

UNICORN AIM VCT PLC

Annual Report and Accounts
for the year ended 30 September 2009

Investment Objective

The objective of the Company is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maximising the stream of dividend distributions to Shareholders from the income and capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this at least 70% of the Company's total assets are to be invested in qualifying investments of which 30% by value must be in ordinary shares carrying no preferential rights to dividends or return of capital and no rights to redemption.

Venture Capital Trust Status

The Company has satisfied the requirements for approval as a Venture Capital Trust (VCT) under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to conduct the business of the Company so as to maintain compliance with that section.

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Investment Policy

In order to achieve the Company's Investment Objective, the Board has agreed an Investment Policy which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM, that displays a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- good cash generation to finance development allied with a progressive dividend policy.

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. Specific conditions for HMRC approval of VCTs include the requirement that no single holding may represent more than 15% (by value) of the Company's investments, at the date of that investment.

The Investment Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. However, in order to maintain compliance with HMRC rules and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager and the Administrator on a regular basis. When the Investment Manager proposes to make an investment in an unquoted company, the prior approval of the Board is required.

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or in excess of the 70% VCT qualification threshold, it may be invested in collective investment funds or in non-qualifying shares and securities in smaller listed UK companies.

To date the Company has operated without recourse to borrowing. The Board may however consider the possibility of introducing modest levels of gearing up to a maximum of 20% of net assets, should circumstances suggest that such action is in the interests of shareholders.

Key Data

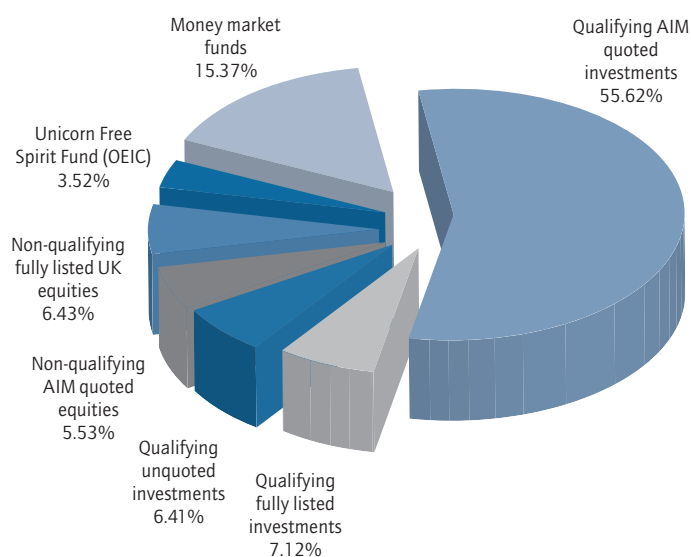
Ordinary Share Fund (listed on 5 November 2001)

Initial net asset value per share 94.5 pence
 Initial net assets £33,088,657

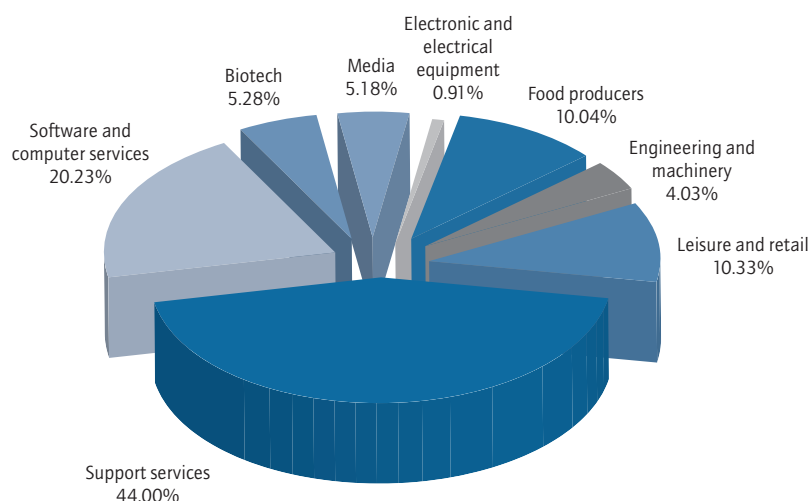
	30 September 2009	30 September 2008	30 September 2007
Net assets	£17,047,000	£19,154,000	£27,270,000
Net asset value per share	56.26 pence	61.83 pence	89.55 pence
Dividends per share paid in year	3.00 pence	0.00 pence	12.55 pence
Cumulative dividends paid since launch	42.00 pence	39.00 pence	39.00 pence
Total return to shareholders since launch per share	98.26 pence	100.83 pence	128.55 pence
Total return since launch*	4.0%	6.7%	36.0%
Total return of FTSE All-Share Index since Ordinary Shares Listed	39.1%	20.3%	61.5%
Total return of FTSE AIM All-Share Index since Ordinary Shares Listed	(18.6)%	(22.8)%	36.7%

* based on initial net asset value per share.

Allocation of investments by asset class



Allocation of qualifying investments by market sector



S2 Share Fund (listed on 5 February 2004)

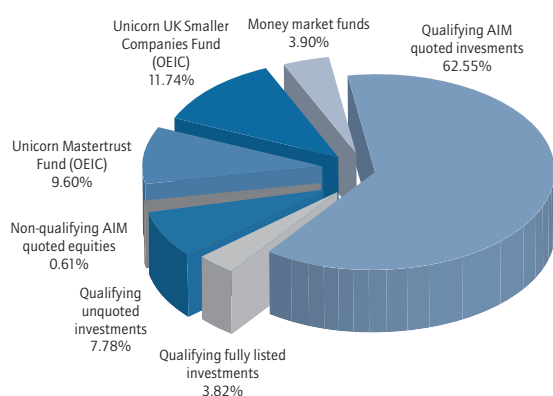
Initial net asset value per share
Initial net assets

94.5 pence
£14,896,332

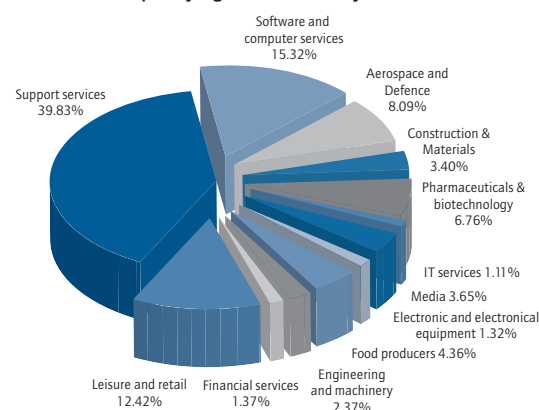
	30 September 2009	30 September 2008	30 September 2007
Net assets	£10,769,000	£11,121,000	£16,825,000
Net asset value per share	74.63 pence	75.32 pence	113.84 pence
Dividends per share paid in year	2.00 pence	5.00 pence	10.00 pence
Cumulative dividends paid since launch	18.75 pence	16.75 pence	11.75 pence
Total return to shareholders since launch per share	93.38 pence	92.07 pence	125.59 pence
Total return since launch*	(1.2)%	(2.6)%	32.9%
Total return of FTSE All-Share Index since S2 Shares listed	46.2%	25.1%	67.9%
Total return of FTSE AIM All-Share Index since S2 Shares listed	(22.9)%	(24.8)%	33.1%

* based on initial net asset value per share.

