its shareholders taken as a whole. Purchases would be made in the market for cash only at prices below the prevailing net asset value per ordinary share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority must not exceed 105 per cent of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase. The minimum price that may be paid is 10p per share. In making purchases, the Company will deal only with members of the London Stock Exchange. Shares that are purchased will be cancelled. Purchases of Ordinary shares by the Company would be made from distributable reserves and the purchase price would normally be paid out of cash balances held by the Company from time to time.

Shares will not be purchased by the Company in the period from the end of the relevant financial period up to and including the time of publication of the half-yearly report or during the period of 60 days immediately preceding the notification of the Company's annual financial results or, if shorter, the period from the end of the Company's relevant financial year up to and including the time of the relevant announcement.

During the year ended 30 November 2012, under the authority granted at the AGM in 2012, 487,000 Ordinary shares were bought back for cancellation at prices ranging from 69p to 83.7p. A further 4,708,436 Ordinary Shares were bought back for cancellation under a separate authority pursuant to the Enhanced Buyback Scheme referred to above.

A further 4,708,436 shares were bought back at 82.6p in relation to the Enhanced Share Buyback which also resulted in the issue of 4,566,741 new shares at 85.16p each.

## Statement of Corporate Governance

This statement describes how the principles and supporting principles set out in the UK Code of Corporate Governance have been applied by the Company throughout the year ended 30 November 2012, and provides an explanation where the Board has decided that it is in the interests of Shareholders not to follow the guidance in the Code.

The three main areas in which the UK Code of Corporate Governance has updated the previous Corporate Governance Code are: the requirement to include an explanation of the Company's business model; encouragement to consider the submission of all directors for annual re-election, which is required only for FTSE 350 companies; and the requirement, again only for FTSE 350 companies, to consider using external board performance evaluation services once every three years. The explanation of our business model is contained mainly in the Investment Objective and Investment Policy sections on page 26. The Board has decided that, given the small size of the board, the annual submission of all directors for re-election would not be practicable and that the cost of third party evaluation services would not be justified.

The new Code guides the Chairman to review regularly the training and development needs of each director. The board considers the need for training as part of the annual board performance evaluation and has concluded that the directors' skills are sufficiently updated in the course of performing the work of a director, including reviewing changes to regulatory and governance requirements, in attending events organised by the AIC and in carrying out the work they do unrelated to the Company.

The exceptions to compliance with the Code were as follows:

- a senior independent director has not been appointed and whilst Shareholders are invited to contact the Chairman or the Secretary in the first instance if they have any concerns, they may contact any director
- despite being non-independent, Mr Nixon is a member of the Nomination and Remuneration Committees, but not the Audit Committee or the Management Engagement Committee, which, in the view of the Board require a greater degree of independence
- Mr Michie chairs the Audit Committee because the bulk of the work carried out at Board meetings relates to the work of the Audit Committee
- four of the Directors were appointed on 27 September 2001 and have therefore served for more than nine years; the Board's view is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important in the context of the governance of a venture capital trust. The contribution made by each director and his or her independence will continue to be monitored closely.

## The Board

The Board currently consists of five non-executive Directors. All of the Directors who held office during the year, with the exception of Mr Nixon, are considered to be independent of the Manager. Mr Nixon is not considered to be independent because of his position as the Managing Partner of the Manager, Maven Capital Partners. The firm in which Mr Craig was formerly a senior partner provided legal advice to Maven Capital Partners in the past. Nevertheless, Mr Craig has performed his duties as a Director in a way that displays independence and the Board continues to regard him as independent.

Mr Michie was independent of the Manager at the time of his appointment as a Director and Chairman in September 2001 and continues to be so by virtue of his lack of connection with the Manager or of cross-directorships with his fellow directors.

The biographies of the Directors appear on pages 24 and 25 of this annual report and indicate the range of the Directors' investment, commercial and professional experience.

The Board sets the Company's values and objectives and ensures that its obligations to its Shareholders are met. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. These matters include:

- the maintenance of clear investment objectives and risk management policies
- the monitoring of the business activities of the Company
- Companies Act requirements such as the approval of the interim and annual financial statements, approval of interim dividends and recommendation of the final dividend
- major changes relating to the Company's structure, including share buybacks and share issues

- Board appointments and related matters
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements
- terms of reference and membership of Board Committees
- Stock Exchange, UK Listing Authority and Financial Services Authority matters, such as approval of all circulars, listing particulars and releases concerning matters decided by the Board.

As required by the Companies Act 2006 and permitted by the Articles of Association, directors notify the Company of any situation which might give rise to a potential for a conflict of interests so that the Board may consider and, if appropriate, approve such a situation. The register of potential conflicts of interest of directors is reviewed regularly by the Board. Directors notify the Company whenever there is a change in the nature of a registered conflict situation, or whenever a new conflict situation arises.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives, who are responsible to the Board:

- for ensuring that Board procedures are complied with
- under the direction of the Chairman, for ensuring good information flows with the Board and its committees
- for advising on corporate governance matters.

An induction meeting will be arranged by the Manager on the appointment of any new Director, covering details about the Company, the Manager, legal responsibilities and venture capital trust industry matters. Directors are provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Chairman of the company is a non-executive Director. A senior non-executive Director has not been appointed, as the Board considers that each of the Directors has different qualities and areas of expertise on which they may lead.

During the year ended 30 November 2012, the Board held four quarterly board meetings. The primary focus of quarterly board meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues. Between meetings, the Board maintains contact with the Manager and has access to senior members of the management team and to the company secretarial team.

Directors have attended Board and Committee meetings during the year ended 30 November 2012 as shown in the table below.

| Director | Board | Audit Committee | Nomination Committee | Remuneration committee | Management Engagement Committee |
|---|---|---|---|---|---|
| W G M Michie | 4 | 2 | 1 | 1 | 1 |
| I A Craig | 3 | 2 | - | - | 1 |
| W R Nixon* | 4 | N/A | 1 | 1 | N/A |
| A H Murison | 3 | 2 | - | - | 1 |
| S F Wood | 3 | 2 | 1 | 1 | 1 |

* Mr Nixon is not a member of the Audit and Management Engagement Committees.

Meetings of the Remuneration and Nomination committees were held on 16 October 2012 to review, among other things, board effectiveness.

The performance of the Manager during the year ended 30 November 2012 was reviewed by the Management Engagement Committee at its meeting on 23 January 2013. To enable the board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review of the Company's portfolio and trends in the market, and discussion documents regarding specific matters.

The Board undertakes regular annual performance evaluation, using questionnaires and discussion to ensure that Directors have devoted sufficient time and contributed adequately to the work of the Board and Committees. The Chairman is evaluated by his fellow Directors, led by Mr Murison.

## External agencies

The Board has contractually delegated to external agencies, including the Manager and others, provision of certain services: the management of the investment portfolio; custodial services, which include the safeguarding of the assets; registration services; and day to day accounting and company secretarial requirements. The Board receives and considers reports from the Manager on a regular basis and ad hoc reports and information are supplied to the Board as requested.

## Committees

### Nomination Committee

A Nomination Committee has been established with written terms of reference and comprises the full Board. The Chairman of the Committee is the Chairman of the Company.

The Committee makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board
- succession planning
- the re-appointment of any non-executive Director at the conclusion of their specified term of office
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the company's Articles of Association
- the continuation in office of any Director at any time
- the appointment of any Director to another office, such as Chairman of the Audit Committee, other than to the position of Chairman.

At its meeting in October 2012, the Nomination Committee recommended to the Board the nomination for re-election at the next Annual General Meeting of Mr I A Craig, Mr A H Murison and Mr W R Nixon for the following reasons:

- Mr Craig, who has been a Director since 2001, has wide experience in corporate transactions, including venture capital investments and flotations
- Mr Murison, who has been a Director since 2001, has experience in investment analysis, investment banking and providing investment and financial advice to companies
- Mr Nixon, who has been an alternate director since 2005, was appointed a Director in July 2008, and brings to the Board a wide range of investment skills and experience and a particular knowledge of the private equity industry. As Managing Partner of Maven Capital Partners UK LLP, the investment manager, Mr Nixon is not deemed to be independent and puts himself forward for re-election every year.

### Audit Committee

The Audit Committee has written terms of reference and is comprised of all of the independent Directors.

The terms of reference of the Committee, which are available on request, are reviewed and re-assessed for their adequacy at each meeting. They include:

- the review of the effectiveness of the internal control environment of the Company, with reports from the Manager and external auditors
- the review of the interim and annual reports and financial statements
- the review of the terms of appointment of the Auditor, together with their remunerations and any non-audit services they provide
- the review of the scope and results of the audit and the independence and objectivity of the Auditor
- the review of the Auditor's management letter and the management response
- meetings with representatives of the Manager.

At each meeting, the Audit Committee examined the annual or half-yearly report and financial statements, reviewed the Company's internal controls and reviewed the scope of the audit and the auditor's management report to the Board. No significant weaknesses in the control environment were identified.

The Company has in place a policy for controlling the provision of non-audit services by the Auditors, in order to safeguard their independence and objectivity. Non-audit work which might compromise independence is prohibited, and the Audit Committee considers the Auditor, Deloitte LLP, to be independent.

### Management Engagement Committee

A Management Engagement Committee has been established comprising all of the independent Directors. The Chairman of the Committee is the Chairman of the Company. The Committee annually reviews the management contract, details of which are shown on page 25. The Committee met in January 2012 to consider the management contract.

### Remuneration Committee and Directors' remuneration

Where a VCT has only non-executive Directors, the UK Corporate Governance Code principles relating to Directors' remuneration do not apply. Nevertheless, the Company has a Remuneration Committee, comprising the full Board, the chairman of which is Mr Murison.

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report. The Committee met in October 2012. The terms of reference of the Remuneration Committee are available on request.

## Directors' terms of appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the Articles of Association, stand for election at the first annual general meeting following their appointment. The articles of association state that Directors must offer themselves for re-election at least once every three years. In addition, Mr Nixon is subject to annual re-election in view of his position as managing partner of the investment manager, Maven Capital Partners.

## Policy on tenure

The Board's policy on tenure is set out in the section on exceptions to compliance with the UK Code of Corporate Governance on page 30.

## Communication with Shareholders

The Company places a great deal of importance on communication with its shareholders. As required under the Code, the annual report is posted to shareholders at least twenty business days before the annual general meeting. The notice of meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report and in the Directors' Remuneration Report. A separate resolution is proposed for each substantive issue.

Shareholders are encouraged to attend and participate in the annual general meeting. They have the opportunity to put questions at the meeting, and the results of proxy voting are relayed to the meeting after each resolution has been voted on by a show of hands.

Nominated persons, often the beneficial owners of shares held for them by nominee companies may attend shareholder meetings by contacting the registered shareholder, the nominee company, in the first instance to be nominated to attend the meeting and to vote in respect of the shares held for them.

The Chairman and the Manager respond to letters from shareholders. To ensure that Directors develop an understanding of the views of shareholders, correspondence between the Manager or the Chairman and shareholders is copied to the Board. It is in the nature of a VCT that it generally has no major shareholders, and the Board welcomes the views of all shareholders.

The Company's web pages are hosted on Maven's website, and can be visited at www.mavencp.com/migvct3. Annual and half-yearly reports, Stock Exchange announcements and other information can be viewed, printed or downloaded. The Manager also provides to shareholders on behalf of the Company a half-yearly newsletter which describes recent investment activity and a commentary on recent developments in the market, the VCT sector or regulation. Access to further information about the Manager can be gained from a visit to www.mavencp.com.

## Internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. As the Directors have delegated the investment management and administration of the Company to Maven Capital Partners, the Board considers that it is appropriate for the Company's internal controls to be monitored by Maven's internal audit team rather than the Company itself. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board.

The Board has reviewed the effectiveness of the system of internal control and reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager within guidelines which include implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the internal audit function of the Manager, which undertakes periodic examination of business processes and compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of FRC guidance and includes financial, regulatory, market operational and reputational risk. This enables the internal audit risk assessment model to identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the board.

The key components of the procedure designed to provide effective internal control for the year under review and up to the date of this report are:

- the Manager prepares forecasts and management accounts which enable the Board to assess the Company's activities and review its investment performance
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits, reports on which include performance statistics and are regularly submitted to the board
- the Manager's evaluation procedure and financial analysis of investee companies include detailed appraisal and due diligence
- the compliance department of the Manager continually reviews the Manager's operations
- written agreements are in place which define the roles and responsibilities of the Manager and other third party service providers
- documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations
- the board carries out a bi-annual assessment of internal controls by considering reports from the Manager, including its internal audit and compliance functions, and taking account of events since the relevant period end
- the internal audit function of the Manager reports twice annually to the Audit Committee and has direct access to the Directors at any time.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. They manage rather than eliminate the risk of failure to achieve business goals and can provide reasonable but not absolute assurance against material mis-statement or loss.

## Socially responsible investment policy

The Directors are aware of their duty to act in the interests of the Company. As an externally-managed VCT, the Company does not have direct social, environmental or community responsibilities. The Directors acknowledge, however, that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and they therefore ensure that they take account of the social environment and ethical factors that might affect the performance or value of the Company's investments.

## Exercise of voting powers

The Directors believe that the exercise of voting rights at company meetings lies at the heart of the regulation and promotion of corporate governance. The board has therefore given discretionary voting powers to the Manager to vote in respect of its holdings in investee companies.

## Going concern

The Company's business activities and the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 26 to 35. The financial position of the Company is described in the Chairman's Statement on pages 5 to 7. Note 18 to the financial statements includes: the Company's objective, policies and processes for managing its financial risk; details of its financial instruments; and its exposures to market price risk, interest rate risk, liquidity risk and credit risk.

The Directors believe that the Company is well placed to manage its business risks successfully. Having examined reports from the Manager, and made relevant enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## Creditor payment policy

The Company's creditor payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end.

## Public donations

The Company has not made any political or charitable contributions during the year.

## Annual General Meeting

The Annual General Meeting will be held on 1 May 2013, and the notice of meeting is on page 54.

## Auditor

As far as the Directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each of the Directors 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 auditor is aware of that information.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming annual general meeting.

**By order of the Board**
**Maven Capital Partners UK LLP**
**Secretary**

**26 March 2013**

# Directors' Remuneration Report

**This report has been prepared in accordance with section 421 of the Companies Act 2006. An ordinary resolution for the approval of the report will be put to the members at the forthcoming Annual General Meeting.**

As required by law, some of the disclosures provided in this report have been audited, and they are indicated as such. The Auditor's opinion is included in their report on page 39.

## Remuneration Committee

The Company has five non-executive Directors, four of whom are independent and all five of whom form the Remuneration Committee. Biographical details are set out on pages 24 and 25 of the Annual Report. During the year under review, the Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration. As the Company has no employees and does not form part of a group, the Directors, from time to time, review the fees paid to the boards of directors of other venture capital trust companies in order to provide an appropriate comparison for review of Directors' remuneration.

## Policy on Directors' Remuneration

The Board's policy is that the remuneration of the Directors, all of whom are non-executive Directors, should reflect the experience of the Board as a whole, be fair and be comparable with that of other venture capital trusts with a similar capital structure and investment objectives.