Allocation of investments by asset class



Allocation of qualifying investments by market sector



S3 Share Fund (listed on 11 April 2007)

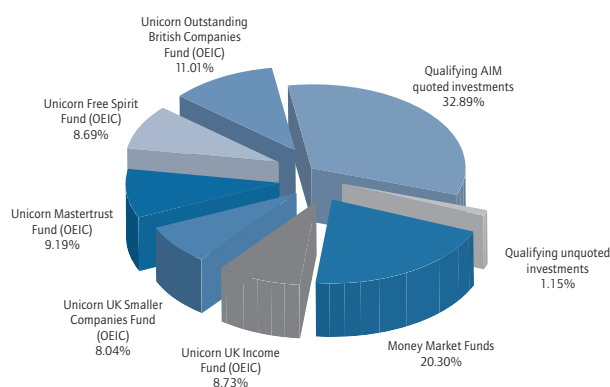
Initial net asset value per share
Initial net assets

94.5 pence
£4,958,036

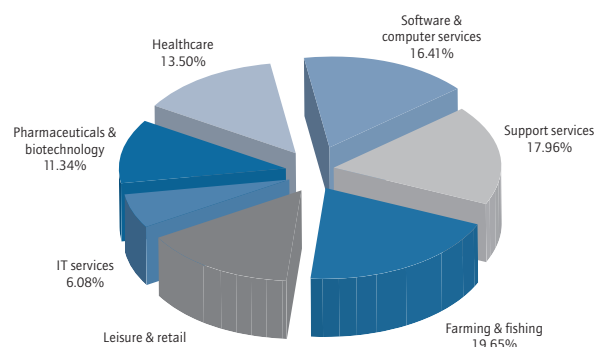
	30 September 2009	30 September 2008	30 September 2007
Net assets	£4,322,000	£3,848,000	£4,575,000
Net asset value per share	87.18 pence	77.62 pence	92.28 pence
Dividends per share paid in year	1.00 pence	0.00 pence	0.00 pence
Cumulative dividends paid since launch	1.00 pence	0.00 pence	0.00 pence
Total return to shareholders since launch per share	88.18 pence	77.62 pence	92.28 pence
Total return since launch*	(6.7)%	(17.9)%	(2.3)%
Total return of FTSE All-Share Index since S3 Shares listed	(12.2)%	(24.1)%	1.9%
Total return of FTSE AIM All-Share Index since S3 Shares listed	(41.8)%	(44.9)%	(2.4)%

* based on initial net asset value per share.

Allocation of investments by asset class



Allocation of qualifying investments by market sector



Chairman's Statement

Many of the businesses held within the Funds continue to make solid progress both operationally and from a share price perspective.

The year to 30 September 2009 was one of stark contrast for global equity markets.

I am pleased to report that each of our Funds fared relatively well during the period, notwithstanding a small number of investment specific disappointments during this volatile year and in spite of the considerable technical constraints imposed on AIM based VCTs by HMRC.

Between October 2008 and March 2009 the full extent of the economic fallout stemming from the sub-prime mortgage crisis became apparent. Governments in developed economies around the world were forced into a widespread bailout of their banking and insurance sectors in a concerted attempt to prevent a general collapse of the financial system. A massive and rolling programme of quantitative easing was also introduced in both the US and the UK designed to restart the flow of lending. Investors, understandably shell-shocked by the speed and severity of events, developed an increasing aversion to risk. As a consequence, equity values continued a downward trend, whilst the price of gold climbed back up towards \$1,000 per ounce. In the five months to the end of February 2009 the FTSE All-Share Index fell by 21%.

The period between March 2009 and the end of September 2009 witnessed a significant reversal in sentiment. As confidence grew that the bailout and stimulus packages had successfully averted a possible financial catastrophe, so investors' appetite for risk assets slowly started to return. Equity markets began to recover, many financially distressed companies were able to refinance their debt successfully and the general economic news started to improve. During this seven month period the FTSE All-Share Index delivered a total return of 40%.

The net result of this volatile performance is that the FTSE All-Share Index registered a gain of 10% in the twelve months to 30 September 2009, whilst the FTSE AIM All-Share Index ended the year up by nearly 4%.

As at 30 September 2009, the Net Asset Values (NAV) at bid prices for the Ordinary Share Fund, the Series 2 (S2) Share Fund and the Series 3 (S3) Share Fund were 56.3 pence, 74.6 pence and 87.2 pence per share respectively. This compares with NAVs of 61.8 pence, 75.3 pence and 77.6 pence at the previous year end.

Although the Ordinary and the S2 Share Funds performed strongly in the second half, the recovery in NAVs was not quite sufficient to overcome a particularly difficult start to the financial year under review. The underperformance in the first quarter was, in large part, due to profit warnings issued by Glisten and Maxima which caused short term share price declines in each case of at least 70%. These declines had a particularly severe impact on the NAV of the Ordinary Share Fund since this Fund had large positions in both companies. Encouragingly, the outlook for both companies now appears to be improving and the share price of each has begun to recover in recent months. As reported last year, there were also a limited

number of investee companies within the portfolios that were struggling to cope with high levels of debt. Unfortunately, three of these businesses, Cantono, Sanastro and Strategic Retail, were unable to secure further funding and were consequently placed into administration during the course of the year.

Notwithstanding these disappointments, it is pleasing to note that many of the businesses held within the Funds continue to make solid progress both operationally and from a share price perspective. A detailed report on the performance of the portfolios within each Fund is contained in the Investment Manager's Review on page 6.