Directors are remunerated in the form of fees, payable quarterly in arrears to the Director personally or to a third party specified by him or her. The Company's Articles of Association limit the aggregate of the Directors' fees to £100,000 per annum. Fees payable to the Directors reflect the time spent by them on the Company's affairs and are sufficient to enable candidates of a high quality to be recruited. No element of the remuneration of the non-executive Directors is directly related to performance and Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

During the year ended 30 November 2012, the Chairman received fees of £17,500, and the other Directors received £14,000 per annum. At the meeting of the Remuneration Committee in October 2012, the remuneration policy was reviewed and approved. It is intended that this policy will continue for the financial year ending 30 November 2013 and subsequent years.

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. This insurance is neither a benefit in kind nor does it form part of the Directors' remuneration.

## Directors' service contracts

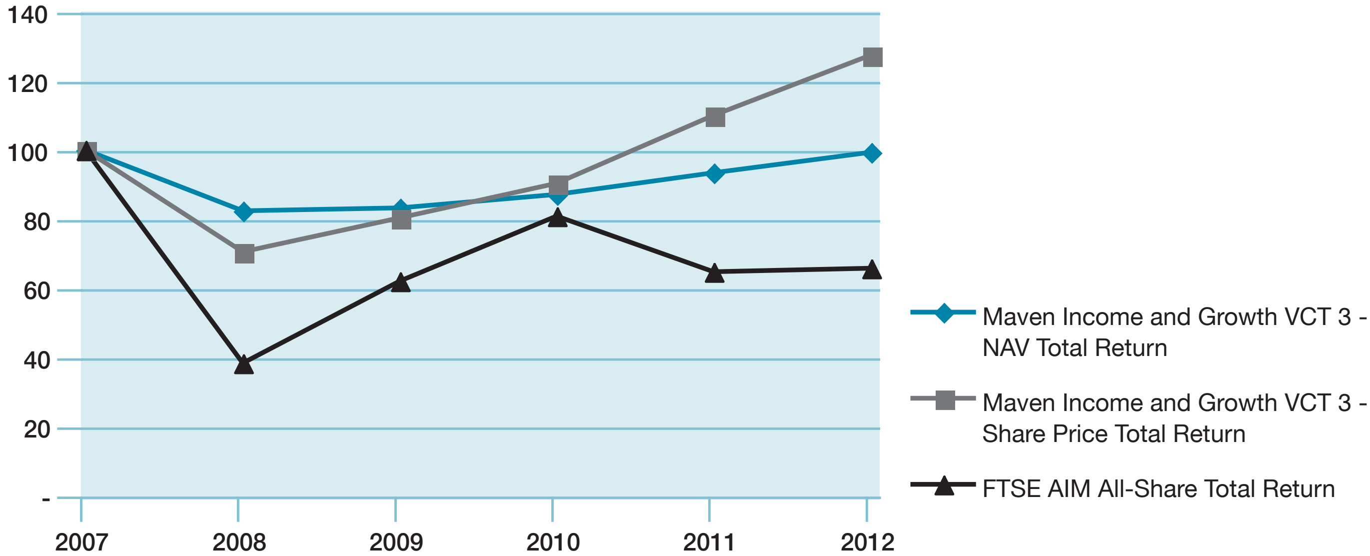
None of the Directors has a contract of service or contract for services and a Director may resign by giving notice in writing to the Board at any time; there are no set notice periods. Directors are appointed for an initial period of three years, which may be varied by either party. The Articles of Association provide that at the Annual General Meeting each year one third of the Directors (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. Directors, therefore, retire and are subject to re-election at the first Annual General Meeting following their appointment and, thereafter, are obliged to retire by rotation and, if they so wish, offer themselves for re-election at least every three years. Mr Nixon, being the Managing Partner of Maven Capital Partners, offers himself for re-election annually. No compensation is payable for loss of office, save any arrears of fees.

## Company performance

The graph below compares, on the one hand, the total return with all dividends reinvested from a notional investment of £100 on 30 November 2007 with, on the other hand, the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE AIM All-share Index is calculated. This index was chosen for comparison purposes because, of those available, it is the most relevant to the Company's investment portfolio.

## Ordinary Share Price Total Return Performance

As at 30 November 2012




Source: Maven Capital Partners UK LLP

Please note that past performance is not necessarily a guide to future performance.

## Directors' emoluments for the year (audited)

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

| | Year ended 30 November 2012 £ | Year ended 30 November 2011 £ |
|---|---|---|
| W G M Michie, Chairman | 17,500 | 16,250 |
| I A Craig | 14,000 | 13,000 |
| A H Murison | 14,000 | 13,000 |
| W R Nixon* | 14,000 | 13,000 |
| S F Wood | 14,000 | 13,000 |
| **Total** | **73,500** | **68,250** |

*Mr Nixon's remuneration is paid to Maven Capital Partners UK LLP.

No Director has received any compensation for loss of office or non-cash benefits for the year ended 30 November 2012.

## Approval

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

**Gregor Michie**
**Director**

**26 March 2013**

# Statement of Directors' Responsibilities

## The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statement in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. 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 net return 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 judgments 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
- 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## Responsibility statement of the Directors in respect of the Annual Financial Report

We confirm that, to the best of our knowledge, the financial statements, prepared in accordance with the applicable set of accounting standards and set out on pages 39 to 53, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and the Directors' Report, set out on pages 26 to 35, includes a fair review of the developments and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that they face.

**By order of the Board**
**Maven Capital Partners UK LLP**
**Secretary**

**26 March 2013**

# Independent Auditor's Report to the Members of Maven Income and Growth VCT 3 PLC

We have audited the financial statements of Maven Income and Growth VCT 3 PLC for the year ended 30 November 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on 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 Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## 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 November 2012 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom 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, contained within the Directors' Report, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

**Andrew Partridge C.A (Senior statutory auditor)**
**for and on behalf of Deloitte LLP**
**Chartered Accountants and Statutory Auditor**
**Glasgow, United Kingdom**

**26 March 2013**

# Income Statement

## For the year ended 30 November 2012

| | Notes | Year ended 30 November 2012 Revenue £'000 | Capital £'000 | Total £'000 | Year ended 30 November 2011 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Gains on investments | 8 | - | 1,630 | 1,630 | - | 1,846 | 1,846 |
| Income from investments | 2 | 1,400 | - | 1,400 | 1,160 | - | 1,160 |
| Other income | 2 | 2 | - | 2 | 11 | - | 11 |
| Investment management fees | 3 | (126) | (505) | (631) | (119) | (474) | (593) |
| Other expenses | 4 | (276) | - | (276) | (259) | - | (259) |
| **Net return on ordinary activities before taxation** | | **1,000** | **1,125** | **2,125** | **793** | **1,372** | **2,165** |
| Tax on ordinary activities | 5 | (219) | 113 | (106) | (108) | 97 | (11) |
| **Return attributable to Equity Shareholders** | 7 | **781** | **1,238** | **2,019** | **685** | **1,469** | **2,154** |
| **Earnings per share (pence)** | 7 | **2.51** | **3.98** | **6.49** | **2.28** | **4.88** | **7.16** |

A Statement of Total Recognised Gains and Losses has not been prepared, as all gains and losses are recognised in the Income Statement.

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The total column of this Statement is the Profit and Loss Account of the Company.