In previous years the Board has sought to maximise the stream of tax free dividend distributions to Shareholders whilst maintaining the NAV in each Fund at around 100 pence per share. Reflecting very difficult markets over the past two years, NAVs across the Funds currently remain below this level. However, given that the Ordinary and S2 Share Funds have capital reserves available for distribution, the Board has decided that, in these circumstances, it will amend this policy and declare interim dividends of 3.5 pence per share to holders of Ordinary Shares and of 2.5 pence per share to holders of S2 Shares in respect of the year ended 30 September 2009. In both cases, dividends will be paid from net realised capital profits and will be paid on 29 January 2010 to Shareholders on the register on 8 January 2010. The S3 Share Fund has yet to realise capital gains from any of its investments and has limited income available for distribution. The Board does not therefore propose paying a dividend to holders of S3 Shares at this time.

During the period 682,875 Ordinary Shares and 334,511 Series 2 Shares were bought back for cancellation at an average price (net of expenses) of 32.4 pence per share and 53.2 pence per share respectively. To date, across all Funds, shareholders have received a total of £16.8m in dividends and £6.2m through share buy-backs.

Given the turbulent state of markets over the past twelve months, new qualifying investment opportunities have been limited. In addition, with the Funds collectively being comfortably above the required threshold of having over 70% of gross assets invested in VCT qualifying holdings, your Manager maintained a highly selective approach, electing to focus primarily on interest bearing investments. The Ordinary and the Series 2 Share Funds participated in secondary fundraisings for three companies already held in both portfolios. In each case the investments were comprised of loan stock, with attractive yields. The Series 3 Share Fund was able to participate in one of these investments and also made one other new VCT qualifying investment. Towards the year-end, one further secondary investment was made by the Ordinary and the Series 2 Share Funds.

The level of cash held in the Ordinary Share Fund remained high throughout the financial year, although as markets began to recover some of this cash was deployed to good effect in a select

number of non-qualifying investments.

The total cash cost of purchases was £1.1m in the Ordinary Share Fund, £445,000 in the Series 2 Share Fund and £205,000 in the Series 3 Share Fund. Total proceeds from realisations and disposals amounted to £866,000 in the Ordinary Share Fund and £733,000 in the S2 Share Fund. There were no disposals or realisations in the S3 Share Fund in the year under review.

At the financial year end the portfolios of the Ordinary and the S2 Share Funds respectively contained thirty-eight and thirty-six VCT qualifying companies, whilst the S3 Share Fund portfolio comprised seven qualifying investments.

Finally, your Board has been in discussions with the directors of Unicorn AIM VCT II PLC regarding a possible merger of the two companies. These discussions have progressed well and it has been concluded that proposals should be put to the shareholders of each company, which, if approved, will enable a merger to proceed. Both companies are managed by the same investment manager, Unicorn Asset Management Limited, and both have the same investment objectives and policies. By

merging the two companies, it is expected that a number of benefits will be achieved for shareholders, in particular a significant reduction in the combined annual running costs.

The intention is that the proposed merger will be completed pursuant to a section 110 scheme of reconstruction under the Insolvency Act 1986 by transferring the assets and liabilities of Unicorn AIM VCT II plc to the Company, in consideration for new shares to be issued to Unicorn AIM VCT II plc shareholders on a relative net asset value basis. A merger on this basis will be outside the provisions of The City Code on Takeovers and Mergers.

A joint announcement regarding the proposed merger has been made to the London Stock Exchange today and full details of the merger proposals will be sent to shareholders shortly.

Peter Dicks

Chairman

4 December 2009



Investment Manager's Review

Investment policy

It is the aim of the Investment Manager to identify and invest in a diversified portfolio of companies that display a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- good cash generation to finance ongoing development allied with a progressive dividend policy.

Performance

The NAV of the Ordinary Share Fund on a bid price basis as at 30 September 2009 was 56.3 pence per share, representing a decrease of 4% over the previous year after adding back dividends paid. Since shares were first allotted in November 2001, the initial NAV of the Ordinary Share Fund after adding back dividends paid has increased by 4% on a total return basis.

The NAV of the S2 Share Fund on a bid price basis was 74.6 pence per share, which represents a total return for the year of 1.7% after adding back dividends paid. The total return on initial NAV is – 1.2%.

The NAV of the S3 Share Fund on a bid price basis was 87.2 pence per share, representing an increase of 13.6% over the previous year after adding back dividends paid. Since shares were first allotted in April 2007, the initial NAV of the S3 Share Fund after adding back dividends paid has decreased by 6.7% on a total return basis.

Investment strategy

The policy of investing in companies which have a demonstrable record of profitability and positive cash generation remains unchanged. The Ordinary Share Fund and the S2 Share Fund portfolios are well diversified both by sector and by number of investments held. The S3 Share Fund portfolio now holds seven VCT qualifying investments. At Company level, the Funds are comfortably above the threshold required to retain VCT qualifying status (whereby a minimum of 70% of combined assets must be invested in VCT qualifying holdings). Your Investment Manager will continue to adopt a highly selective approach to new investment opportunities for all three Funds.

Alternative Investment Market (AIM) review

In the twelve months to 30 September 2009, investors in the Alternative Investment Market experienced a rollercoaster ride. The FTSE AIM All-Share Index continued to decline sharply in the early months of the year under review. Between the start of October 2008 and the end of February 2009, the Index fell by a further 40%, following on from a 44% decline recorded in the

previous twelve month period. However, from early March 2009 through to the end of September 2009, the Index enjoyed a remarkable turnaround, rising by almost 73% and recording a gain of 4% for the year as a whole. The recovery was led by the Mining and Oil & Gas sectors, which together accounted for almost 38% of the Index by value as at 30 September 2009. As referred to in previous years, Mining & Resource companies rarely qualify for investment by Venture Capital Trusts under existing HMRC legislation, nor do they typically meet your Manager's investment criteria. As a result, it is very difficult for Unicorn AIM VCT Funds to have any direct exposure to this area of the market.

Despite the recent, robust recovery, liquidity at the junior end of the market remains an issue. The number of shares traded on a daily basis during 2009 is down by almost 13% when compared with the equivalent period in 2008. In addition, with very few companies achieving an initial listing and some businesses delisting or failing altogether, there are now 16% fewer stocks listed on AIM than there were a year ago. Following the turbulent events of the past two years, it is to be hoped that AIM can now enjoy a period of stability as it seeks to re-establish itself as the most successful small company growth market in the world.

Qualifying investments

After a particularly challenging twelve months for UK smaller quoted companies, it is encouraging to report that the vast majority of the companies held across all three funds have not only survived, but are now well positioned to emerge from the current recession as leaner, more efficiently managed businesses. Unfortunately, there were three investee companies, details of which are set out below, which for different reasons were unable to secure the funding required to continue. These businesses were placed into administration during the course of the year and in each case the carrying value of the investment has been written down to zero.

Cantono raised £10m in early 2008 to fund the initial development phase of a new data centre. By the time second stage funding was required, the wider financial crisis was reaching its height and despite significant efforts the company was unable to secure sufficient further investment to enable it to continue. Cantono was held in the Ordinary and the S2 Share Funds.

Sanastro was an unquoted publishing business focused on the financial sector. The collapse in advertising revenues following the onset of recession and the unwillingness of shareholders to fund further losses meant that the business was unable to continue trading as a going concern. Liquidators were appointed in July 2009. Sanastro was held in the Ordinary and S2 Share Funds.

Strategic Retail was an operator of a chain of DIY stores in the UK which became a victim of the collapse in consumer spending and which was placed into administration in December 2008. Subsequently, liquidators were appointed in August 2009. Strategic Retail was held in the Ordinary and the S2 Share Funds.

The overall performance of the Ordinary and the S2 Share Funds has also been held back by a number of profit warnings issued by investee companies during the year. In the main these setbacks have been due to the wider economic malaise rather than because the companies themselves were poorly managed or financially over-gearred. However, there were three companies which delivered particularly disappointing performance.

Glisten is a snack and confectionery group, which in the past twelve months has had to contend with rising raw material and energy costs. At the same time consumer spending has come under increasing pressure. Food retailers have responded to the economic downturn by introducing aggressive promotional activity and the impact on margins at suppliers such as Glisten has therefore been considerable. Although the company remains profitable and cash generative, margins came under additional pressure after a division within the group was discovered to have suffered from accounting irregularities. The release of the company's financial results for the year to 30 June 2009 has been delayed until an investigation into the apparent failings within this division has been completed. Despite these problems, the business remains inherently cash generative, net debt is reducing and management have confirmed that they expect to generate sales and profit growth in the year ahead and that their bankers remain supportive of the group. Glisten is held in the Ordinary Share Fund.

Maxima Holdings is an IT managed services and systems integration business, which grew rapidly after floating on AIM in November 2004. In the past five years turnover has grown from approximately £10m to over £56m per annum, whilst adjusted profits before tax peaked at almost £9m in the financial year to 31 May 2008. However, investor confidence was steadily eroded after the company delivered a sequence of disappointing financial results. As a result, the market value of the business fell from £75m two years ago to just over £10m at its nadir in early 2009. A new executive management team, with a track record of successful company turnarounds, has now been brought in and the share price has responded positively. Maxima remains a profitable and cash generative business which is now better placed to benefit from any improvement in trading conditions. However, despite early signs of rehabilitation, the new management team still face significant challenges before market confidence in the company is fully restored. Maxima is held in both the Ordinary and the S2 Share Funds.

Supporta is a provider of domiciliary care and back office support

services. The share price has struggled over the past three years after the company made a series of untimely acquisitions. Following a strategic review loss-making businesses were disposed of and the central overhead reduced. Supporta is now a more focused company with a significantly lower cost base. The benefits of this strategy should be felt in the current financial year and although the share price remains depressed, there are now sound prospects of recovery. Supporta is held in the Ordinary Share Fund.

Despite these setbacks, the policy of seeking to invest in profitable, cash generative businesses with sound operational and financial controls has been beneficial in protecting the funds from the worst effects of the credit crunch. Indeed, a number of companies within the portfolios have to date shown little sign of being impacted by recession and have delivered significant share price gains as a result. The performance of the qualifying portfolio of the S3 Share Fund has been particularly encouraging since the investment phase for this Fund coincided with the general downturn in equity markets. Of the seven qualifying investments held in the S3 only one failed to deliver a positive return over the past twelve months. The aggregate contribution to performance across the seven stocks was in excess of £400,000 which equates to an average, unrealised capital return of almost 23%.

The following is a summary of some of the strongest contributors to performance across the Funds in the past year.

Abcam has grown to become one of the world's leading manufacturers and distributors of therapeutic antibodies to the worldwide life science research market. The company continues to grow strongly and recently reported earnings for the financial year to 30 June 2009 more than double the previous year on sales growth of greater than 50%. Abcam's products are high value and high margin. The product range continues to be rapidly expanded and to date there has been no sign of a slowdown in demand despite the global recession. The business is inherently cash generative and as a consequence the net cash position has grown by £10m in the past 12 months to over £25m. The company has also reported that trading in the new financial year has begun well. The shares, which are held in the Ordinary and the S2 Share Funds, rose by 85% in the period under review.

Kiotech manufactures and supplies high performance natural feed additives to the global agriculture and aquaculture markets. Following the acquisition of an established, profitable and cash generative business in November 2006, Kiotech has continued to deliver steady growth. In the six months to 30 June 2009, the company grew sales by 29% whilst pre-tax profits were up by almost 60%. However, the business is still relatively small in scale and the executive management team has been

Investment Manager's Review

actively seeking further acquisitions. In August 2009, the company announced a further fundraising to help finance the acquisition of a competitor in the feed additive market. The Ordinary and the S2 Share Funds were able to participate in this fundraising which was successfully completed at 3 pence per share, since when the shares have appreciated by a further 42%.

Melorio, a leading provider of vocational training, enjoyed strong growth as Government funding for national training programmes expands. Melorio's share price gained 67% during the period and is held in the S2 and S3 Share Funds.

Shieldtech came to AIM in July 2007 with the intention of pursuing a buy and build strategy focused on acquiring businesses which supply products and services to the Homeland Security market. The outlook for small, acquisitive businesses like Shieldtech deteriorated significantly as the recession took hold. The Group was therefore unable to secure additional funds to help finance further acquisitions. At the same time, the core business, Aegis, which specialises in the manufacture and supply of body armour systems to police forces, experienced delays to a number of significant expected orders. As a result of these delays and because the Group had built a central overhead designed to accommodate a much larger entity, Shieldtech delivered significant losses in the year to 30 June 2008. It became apparent that in order to survive, the business would require refinancing. As a result, the decision was taken to suspend the shares from trading and, after a protracted period of negotiation, a refinancing package was agreed. The shares were relisted on AIM in May 2009 and have begun to recover lost ground, whilst underlying trading has also improved dramatically. Shieldtech is held in the Ordinary and the S2 Share Funds.