# Reconciliation of Movements in Shareholders' Funds

## For the year ended 30 November 2012

| | | Year ended 30 November 2012 £'000 | Year ended 30 November 2011 £'000 |
|---|---|---|---|
| Opening Shareholders' funds | | 24,457 | 22,647 |
| Net return for year | | 2,019 | 2,154 |
| Proceeds of share issue | | 5,035 | 1,148 |
| Repurchase and cancellation of shares | | (4,264) | (192) |
| Dividends paid - revenue | 6 | (632) | (306) |
| Dividends paid - capital | 6 | (870) | (994) |
| **Closing Shareholders' funds** | | **25,745** | **24,457** |

The accompanying Notes are an integral part of the Financial Statements

# Balance Sheet

## As at 30 November 2012

| | Notes | 30 November 2012 £'000 | 30 November 2011 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments at fair value through profit or loss | 8 | 20,582 | 20,961 |
| **Current assets** | | | |
| Debtors | 10 | 663 | 615 |
| Cash and overnight deposits | 16 | 4,645 | 2,972 |
| | | **5,308** | **3,587** |
| **Creditors:** amounts falling due within one year | 11 | (145) | (91) |
| **Net current assets** | | **5,163** | **3,496** |
| **Net assets** | | **25,745** | **24,457** |
| **Capital and reserves** | | | |
| Called up share capital | 12 | 3,112 | 3,026 |
| Share premium account | 13 | 5,426 | 997 |
| Capital reserve - realised | 13 | (2,313) | (2,855) |
| Capital reserve - unrealised | 13 | 599 | 773 |
| Distributable reserve | 13 | 17,577 | 21,841 |
| Capital redemption reserve | 13 | 585 | 65 |
| Revenue reserve | 13 | 759 | 610 |
| **Net assets attributable to Ordinary Shareholders** | | **25,745** | **24,457** |
| **Net asset value per ordinary share (pence)** | 14 | **82.7** | **80.8** |

The financial statements of Maven Income and Growth VCT 3 PLC, registered number 04283350, were approved by the Board of Directors and were signed on its behalf by:

**Gregor Michie**
**Director**

**26 March 2013**

The accompanying Notes are an integral part of the Financial Statements

# Cash Flow Statement

## For the year ended 30 November 2012

| | Notes | Year ended 30 November 2012 £'000 | £'000 | Year ended 30 November 2011 £'000 | £'000 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Investment income received | | 1,380 | | 974 | |
| Deposit interest received | | 2 | | 11 | |
| Investment management fees paid | | (631) | | (732) | |
| Secretarial fees paid | | (98) | | (115) | |
| Directors' fees and expenses paid | | (78) | | (71) | |
| Other cash payments | | (100) | | (95) | |
| **Net cash inflow/(outflow) from operating activities** | 15 | | **475** | | **(28)** |
| **Taxation** | | | | | |
| Corporation tax | | | **(11)** | | **(5)** |
| **Financial investment** | | | | | |
| Purchase of investments | | (8,140) | | (2,750) | |
| Sale of investments | | 10,118 | | 3,340 | |
| **Net cash inflow from financial investment** | | | **1,978** | | **590** |
| **Equity dividends paid** | 6 | | **(1,502)** | | **(1,300)** |
| **Net cash inflow/(outflow) before financing** | | | **940** | | **(743)** |
| **Financing** | | | | | |
| Issue of Ordinary Shares | | 5,035 | | 1,148 | |
| Repurchase of Ordinary Shares | | (4,302) | | (154) | |
| **Net cash inflow from financing** | | | **733** | | **994** |
| **Increase in cash** | 16 | | **1,673** | | **251** |

The accompanying Notes are an integral part of the Financial Statements

# Notes to the Financial Statements

## For the year ended 30 November 2012

### 1 Accounting Policies - UK Generally Accepted Accounting Practice

#### (a) Basis of preparation

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the SORP) issued in January 2009.

The disclosures on Going Concern on page 35 of the Directors' Report form part of these financial statements.

#### (b) Income

Dividends receivable on equity shares and unit trusts are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the period. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective interest rate on the debt securities and shares. Provision is made for any income not expected to be received. Interest receivable from cash and short term deposits and interest payable are accrued to the end of the year.

#### (c) Expenses

All expenses are accounted for on an accruals basis and charged to the income statement. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition and disposal of an investment are charged to capital; and
- expenses are charged to realised capital reserves where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 20% to revenue and 80% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

#### (d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital reserves and revenue account on the same basis as the particular item to which it relates using the Company's effective rate of tax for the period.

UK Corporation tax is provided at amounts expected to be paid/recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

#### (e) Investments

In valuing unlisted investments the Directors follow the criteria set out below. These procedures comply with the revised International Private Equity and Venture Capital Valuation Guidelines (IPEVCV) for the valuation of private equity and venture capital investments. Investments are recognised at their trade date and are designated by the Directors as fair value through profit and loss. At subsequent reporting dates, investments are valued at fair value, which represents the Directors' view of the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1. For Investments completed within the 12 months prior to the reporting date, fair value is determined using the Price of Recent Investment Method, except that adjustments are made when there has been a material change in the trading circumstances of the company or a substantial movement in the relevant sector of the stock market.
2. Whenever practical, recent investments will be valued by reference to a material arm's length transaction or a quoted price.
3. Mature companies are valued by applying a multiple to their fully taxed prospective earnings to determine the enterprise value of the company.
   - 3.1 To obtain a valuation of the total ordinary share capital held by management and the institutional investors, the value of third party debt, institutional loan stock, debentures and preference share capital is deducted from the enterprise value. The effect of any performance related mechanisms is taken into account when determining the value of the ordinary share capital.
   - 3.2 Preference shares, debentures and loan stock are valued using the Price of Recent Investment Method. When a redemption premium has accrued, this will only be valued if there is a reasonable prospect of it being paid. Preference shares which carry a right to convert into ordinary share capital are valued at the higher of the Price of Recent Investment Method basis and the price/earnings basis.
4. Where there is evidence of impairment, a provision may be taken against the previous valuation of the investment.
5. In the absence of evidence of a deterioration, or strong defensible evidence of an increase in value, the fair value is determined to be that reported at the previous balance sheet date.
6. All unlisted investments are valued individually by Maven Capital Partners' Portfolio Management Team. The resultant valuations are subject to detailed scrutiny and approval by the Directors of the Company.
7. In accordance with normal market practice, investments listed on the Alternative Investment Market or a recognised stock exchange are valued at their bid market price.

**(f) Fair Value Measurement**

Fair value is defined as the price that the Company would receive upon selling an investment in a timely transaction to an independent buyer in the principal or the most advantageous market of the investment. A three-tier hierarchy has been established to maximise the use of observable market data and minimise the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on best information available in the circumstances.

The three-tier hierarchy of inputs is summarised in the three broad levels listed below.

- Level 1 - quoted prices in active markets for identical investments;
- Level 2 - other significant observable inputs (included quoted prices for similar investments, interest rates, credit risk etc); and
- Level 3 - significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

**(g) Gains and losses on investments**

When the Company sells or revalues its investments during the year, any gains or losses arising are credited/charged to the Income Statement.

## 2 Income

| | Year ended 30 November 2012 £'000 | Year ended 30 November 2011 £'000 |
|---|---|---|
| **Income from investments:** | | |
| UK franked investment income | 22 | 16 |
| UK unfranked investment income | 1,378 | 1,080 |
| Income from unlisted participating interests | - | 64 |
| | **1,400** | **1,160** |
| **Other income:** | | |
| Deposit interest | 2 | 11 |
| **Total income** | **1,402** | **1,171** |

## 3 Investment management fees

| | Year ended 30 November 2012 | | | Year ended 30 November 2011 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment management fees at 2.5% | 126 | 505 | 631 | 119 | 474 | 593 |
| | **126** | **505** | **631** | **119** | **474** | **593** |

Details of the fee basis are contained in the Director's Report on pages 28 and 29.

## 4 Other expenses

| | Year ended 30 November 2012 | | | Year ended 30 November 2011 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Secretarial fees | 98 | - | 98 | 93 | - | 93 |
| Directors' remuneration | 76 | - | 76 | 71 | - | 71 |
| Fees to Auditor - audit services | 16 | - | 16 | 16 | - | 16 |
| Fees to Auditor - tax services | 4 | - | 4 | 4 | - | 4 |
| Miscellaneous expenses | 82 | - | 82 | 75 | - | 75 |
| | **276** | **-** | **276** | **259** | **-** | **259** |

## 5 Tax on ordinary activities

| | Year ended 30 November 2012 | | | Year ended 30 November 2011 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Corporation tax | (219) | 113 | (106) | (108) | 97 | (11) |

The tax assessed for the period is lower than the standard rate of corporation tax 24% (2011: 26%). The differences are explained below:

| | Year ended 30 November 2012 | | | Year ended 30 November 2011 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Net return on ordinary activities before tax | 1,000 | 1,125 | 2,125 | 793 | 1,372 | 2,165 |
| Revenue return on ordinary activities multiplied by standard rate of corporation tax | 240 | 270 | 510 | 212 | 365 | 577 |
| Non taxable UK dividend income | (24) | - | (24) | (4) | - | (4) |
| Gains on investments | - | (391) | (391) | - | (480) | (480) |
| Utilisation of taxable losses | - | - | - | (66) | - | (66) |
| Smaller Companies relief | 3 | 8 | 11 | (34) | 18 | (16) |
| | **219** | **(113)** | **106** | **108** | **(97)** | **11** |

Losses with a tax value of nil (2011: £nil) are available to carry forward against future trading profits.

## 6 Dividends

| | Year ended 30 November 2012 £'000 | Year ended 30 November 2011 £'000 |
|---|---|---|
| *Amounts recognised as distributions to Shareholders in the year:* | | |
| **Revenue dividends** | | |
| Final revenue dividend for the year ended 30 November 2011 of 1.0p paid on 24 May 2012 (2011: Nil) | 318 | - |
| Interim revenue dividend for the year ended 30 November 2012 of 1.0p paid on 24 August 2012 (2011: 1.0p) | 314 | 306 |
| | **632** | **306** |
| **Capital dividends** | | |
| Final capital dividend for the year end 30 November 2011 of 1.75p paid on 24 May 2012 (2010: 2.5p) | 556 | 765 |
| Interim capital dividend for the year end 30 November 2012 of 1.0p paid on 25 August 2012 (2011: 0.75p) | 314 | 229 |
| | **870** | **994** |

## 6 Dividends (continued)

We set out below the total dividends proposed in respect of the financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

| | Year ended 30 November 2012 £'000 | Year ended 30 November 2011 £'000 |
|---|---|---|
| **Revenue dividends** | | |
| Revenue available for distribution by way of dividends for the year | **781** | **685** |
| Final revenue dividend proposed for the year ended 30 November 2012 of 1.0p (2011: 1.0p) payable on 30 May 2013 | 311 | 301 |
| **Capital Dividends** | | |
| Final capital dividend proposed for the year ended 30 November 2012 of 2.0p (2011: 1.75p) payable on 30 May 2013 | 622 | 526 |

## 7 Return per ordinary share

| | Year ended 30 November 2012 | Year ended 30 November 2011 |
|---|---|---|
| The returns per share have been based on the following figures: | | |
| Weighted average number of Ordinary Shares | 31,115,863 | 30,083,549 |
| Revenue return | £781,000 | £685,000 |
| Capital return | £1,238,000 | £1,469,000 |
| **Total return** | **£2,019,000** | **£2,154,000** |

## 8 Investments

| | Year ended 30 November 2012 | | | |
|---|---|---|---|---|
| | Listed (quoted prices) £'000 | AIM/ISDX (quoted prices) £'000 | Unlisted (unobservable inputs) £'000 | Total £'000 |
| **Valuation at 30 November 2011** | - | 679 | 20,282 | 20,961 |
| Unrealised loss/(gain) | - | 1,473 | (2,246) | (773) |
| **Cost at 30 November 2011** | - | 2,152 | 18,036 | 20,188 |
| **Movements during the year:** | | | | |
| Purchases | 4,498 | - | 3,642 | 8,140 |
| Sales proceeds | (2,715) | (120) | (7,283) | (10,118) |
| Realised (loss)/gain | (2) | (138) | 1,944 | 1,804 |
| Amortisation of book cost | (31) | - | - | (31) |
| Cost at 30 November 2012 | 1,750 | 1,894 | 16,339 | 19,983 |
| Unrealised gain/(loss) | 2 | (1,219) | 1,816 | 599 |
| **Valuation at 30 November 2012** | **1,752** | **675** | **18,155** | **20,582** |

| | 30 November 2012 £'000 | 30 November 2011 £'000 |
|---|---|---|
| Realised gain/(loss) on historical basis | 1,804 | (349) |
| Net (decrease)/increase in value of investments | (174) | 2,195 |
| **Gains on investments** | **1,630** | **1,846** |

Note 1(f) defines the three tier hierarchy of investments, and the significance of the information used to determine their fair value, that is required by Financial Reporting Standard 29 "Financial Instruments: Disclosures".

## 9 Participating Interests

The principal activity of the Company is to select and hold a portfolio of investments in unlisted securities. Although the Company will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in the management. The size and structure of the companies with unlisted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

At 30 November 2012, the Company held shares amounting to 20% or more of the nominal value of the equity capital of the following undertakings:

| Investment | % of class held | % of equity held | Total cost £'000 | Carrying value £'000 | Latest accounts period end | Aggregate capital and reserves £'000 | Profit/(loss) after tax for period £'000 |
|---|---|---|---|---|---|---|---|
| **Trojan Capital Limited** | | | | | | | |
| 300,000 B ordinary shares | 27.3 | 26.6 | 360 | 360 | N/A | N/A | N/A |

The results of the above company have not been incorporated in the Income Statement except to the extent of any income received and receivable. Other funds managed by members of the Maven Capital Partners are also invested in the above company. No audited accounts are available in respect of Trojan Capital Limited. The company also holds shares or units amounting to 3% or more of the nominal value of the allotted shares or units of any class of certain investee companies.

Details of the equity percentages held are shown in the Investment Portfolio Summary.

## 10 Debtors

| | 30 November 2012 £'000 | 30 November 2011 £'000 |
|---|---|---|
| Prepayments and accrued income | 663 | 615 |

## 11 Creditors

| | 30 November 2012 £'000 | 30 November 2011 £'000 |
|---|---|---|
| Current taxation | 106 | 11 |
| Accruals | 39 | 42 |
| Other creditors | - | 38 |
| | **145** | **91** |

## 12 Share capital

| | 30 November 2012 Ordinary Shares | | 30 November 2011 Ordinary Shares | |
|---|---|---|---|---|
| | Number | £'000 | Number | £'000 |
| **At 30 November the authorised share capital comprised:** | | | | |
| allotted, issued and fully paid | | | | |
| Ordinary Shares of 10p each: | | | | |
| Balance brought forward | 30,265,707 | 3,026 | 29,074,396 | 2,907 |
| Ordinary shares issued during year | 6,058,621 | 606 | 1,512,311 | 151 |
| Ordinary shares repurchased during the year | (5,195,436) | (520) | (321,000) | (32) |
| | **31,128,892** | **3,112** | **30,265,707** | **3,026** |

During the year 5,195,436 Ordinary Shares (2011: 321,000) of 10p each were repurchased by the Company at a total cost of £4,263,196 (2011: £192,116) and cancelled.

During the year the Company issued 1,491,880 shares (2011: 1,512,311) pursuant to the linked offer at a subscription price of 83.7p per share (2011: 79.8p).

During the year the Company issued 4,566,741 shares (2011: nil) pursuant to the enhanced buy back at a subscription price of 85.16p per share (2011: nil).