Tristel is a specialist manufacturer of infection control products primarily for the NHS. The company raised money in July 2009 in order to help finance an acquisition. The fundraising was qualifying for VCT purposes under new HM Revenue & Customs rules and the shares were therefore acquired for the S3 Share Fund. Tristel's share price performed strongly in the period following this transaction and the investment closed the year registering a gain of 29%.

New qualifying investments

In view of the difficult market conditions and given that the portfolios are already well diversified, new investment activity has been strictly limited over the past twelve months. Other than the equity investments in Kiotech and Tristel referred to above, your Manager has adopted a defensive approach. Across the three Funds a total of £1.36m of new capital was committed to VCT qualifying situations, the vast majority of which was in the form of secondary investments in companies already held. The

primary focus has been to identify investment opportunities where immediate market risk could be controlled. Most of the new investments made during the year therefore took the form of loan stock offering attractive yields and, in some cases, with the opportunity to convert the loan into equity at a predetermined price at any point in the next five years. This form of investment is particularly suitable when equity values are depressed since it offers meaningful interest income, greater downside protection and all of the upside potential offered by ordinary equity. The Ordinary and the S2 Share Funds made follow-on VCT qualifying investments of this type in **Access Intelligence**, **Amber Taverns** and **Snacktime**, whilst the S3 Share Fund was also able to participate in the Snacktime fundraising.

Realisations

It was a quiet year for realisations across the Funds.

Fountains, a specialist in vegetation management, was acquired by **Connaught** in a transaction funded by the issue of new Connaught shares. Fountains was held in the Ordinary and the S2 Share Funds. Both Funds are retaining their stakes in Connaught following the transaction since they remain qualifying for VCT purposes for a period of up to two years. Connaught is one of the UK's leading providers of services to the social housing sector and the management team has a long standing and successful track record of delivering value for shareholders.

Clerkenwell Ventures, which was a cash shell held in the Ordinary and S2 Share Funds, returned the majority of its cash to investors during the year having failed to identify any suitable acquisitions.

Following extremely strong share price performance, a partial disposal of **Abcam** was made in the Ordinary and S2 Share Funds in order to maintain the holding at an appropriate weighting within the portfolios. Both Funds also effected a sale of their holdings in **Optare**, a bus manufacturer, via an exchange of stock. The Ordinary Share Fund disposed of a proportion of its holdings in **Printing.com** and **Pilat Media Group**. There were no disposals in the S3 Share Fund during the year under review.

Non-qualifying portfolios

As referred to by the Chairman in the Half-Yearly Report covering the period to 31 March 2009, the Investment Manager has focused on preserving capital wherever possible and on selectively taking advantage of investment opportunities that meet its defined criteria.

The Ordinary Share Fund made five new non-qualifying investments during the year. The initial investments were modest in size, representing a total capital commitment of

£412,000. Each investment subsequently registered strong share price gains, with the total value rising to £686,000 by the financial year end, which equates to an average unrealised return of almost 67%.

In the established Funds, the contribution to performance from the investment in sub-funds of the Unicorn Investment Funds OEIC has become a much smaller component of total returns than in previous years. This is a natural process, in line with the stated strategy, whereby 50% of the capital raised for each Fund is initially invested in the Unicorn OEIC to provide market exposure. As the Funds mature, the exposure to the OEIC Funds is reduced in order to release capital for investment in new VCT qualifying opportunities. In the Ordinary Share Fund this process is largely complete, with the remaining holding in the Unicorn Free Spirit Fund representing approximately 3% of total assets. The S2 Share Fund retains holdings in the Unicorn Mastertrust Fund and the Unicorn UK Smaller Companies Fund which accounted for nearly 22% of its net asset value at the year end. The S3 Fund continues to hold investments across the full range of Unicorn OEIC Funds. The Investment Manager's fees are based on the net asset value of the Company, excluding the value of the investments in these OEIC Funds.

Having suffered in the previous year, the performance of the Unicorn OEIC Funds rebounded in the period under review. Total returns ranged from 9% for the Unicorn Outstanding British Companies Fund to over 30% for the Unicorn UK Income Fund.

Prospects

Whilst the stock market rally of the past six months has been welcome, the gains have primarily been driven by two specific factors. Firstly, there has been a significant recovery in commodity prices worldwide, which in turn has driven a strong rebound in the value of Mining & Resource stocks. Secondly,

there has been substantial refinancing activity. Many of the UK's more financially distressed quoted companies have successfully strengthened their balance sheets in recent times through the issue of new equity at deeply discounted prices.

In both cases this has led to handsome returns in the short term for those investors willing and able to invest in these higher risk assets. However, your Investment Manager is now anticipating a rotation of capital away from these areas and into more conservatively managed, sustainably profitable businesses with strong balance sheets and healthy cashflows. On relative valuation grounds, quoted companies of this type have become increasingly attractive in recent months. In addition, with sterling remaining weak it is likely that corporate activity will increase as foreign buyers look to acquire well-run, UK based businesses cheaply.

A general shift in investor focus of this type should be positive for the future performance of the Funds since it would more accurately reflect the Manager's stated Investment Policy. Although the remit and purpose of the Funds is to invest capital in companies that are at a relatively early stage in their development, your Investment Manager has always attempted to mitigate risk by adopting a selective approach. The aim is to invest in companies which are run by experienced management, which supply growing markets, which demonstrate sound financial and operational controls and which are capable of generating sustainable and growing levels of cash. Over the longer term, we believe this strategy should deliver attractive returns for Shareholders.