## 13 Reserves

| | Share premium account £'000 | Capital reserve realised £'000 | Capital reserve unrealised £'000 | Distributable reserve £'000 | Capital redemption reserve £'000 | Revenue reserve £'000 |
|---|---|---|---|---|---|---|
| **At 30 November 2011** | 997 | (2,855) | 773 | 21,841 | 65 | 610 |
| Gain on sales of investments | - | 1,804 | - | - | - | - |
| Net decrease in value of investments | - | - | (174) | - | - | - |
| Investment management fees | - | (505) | - | - | - | - |
| Dividends paid | - | (870) | - | - | - | (632) |
| Tax effect of capital items | - | 113 | - | - | - | - |
| Repurchase and cancellation of shares | - | - | - | (4,264) | 520 | - |
| Share Issue - 1 March 2012 | 688 | - | - | - | - | - |
| Share Issue - 5 April 2012 | 312 | - | - | - | - | - |
| Share Issue - 18 April 2012 | 39 | - | - | - | - | - |
| Share Issue - 5 November 2012 | 3,390 | - | - | - | - | - |
| Net return on ordinary activities after taxation | - | - | - | - | - | 781 |
| **At 30 November 2012** | **5,426** | **(2,313)** | **599** | **17,577** | **585** | **759** |

## 14 Net asset value per Ordinary Share

| | 30 November 2012 Ordinary Shares | | 30 November 2011 Ordinary Shares | |
|---|---|---|---|---|
| | Net asset value per share p | Net asset value attributable £'000 | Net asset value per share p | Net asset value attributable £'000 |
| The net asset value per ordinary shares and the net asset value attributable to the Ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows: | | | | |
| **Ordinary Shares** | **82.7** | **25,745** | **80.8** | **24,457** |

The number of shares used in the above calculation is set out in note 12.

## 15 Reconciliation of total return before finance costs and taxation to net cash inflow/(outflow) from operating activities

| | Year ended 30 November 2012 £'000 | Year ended 30 November 2011 £'000 |
|---|---|---|
| Total return before taxation | 2,125 | 2,165 |
| Gains on Investments | (1,630) | (1,846) |
| Increase in accrued income | (46) | (186) |
| Decrease/(increase) in prepayments | 3 | (5) |
| Decrease in accruals | (3) | (156) |
| Amortisation of fixed income investment book cost | 31 | - |
| Tax on unfranked income | (5) | - |
| **Net cash inflow/(outflow) from operating activities** | **475** | **(28)** |

## 16 Analysis of changes in net funds

| | At 30 November 2011 £'000 | Cash flows £'000 | At 30 November 2012 £'000 |
|---|---|---|---|
| Cash and overnight deposits | 2,972 | 1,673 | 4,645 |

| | At 30 November 2010 £'000 | Cash flows £'000 | At 30 November 2011 £'000 |
|---|---|---|---|
| Cash and overnight deposits | 2,721 | 251 | 2,972 |

## 17 Capital commitments, contingencies and financial guarantees

| | At 30 November 2012 £'000 | At 30 November 2011 £'000 |
|---|---|---|
| Financial guarantees | - | 708 |

Since 30 November 2011, all guarantees have been released.

## 18 Derivatives and other financial instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT-qualifying unquoted and AIM quoted securities. The Company may not enter into derivative transactions in the form of forward foreign currency contracts, futures and options without the written permission of the Directors. No derivative transactions were entered into during the period. The purpose of these financial instruments is efficient portfolio management.

The main risks the Company faces from its financial instruments are (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rates, (ii) interest rate risk, (iii) liquidity risk and (iv) credit rate risk. In line with the Company's investment objective, the portfolio comprises only sterling currency securities and therefore has no exposure to foreign currency risk.

The Manager's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures below exclude short-term debtors and creditors.

### Market price risk

The Company's investment portfolio is exposed to market fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 26. Adherence to investment guidelines and to investment and borrowing policies set out in the management agreement mitigates the risk of excessive exposure to any particular type of security or issuer. These powers and guidelines include the requirement to invest in up to 50 companies across a range of industrial and service sectors at varying stages of development, to closely monitor the progress of these companies and to appoint a non executive director to the board of each company. Further information on the investment portfolio is set out in the Investment Manager's Review.

### Price risk sensitivity

The following details the Company's sensitivity to a 10% increase and decrease in the market prices of AIM/ISDX quoted securities, with 10% being the Manager's assessment of a reasonably possible change in market prices.

At 30 November 2012, if market prices of listed AIM/ISDX quoted securities had been 10% higher or lower with all other variables held constant, the increase or decrease in net assets attributable to Shareholders for the year would have been £68,000 (2011: £68,000), due to the change in valuation of financial assets at fair value through profit or loss.

At 30 November 2012, 70.5% (2011: 82.8%) comprised investments in unquoted companies held at fair value. The valuation methods used by the Company include cost and realisable value. Therefore, it is not considered meaningful to provide a sensitivity analysis on the net asset position and total return for the year due to the fact any such movements would be immaterial to users of Financial Statements.

### Interest rate risk

Some of the Company's financial assets are interest bearing, some of which are at fixed rates and some at variable. As a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

The interest rate risk profile of financial assets at the balance sheet date was as follows:

| At 30 November 2012<br>Sterling | Fixed interest £'000 | Floating rate £'000 | Non interest bearing £'000 |
|---|---|---|---|
| Listed fixed income | - | - | 1,752 |
| Unlisted and AIM/ISDX | 10,691 | - | 8,139 |
| Cash | - | 4,645 | - |
| | **10,691** | **4,645** | **9,891** |

| At 30 November 2011<br>Sterling | Fixed interest £'000 | Floating rate £'000 | Non interest bearing £'000 |
|---|---|---|---|
| Listed fixed income | - | - | - |
| Unlisted and AIM/ISDX | 12,332 | - | 8,629 |
| Cash | - | 2,972 | - |
| | **12,332** | **2,972** | **8,629** |

## 18 Derivatives and other financial instruments (continued)

### Interest rate risk (continued)

The unlisted fixed interest assets have a weighted average life of 2.30 years (2011: 2.78 years) and weighted average interest rate of 10.52% (2011: 10.57%) per annum. Floating rate assets are cash balances held in interest bearing accounts. The interest rate received on the interest bearing cash balances was 0.5% (2011: 0.5%). The non-interest bearing assets represent the equity element of the portfolio. All assets and liabilities of the Company are included in the balance sheet at fair value.

### Maturity profile

The interest rate profile of the Company's financial assets at the balance sheet date was as follows:

| At 30 November 2012 | Within 1 year £'000 | Within 1-2 years £'000 | Within 2-3 years £'000 | Within 3-4 years £'000 | Within 4-5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Fixed interest** | | | | | | | |
| Listed | 1,752 | - | - | - | - | - | 1,752 |
| Unlisted | 2,253 | 3,008 | 1,960 | 1,048 | 2,138 | 284 | 10,691 |
| | **4,005** | **3,008** | **1,960** | **1,048** | **2,138** | **284** | **12,443** |

| At 30 November 2011 | Within 1 year £'000 | Within 1-2 years £'000 | Within 2-3 years £'000 | Within 3-4 years £'000 | Within 4-5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Fixed interest** | | | | | | | |
| Listed | - | - | - | - | - | - | - |
| Unlisted | 2,550 | 1,368 | 3,130 | 3,138 | 1,361 | 785 | 12,332 |
| | **2,550** | **1,368** | **3,130** | **3,138** | **1,361** | **785** | **12,332** |

In the "More than 5 years" column the figure of £7,000 (2011: £32,000) is in respect of preference shares which have no redemption date. It is the Directors' opinion that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

All liabilities are due within one year and, as such, no maturity profile has been provided.

### Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial instruments include unlisted and AIM/ISDX traded investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments at an amount close to their fair value in order to meet its liquidity requirements. Note 1 (f) details the three-tier hierarchy of inputs used as at 30 November 2012 in valuing the Company's investments carried at fair value.

The Company's investment policy ensures that the Company has sufficient investment in cash and readily realisable securities to meet its ongoing obligations. At 30 November 2012 these investments including cash were £6,397,000 (2011: £2,972,000).

The Company has the power to take out borrowings, which gives it access to additional funding when required.

### Credit risk

This is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's financial assets exposed to credit risk amounted to the following :

| | 30 November 2012 £'000 | 30 November 2011 £'000 |
|---|---|---|
| Investments in fixed interest instruments | 1,752 | - |
| Investments in unlisted debt securities | 10,691 | 12,332 |
| Cash and cash equivalents | 4,645 | 2,972 |
| | 17,088 | 15,304 |

All assets which are traded on a recognised exchange are held by JP Morgan, the company's custodian. Cash balances are held by JPM, Royal Bank of Scotland and Clydesdale Bank. Should the credit quality or the financial position of any of these institutions deteriorate significantly the Manager will move these assets to another financial institution.

There were no significant concentrations of credit risk to counterparties at 30 November 2012 or 30 November 2011.

# Notice of Annual General Meeting

**Notice is hereby given that the Annual General Meeting of Maven Income and Growth VCT 3 PLC will be held at 9 – 13 St Andrew Street, London EC4A 3AF at 10.30 am on Wednesday 1 May 2013 for the following purposes.**

To consider and, if thought fit, pass the following Resolutions, which will be proposed as Ordinary Resolutions:

1. To receive the Directors' Report and audited financial statements for the year ended 30 November 2012
2. To approve the Directors' Remuneration Report
3. To approve the payment of a final dividend of 3.00p per Ordinary share
4. To re-elect Mr Craig as a Director
5. To re-elect Mr Murison as a Director
6. To re-elect Mr Nixon as a Director
7. To re-appoint Deloitte LLP as Auditor
8. To authorise the Directors to fix the remuneration of the Auditor
9. THAT the Directors be and are hereby generally and unconditionally authorised under section 551 of the Companies Act 2006 ("the 2006 Act") to exercise all the powers of the Company to allot shares in the Company, or grant rights to subscribe for or convert any security into shares in the Company to allot shares in the Company, or grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal amount of £311,288 (representing 10% of the total Ordinary share capital in issue on 8 March 2013) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, and so that the Company may before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred had not expired.

To consider and, if thought fit, pass the following resolutions which will be proposed as Special Resolutions:

10. THAT, subject to the passing of resolution 9, the Directors be and are hereby empowered, under section 571 of the 2006 Act, to allot equity securities as defined in section 560 of the 2006 Act) under the authority conferred by resolution 9 for cash as if section 561(1) of the 2006 Act did not apply to the allotment, provided that this power shall be limited to allotment:
    (a) of equity securities in connection with an offer of such securities by way of rights to holders of Ordinary shares in proportion (as nearly as practicable) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
    (b) (other than under paragraph (a) above) of equity securities up to an aggregate nominal amount not exceeding £311,288 (equivalent to 3,112,880 shares) and shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution, and so that the Company may, before such expiry, make 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 power conferred hereby had not expired.
11. THAT the Company be and is hereby generally and, subject as here and after appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the 2006 Act) of Ordinary shares of 10p each in the capital of the Company, provided always that:
    (a) the maximum number of Ordinary shares hereby authorised to be purchased is 3,112,880, representing approximately 10% of the Company's issued Ordinary share capital as at 15 February 2012;
    (b) the minimum price that may be paid for an Ordinary share shall be 10p per share;
    (c) the maximum price exclusive of expenses, that may be paid for an Ordinary share shall be not more than an amount equal to the higher of:
    (i) an amount equal to 105 per cent of the average of the closing middle market price for the ordinary share as derived from the UKLA's Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased; and
    (ii) the price stipulated by Article 5(1) of Commission Regulation (EC) No. 273/2003 (the Buy-back and Stabilisation Regulation); and

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary shares which will or may be complete wholly or partly after such expiry.

12. That a general meeting other than an annual general meeting may be called on not less than 14 days' clear notice.

## Recommendation

An explanation of each of the resolutions is given on page 59. The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your board will be voting in favour of them and unanimously recommends that you do so too.

**By order of the Board**
**Maven Capital Partners UK LLP**
**Kintyre House, 205 West George Street**
**Glasgow G2 2LW**

**Secretary**

**26 March 2013**

## Notes:

### Entitlement to attend and vote

1. Only those members registered on the Company's register of members 48 hours before the Meeting or, if the Meeting is adjourned, 48 hours before the adjourned meeting.

### Website giving information regarding the Meeting

2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.mavencp.com/migvct3.

### Attending in person

3. If you wish to attend the Meeting in person, please bring some form of identification.

### Appointment of proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form.
5. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
6. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please copy the proxy form, indicate on each form how many shares it relates to, and attach them together.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter that is put before the Meeting.

### Appointment of proxy using hard copy proxy form

9. The notes to the proxy form explain how to direct your proxy how to vote or withhold their vote on each resolution.

To appoint a proxy using the proxy form, the form must be completed, signed and sent or delivered to Capita Registrars at the address shown on page 60 and received by Capita Registrars no later than 48 hours before the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### Appointment of proxies through CREST

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 48 hours before the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

    CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding, the first-named being the most senior.

### Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars at the address shown on the Corporate Information page.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### Termination of proxy appointments

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, at the address shown on page 60. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed, or a duly certified copy of such power or authority, must be included with the revocation notice.

    The revocation notice must be received by Capita Registrars no later than 48 hours before the Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### Corporate representatives

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

### Issued shares and total voting rights

15. As at 10.30 am on 26 March 2013, the Company's issued share capital comprised 31,455,161 ordinary shares of 10p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 10.30 am on 26 March 2013 is 31,455,161.

    The website referred to in note 2 will include information on the number of shares and voting rights.

### Questions at the Meeting

16. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

    - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    - the answer has already been given on a website in the form of an answer to a question; or
    - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### Website Publication of Audit Concerns

17. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 18 below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting.

    Where the Company is required to publish such a statement on its website:

    - it may not require the members making the request to pay any expenses incurred by the Company in complying with the request;
    - it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website; and
    - the statement may be dealt with as part of the business of the Meeting.

      The request:

    - may be in hard copy form or in electronic form (see note 19 below);
    - must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported;
    - must be authenticated by the person or persons making it (see note 20 below); and
    - must be received by the Company at least one week before the Meeting.

### Members' qualification criteria

18. In order to be able to exercise the members' right to require the Company to publish audit concerns (see note 17). The relevant request must be made by a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital.

    For information on voting rights, including the total number of voting rights, see note 14 above and the website referred to in note 2.

### Submission of hard copy and electronic requests and authentication requirements

19. Where a member or members wishes to request the Company to publish audit concerns (see note 23) such request be must be made in accordance with one of the following ways:

    - a hard copy request which is signed by you, states your full name and address and is sent to The Secretary, Maven Income and Growth VCT 3, PLC, Kintyre House, 205 West George Street, Glasgow G2 2LW
    - a request which states your full name, address, and investor code, and is sent to enquiries@mavencp.com stating "AGM" in the subject field.

### Nominated persons

20. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person):

- you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
- if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

### Documents on display

21. The following documents will be available for inspection at 9 – 13 St Andrew Street, London, EC4A 3AF from the date of this notice until the end of the Meeting:

- copies of the letters of appointment of the directors of the Company;
- a copy of the articles of association of the Company.

### Communication

22. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted:

- calling the Manager or Secretary on 0141 306 7400; or
- emailing enquiries@mavencp.com, stating “AGM” in the subject heading.

### Members’ rights to require circulation of resolution to be proposed at the Meeting

23. Under section 338 of the companies Act 2006, a member or members meeting the qualification criteria set out at note 18, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting.

    The conditions are that: the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company’s constitution or otherwise); the resolution must not be defamatory of any person, frivolous or vexatious; the request may be in hard copy form or in electronic form (see note 19) and must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; it must be authenticated by the person or persons making it (see note 19); and it must be received by the Company not later than six weeks before the Meeting to which the requests relate; in the case of a request made in hard copy form, such request must be authenticated by providing your full name, address and investor code and sent to The Secretary at the address stated in note 19; in the case of a request made in electronic form, such request must be authenticated as set out above and sent to enquiries@mavencp.com, stating “AGM” in the subject field.