Chris Hutchinson

Unicorn Asset Management Ltd
4 December 2009



Investment Portfolio Summary

Ordinary Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
Qualifying investments						
AIM quoted investments						
Abcam plc Online distributor of therapeutic antibodies for research purposes.	Oct 2005	435	2,265	Bid price	Ordinary shares	Support services
Maxima Holdings plc Implementation and support of enterprise software solutions.	Nov 2004	1,200	1,005	Bid price	Ordinary shares	Software and computer services
Mattioli Woods plc Consultants in the provision of pension and wealth management services.	Nov 2005	449	722	Bid price	Ordinary shares	Support services
Kiotech International plc Aquaculture products.	Nov 2006	501	618	Bid price	Ordinary shares	Biotech
Glisten plc Manufacturer of chocolate confectionery, sugar based sweets and edible decorations.	Jun 2002	582	604	Bid price	Ordinary shares	Food producers
Supporta plc Provision of back office support and domiciliary care to the public and private sectors.	Jan 2002	1,432	560	Bid price	Ordinary shares	Support services
Avingtrans plc Provision of precision engineering services.	Oct 2004	708	472	Bid price	Ordinary shares	Engineering and machinery
Zetar plc Niche manufacturer of chocolate confectionery.	Apr 2005	406	392	Bid price	Ordinary shares	Food producers
Huveaux plc Broadly based media group focusing upon political publishing, education and training.	Mar 2003	1,000	310	Bid price	Ordinary shares	Media
SnackTime plc Operator of vending machines.	Dec 2007	360	288	Bid price	Ordinary shares	Leisure & retail
Shieldtech plc Homeland security products.	Jun 2007	650	286	Bid price	Ordinary shares	Support services
Prologic plc Development and maintenance of software to meet the operational, reporting and business intelligence needs of fashion businesses.	Jul 2004	589	251	Bid price	Ordinary shares	Software and computer services
Access Intelligence plc Subscription based sales and marketing support.	Dec 2004	490	196	Bid price	Ordinary shares	Software and computer services
Hasgrove plc Marketing and communications.	Nov 2006	300	195	Bid price	Ordinary shares	Media
Lees Foods plc Manufacturer of confectionary products and wafers.	Jun 2005	260	179	Bid price	Ordinary shares	Food producers
Tracsis plc Transport planning software.	Nov 2007	120	150	Bid price	Ordinary shares	Software and computer services
Printing.com plc Franchised high street printing.	Aug 2004	123	139	Bid price	Ordinary shares	Support services
Pilat Media Global plc Development and support of scheduling software for digital TV.	Apr 2004	275	120	Bid price	Ordinary shares	Software and computer services
Dillistone Group plc Provider of software services to the executive recruitment industry.	Jun 2006	106	106	Bid price	Ordinary shares	Software and computer services
Essentially Group Limited Sports Marketing and media services.	Apr 2008	152	101	Bid price	Ordinary shares	Media
Sanderson Group plc Implementation and support of proprietary enterprise software solutions.	Dec 2004	385	100	Bid price	Ordinary shares	Software and computer services
Praesepe plc Adult gaming centres.	Jul 2008	253	86	Bid price	Ordinary shares	Leisure and retail
Hexagon Human Capital plc Senior interim management and executive recruitment.	Feb 2007	429	83	Bid price	Ordinary shares	Support services

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
20,337	0.7%	13.3%	30-Jun-09	56,801	16,303	36,468	2.2%	www.abcam.com
42,269	3.7%	5.9%	31-May-09	56,609	(9,632)	25,176	7.3%	www.maximaholdings.com
20,090	2.0%	4.2%	31-May-09	13,283	3,897	16,459	6.3%	www.mattioli-woods.com
4,680	7.3%	3.6%	31-Dec-08	5,428	482	7,536	14.6%	www.kiotech.com
8,373	5.2%	3.5%	30-Jun-08	73,763	2,706	28,230	8.7%	www.glisten.plc.uk
–	4.1%	3.3%	31-Mar-09	53,469	(2,825)	16,311	11.4%	www.supportapl.com
8,856	4.6%	2.8%	31-May-09	37,559	1,829	21,068	6.5%	www.avingtrans.plc.uk
–	1.5%	2.3%	30-Apr-09	118,602	2,014	38,353	2.9%	www.zetarplc.com
–	2.6%	1.8%	31-Dec-08	30,759	505	41,329	2.6%	www.huveauxplc.com
–	3.3%	1.7%	31-Mar-09	6,674	202	4,722	16.6%	www.snacktimeuk.co.uk
–	4.9%	1.7%	30-Jun-09	10,287	92	1,858	15.2%	www.shieldtech.co.uk
–	7.8%	1.5%	31-Mar-09	9,709	120	11,301	10.8%	www.prologic.net
–	3.1%	1.1%	30-Nov-08	3,967	(4,383)	3,360	7.2%	www.accessintelligence.com
1,251	1.1%	1.1%	31-Dec-08	36,536	4,200	26,081	5.3%	www.hasgrove.com
8,710	5.5%	1.1%	31-Dec-08	18,293	(1,416)	4,630	5.5%	www.leesofscotland.co.uk
–	1.6%	0.9%	31-Jul-08	805	393	2,592	9.8%	www.tracsis.com
21,045	0.9%	0.8%	31-Mar-09	14,468	2,063	7,066	1.7%	www.printing.com
–	0.8%	0.7%	31-Dec-08	17,831	(2,356)	15,694	0.8%	www.pilatmedia.com
12,527	3.4%	0.6%	31-Dec-08	4,608	1,426	2,068	3.9%	www.dillistone.com
5,400	0.6%	0.6%	31-Dec-08	16,245	(444)	20,042	1.7%	www.essentiallygroup.com
3,081	1.8%	0.6%	30-Sep-08	27,554	901	23,138	3.6%	www.sanderson.co.uk
–	0.5%	0.5%	31-Dec-08	4,462	(3,467)	25,920	1.5%	www.praesepeplc.com
–	1.2%	0.5%	31-Mar-09	35,073	(5,635)	12,299	4.6%	www.hexagonhc.com