### Members’ right to have a matter of business dealt with at the Meeting

24. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18, may, subject to conditions, require the Company to include in the business to be dealt with at the Meting a matter (other than a proposed resolution) which may properly be included in the business(a matter of business).

    The conditions are that: the matter of business must not be defamatory of any person, frivolous or vexatious; the request may be in hard copy form or in electronic form (see note 19); must identify the matter of business by either setting it out in full or, if supporting the statement sent by another member, clearly identify the matter of business which is being supported; must be accompanied by a statement setting out the grounds for the request; must be authenticated by the person or persons making it (see note 19); and must be received by the Company not later than six weeks before the Meeting to which the requests relate.

**Registered in England and Wales: Company Number 04283350**

# Explanatory Notes to Notice of Annual General Meeting

## The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 9 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 10 to 12 are proposed as special resolutions, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### Resolution 1 – Annual Report and Accounts

The Directors of the Company must present to the meeting the audited annual accounts and the Directors' and auditors' report for the financial year ended 30 November 2012.

### Resolution 2 – Remuneration Report

The Company's shareholders will be asked to approve the Directors' Remuneration Report contained in the Annual Report and Accounts at the Annual General Meeting.

### Resolution 3– Final Dividend

The Company's shareholders will be asked to approve the payment of a final dividend to ordinary shareholders.

### Resolutions 4 and 5 – Re-election of Director

Mr Craig and Mr Murison will retire by rotation this year in accordance with the Articles of Association of the Company and, being eligible, is proposed for re-election by the Company's shareholders.

### Resolution 6 – Re-election of Director

Mr W Nixon retires annually because he is not independent and is proposed for re-election by the Company's shareholders.

### Resolutions 7 and 8 – Appointment and Remuneration of Auditor

The Company must appoint an auditor at each general meeting at which the accounts are presented to shareholders to hold office until the conclusion of the next such meeting. Resolution 7 seeks shareholder approval to reappoint Deloitte LLP as the Company's auditor. In accordance with normal practice, resolution 8 seeks authority for the Directors to determine the auditor's remuneration.

### Resolution 9 – Authority to Allot Shares

Resolution 9, if passed, will authorise the Directors to allot shares or rights to subscribe for them up to an aggregate nominal value of £302,657. This amounts to 3,026,570 ordinary shares, representing approximately one tenth of the share capital of the Company in issue at the date of this notice. The Directors' authority will expire at the end of the Annual General Meeting of the Company in 2014. The Directors have no immediate plans to make use of this authority. At the date of this notice the Company does not hold any ordinary shares in the capital of the Company in treasury.

### Resolution 10 – Waiver of Statutory Pre-Emption Rights

Resolution 10, if passed, would allow the Board to allot new Shares, up to 10% of the current share capital, without implementing pre-emting rights. Whilst the Directors have no immediate plans to make use of these authorities they have been used in recent years for the annual 'top-up' offer of shares. This authority will expire at the conclusion of the Annual General Meeting of the Company in 2014.

### Resolution 11 – Purchase of Own Shares

Under resolution 11 the Company's shareholders are being asked to renew the Directors' authority to make market purchases of up to 3,026,570 ordinary shares of the Company (which represents approximately 10 per cent of the issued share capital of the Company at the date of this notice) and the resolution sets out the minimum and maximum prices that can be paid, exclusive of expenses. Any ordinary shares in the Company purchased pursuant to the authority sought under resolution 11 may be either cancelled, and not be available for reissue, or held in treasury. Once held in treasury, such shares may be cancelled or sold for cash.

### Resolution 12 – Notice of General Meetings

The regulation implementing the Shareholder Rights Directive increases the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability, which requires the approval of shareholders. Resolution 14 seeks such approval, which would be effective until the Company's next annual general meeting when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

**Registered in England and Wales - Company Number 04283350.**

# Corporate Summary

## Company Profile

Maven Income and Growth VCT 3 PLC (formerly known as Aberdeen Growth Opportunities VCT PLC) is a venture capital trust and has a premium listing on the London Stock Exchange. It was incorporated on 7 September 2001.

## Objective

The Company aims to achieve long term capital appreciation and to generate maintainable levels of income for shareholders.

## Benchmark

There is no meaningful venture capital trust index against which to compare the performance of the Company. The Manager therefore uses peer group comparisons for reporting to the Board.

## Capital Structure

The Company's issued share capital as at 30 November 2012 consisted of 31,128,892 Ordinary shares of 10p each. On 28 February 2009, the C Ordinary shares were converted to Ordinary shares at a rate of 1.185 for one.

## Total Net Assets and Net Asset Value

At 30 November 2012 the Company had total net assets of £25,745,000 and a net asset value of 82.7p per Ordinary share.

## Continuation Date

The Articles of Association require the Directors to put a proposal for the continuation of the Company, in its then form, to Shareholders at the Company's Annual General Meeting in 2017, and thereafter at five yearly intervals. For such a resolution not to be passed, Shareholders holding at least 25% of the Shares then in issue must vote against the resolution.

## Risk

Many of the stocks in which the Company invests are exposed to the risk of political change, exchange controls, tax or other regulations, which might affect their value and marketability. Investments in smaller unquoted companies are substantially riskier than investments in larger companies or in companies listed on the Official List. The levels and bases of tax reliefs may change. The volume of shares traded on the market in the early years of the Company is likely to be small and the shares may trade at a significant discount to net asset value.

## Management Agreement

The Company has an agreement with Maven Capital Partners UK LLP for the provision of management services. Please refer to page 28 for details of the management and secretarial fees payable.

# Dividend History

## Ordinary Shares

| Year ended November | Payment date | Interim/final | Rate (p) | Annual rate (p) |
|---|---|---|---|---|
| 2008 | 30 April 2009 | Final | 2.70 | 2.70 |
| 2009 | 25 August 2009 | Interim | 1.50 | |
| | 26 May 2010 | Final | 2.50 | 4.00 |
| 2010 | 24 August 2010 | Interim | 1.50 | |
| | 25 May 2011 | Final | 2.50 | 4.00 |
| 2011 | 25 August 2011 | Interim | 1.75 | |
| | 30 May 2012 | Final | 2.75 | 4.50 |
| 2012 | 31 August 2012 | Interim | 2.00 | |
| **Total dividends paid** | | | **31.45** | |
| Proposed final | | Final | 3.00 | 5.00 |
| **Total dividends paid and proposed** | | | **34.45** | |

# Your Notes

# Shareholder Information

## Website

www.mavencp.com/migvct3

## Share Register Enquiries

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Website: www.capitaregistrars.com

Shareholder Helpline: 0871 664 0300

(Calls cost 10p per minute plus network extras; lines are open 8.30am until 5.30pm, Monday to Friday)

Shareholder Portal: www.capitashareportal.com
This service enables you to access and maintain your shareholding online at your convenience.

## Manager and Secretary

Maven Capital Partners UK LLP
Kintyre House
205 West George Street
Glasgow G2 2LW

Tel: 0141 306 7400

email: enquiries@mavencp.com

## Registered Office

9 – 13 St Andrew Street
London EC4A 3AF
Registered in England and Wales
Company Number 04283350

## Bankers

J P Morgan Chase Bank

## Auditor

Deloitte LLP

## Unsolicited Offers for Shares

Some shareholders have received unsolicited calls from organisations offering to buy their shares at prices much higher than the current market values. Whilst the callers sound credible, shareholders should be cautious. You can check whether the caller is registered with the FSA at wwww.fsa.gov.uk.

London Stock Exchange
LISTED
PREMIUM

Maven Capital Partners UK LLP
Kintyre House
205 West George Street
Glasgow G2 2LW

Tel 0141 306 7400



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CAPITAL PARTNERS