Ordinary Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
Augean plc Operation of hazardous waste landfill sites.	Dec 2004	350	82	Bid price	Ordinary shares	Support services
Datong Electronics plc Development of a range of advanced covert tracking and location systems to government defence and security agencies.	Sep 2005	333	78	Bid price	Ordinary shares	Electronic and electrical equipment
Belgravium Technologies plc Development and supply of rugged, hand-held, battery powered, real time data capture devices used for stock control.	Sep 2005	117	29	Bid price	Ordinary shares	Electronic and electrical equipment
Assetco plc (formerly Asfare Group plc) Provision of ladders and ancillary equipment to the emergency services.	Dec 2003	–	–	Bid price	Ordinary shares	Engineering and machinery
		12,005	9,417			
Fully listed investments						
Mears Group plc Social housing and domiciliary care.	May 2007	804	734	Bid price	Ordinary shares	Support services
Connaught plc Provision of integrated asset services to the public and private sectors.	Sep 2009	253	281	Bid price	Ordinary shares	Support services
Microgen plc IT consultancy and managed services provider.	Dec 2003	181	191	Bid price	Ordinary shares	Software and computer services
		1,238	1,206			
Unlisted investments						
Amber Taverns Limited Development of a chain of unbranded, managed, freehold public houses in the North of England.	Apr 2005	650	676	Discounted earnings & cost	Ordinary and preference shares & loan shares	Leisure and retail
Access Intelligence plc – Loan stock Subscription based sales and marketing support.	Jun 2009	250	250	Cost	Loan stock	Software and computer services
SnackTime plc – Loan stock Operator of vending machines.	Dec 2008	160	160	Cost	Loan stock	Leisure & retail
Synarbor plc Public sector recruitment and services specialising in education, healthcare and social work.	Apr 2004	1,000	–	Full provision	Ordinary shares	Support services
Centurion Electronics plc Design and distribution of in car audio-visual entertainment systems.	Dec 2002	575	–	Full provision	Ordinary shares	Electronic and electrical equipment
Sanastro Limited (in liquidation) Specialist financial publisher.	Dec 2004	500	–	Full provision	Ordinary shares	Media
Strategic Retail plc (in liquidation) Operation of retail outlets specialising in the home décor and furnishings market.	Sep 2004	426	–	Full provision	Ordinary shares	Leisure & retail
Greatfleet plc (in liquidation) Recruitment consultant specialising in legal and financial search and selection.	Feb 2004	310	–	Full provision	Ordinary shares	Support services
Cantono plc (in administration) Managed IT Services.	Jul 2007	300	–	Full provision	Ordinary shares	IT services
		4,171	1,086			
Total qualifying investments		17,414	11,709			
Non-qualifying investments						
Money market funds ⁺	Dec 2002	2,603	2,603	Bid price	Participating shares	
Fully listed equities	N/A	354	1,089	Bid price	Ordinary shares	
AIM quoted equities	N/A	747	888	Bid price	Ordinary shares	
Unicorn Free Spirit Fund (OEIC)	Dec 2001	332	595	Bid price	B shares	
Brookwell Limited B Shares* Closed ended investment company	Jul 2009	45	48	Bid price	Ordinary shares	
Total non-qualifying investments		4,081	5,223			
Total investments		21,495	16,932			
Other assets			441			
Current liabilities			(326)			
Net assets			17,047			

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
–	0.5%	0.5%	31-Dec-08	39,676	3,025	87,104	2.0%	www.augeanplc.com
–	1.6%	0.5%	31-Mar-09	6,514	(1,746)	10,205	4.7%	www.datong.co.uk
–	0.8%	0.2%	31-Dec-08	8,330	398	9,201	2.5%	www.belgravium.com
5	0.0%	0.0%	31-Mar-09	76,659	11,278	51,561	0.0%	www.assetco.co.uk
		55.3%						
21,496	0.6%	4.3%	31-Dec-08	420,376	16,582	95,704	1.0%	www.mearsgroup.co.uk
–	0.1%	1.6%	31-Aug-08	552,900	21,700	126,800	0.1%	www.connaught.plc.uk
6,015	0.3%	1.1%	31-Dec-08	33,041	6,500	56,241	1.1%	www.microgen.co.uk
		7.0%						
3,014	11.0%	4.0%	31-Jan-09	3,732	(1)	626	34.4%	
3,822	N/A	1.5%	30-Nov-08	3,967	(4,383)	3,360	7.2%	www.accessintelligence.com
10,135	N/A	0.9%	31-Mar-09	6,674	202	4,722	16.6%	www.snacktimeuk.co.uk
–	1.6%	0.0%	31-Dec-08	51,696	(1,531)	25,637	1.6%	www.publicrecruitmentgroup.com
–	0.2%	0.0%	30-Sep-08	4,807	(746)	(1,639)	0.2%	www.centurionsystems.co.uk
–	N/A	0.0%	In liquidation				N/A	
–	N/A	0.0%	In liquidation				N/A	
–	N/A	0.0%	In liquidation				N/A	
–	1.0%	0.0%	In administration				3.4%	
		6.4%						
		68.7%						
–	N/A	15.3%						
–	N/A	6.4%						
–	N/A	5.2%						
5,767	9.2%	3.5%						
–	0.4%	0.3%	30-Jun-09	N/A	(12,733)	16,647	1.4%	www.brookwellimited.com
		30.7%						
		99.4%						
		2.5%						
		(1.9)%						
		100.0%						

Ordinary Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
5 Largest non-qualifying investments						
Unicorn Free Spirit Fund (OEIC)	Dec 2001	332	595	Bid price	B shares	
Mears Group plc	Nov 2001	167	581	Bid price	Ordinary shares	
Robert Walters plc	Jan 2002	187	507	Bid price	Ordinary shares	
Universe Group plc*	Jul 2009	103	225	Bid price	Ordinary shares	
Charles Taylor Consulting Group plc*	May 2009	183	220	Bid price	Ordinary shares	
* Listed on AIM						
† Disclosed within Current Investments under Current assets in the Balance Sheet						
‡ Disclosed are income from top ten holdings per valuation and where valuation exceeds 5% of portfolio.						

S2 Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
Qualifying investments						
AIM/Plus quoted investments						
Abcam plc Online distributor of therapeutic antibodies for research purposes.	Oct 2005	251	1,305	Bid price	Ordinary shares	Support services
Cohort plc Provision of a wide range of technical services to clients in the defence and security sectors.	Feb 2006	507	656	Bid price	Ordinary shares	Aerospace and Defence
Mattioli Woods plc Consultants in the provision of pension and wealth management services.	Nov 2005	396	636	Bid price	Ordinary shares	Support services
Maxima Holdings plc Implementation and support of enterprise software solutions.	Nov 2004	800	616	Bid price	Ordinary shares	Software and computer services
Melorio plc NVQ training and qualification services.	Oct 2007	360	511	Bid price	Ordinary shares	Support services
Kiotech International plc Aquaculture products.	Nov 2006	315	380	Bid price	Ordinary shares	Biotech
Zetar plc Niche manufacturer of chocolate confectionery.	Apr 2005	366	354	Bid price	Ordinary shares	Food producers
Driver Group plc Provision of specialist commercial, project planning and dispute resolution services to the construction industry.	Apr 2006	325	276	Bid price	Ordinary shares	Construction and Materials
SnackTime plc Operator of vending machines.	Dec 2007	288	230	Bid price	Ordinary shares	Leisure and retail
Hasgrove plc Marketing and communications.	Nov 2006	300	195	Bid price	Ordinary shares	Media
Avingtrans plc Provision of precision engineering services.	Oct 2004	288	192	Bid price	Ordinary shares	Engineering and machinery
IS Pharma plc Pharmaceuticals company.	Mar 2008	154	168	Bid price	Ordinary shares	Pharmaceuticals & biotechnology
Shieldtech plc Homeland security products.	Jun 2007	350	154	Bid price	Ordinary shares	Support services
Tracsis plc Transport planning software.	Nov 2007	120	150	Bid price	Ordinary shares	Software and computer services
Printing.com plc Franchised high street printing.	Aug 2004	108	122	Bid price	Ordinary shares	Support services
Essentially Group Limited Sports Marketing and media services.	Apr 2008	152	101	Bid price	Ordinary shares	Media
Sanderson Group plc Implementation and support of proprietary enterprise software solutions.	Dec 2004	385	100	Bid price	Ordinary shares	Software and computer services
Prologic plc Development and maintenance of software to meet the operational, reporting and business intelligence needs of fashion businesses.	Jul 2004	218	93	Bid price	Ordinary shares	Software and computer services
Keycom plc Designers and developers of communications strategies.	Apr 2008	120	90	Bid price	Ordinary shares	IT services

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
	9.2%	3.5%						
	0.6%	3.4%						
	0.3%	3.0%						
	4.3%	1.3%						
	0.3%	1.3%						

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
14,540	0.4%	12.1%	30-Jun-09	56,801	16,303	36,468	2.2%	www.abcam.com
7,224	1.0%	6.1%	30-Apr-09	78,571	6,454	45,585	3.2%	www.cohortplc.com
11,708	1.7%	5.9%	31-May-09	13,283	3,897	16,459	6.3%	www.mattioli-woods.com
25,922	2.3%	5.7%	31-May-09	56,609	(9,632)	25,176	7.3%	www.maximaholdings.com
–	0.9%	4.7%	31-Mar-09	31,420	7,624	42,651	2.9%	www.melorio.com
2,600	4.6%	3.5%	31-Dec-08	5,428	482	7,536	14.6%	www.kiotech.com
–	1.4%	3.3%	30-Apr-09	118,602	2,014	38,353	2.9%	www.zetarplc.com
–	1.7%	2.6%	30-Sep-08	18,149	1,980	7,060	3.9%	www.driver-group.com
–	2.7%	2.1%	31-Mar-09	6,674	202	4,722	16.6%	www.snacktimeuk.co.uk
–	1.1%	1.8%	31-Dec-08	36,536	4,200	26,081	5.3%	www.hasgrove.com
3,600	1.9%	1.8%	31-May-09	37,559	1,829	21,068	6.5%	www.avingtrans.plc.uk
–	0.6%	1.6%	31-Mar-09	12,157	1,998	28,590	1.9%	www.ispharma.plc.uk
3,080	2.6%	1.4%	30-Jun-09	10,287	92	1,858	15.2%	www.shieldtech.co.uk
–	1.6%	1.4%	31-Jul-08	805	393	2,592	9.8%	www.tracsis.com
–	0.8%	1.1%	31-Mar-09	14,468	2,063	7,066	1.7%	www.printing.com
–	0.6%	0.9%	31-Dec-08	16,245	(444)	20,042	1.7%	www.essentiallygroup.com
–	1.8%	0.9%	30-Sep-08	27,554	901	23,138	3.6%	www.sanderson.co.uk
18,540	2.9%	0.9%	31-Mar-09	9,709	120	11,301	10.8%	www.prologic.net
–	1.2%	0.8%	30-Sep-08	1,917	(1,050)	7,668	2.5%	www.keycom.co.uk

S2 Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
Invocas Group plc Scottish based personal and corporate debt solutions provider.	Mar 2006	344	84	Bid price	Ordinary shares	Financial services
Access Intelligence plc Subscription based sales and marketing support.	Dec 2004	210	84	Bid price	Ordinary shares	Software and computer services
Datong Electronics plc Development of a range of advanced covert tracking and location systems to government defence and security agencies.	Sep 2005	333	78	Bid price	Ordinary shares	Electronic and electrical equipment
eg solutions plc Provision of proprietary workflow management tools designed to improve operational efficiencies.	Jun 2005	250	74	Bid price	Ordinary shares	Software and computer services
Praesepe plc Adult gaming centres.	Jul 2008	150	51	Bid price	Ordinary shares	Leisure
Hexagon Human Capital plc Senior interim management and executive recruitment.	Feb 2007	253	49	Bid price	Ordinary shares	Support services
Augean plc Operation of hazardous waste landfill sites.	Dec 2004	150	35	Bid price	Ordinary shares	Support services
Belgravium Technologies plc Development and supply of rugged, hand-held, battery powered, real time data capture devices used for stock control.	Sep 2005	117	29	Bid price	Ordinary shares	Electronic and electrical equipment
Relax Group plc (formerly Debts.co.uk plc) Specialist advisors for personal debt solution management.	May 2006	400	27	Bid price	Ordinary shares	Financial services
		8,010	6,840			
Fully listed investments						
Mears Group plc Social housing and domiciliary care.	May 2007	345	314	Bid price	Ordinary shares	Support services
Connaught plc Provision of integrated asset services to the public and private sectors.	Sep 2009	93	104	Bid price	Ordinary shares	Support services
		438	418			
Unlisted investments						
Amber Taverns Limited Development of a chain of unbranded, managed, freehold public houses in the North of England.	Apr 2005	600	625	Discounted earnings & cost	Ordinary and preference shares & loan stock	Leisure and retail
Access Intelligence plc Subscription based sales and marketing support.	Jun 2009	125	125	Cost	Loan stock	Software and computer services
SnackTime plc – loan stock Operator of vending machines.	Dec 2008	100	100	Cost	Loan stock	Leisure and retail
The Debt Advisor Group plc (formerly Compass Finance Group plc) (in administration) Consumer financial solutions through mortgages, secured and unsecured loans.	Feb 2006	1,000	–	Full provision	Ordinary shares	Financial services
Sanastro Limited (in liquidation) Specialist financial publisher.	Dec 2004	500	–	Full provision	Ordinary shares	Media
Cantono plc (in administration) Managed IT Services.	Jul 2007	200	–	Full provision	Ordinary shares	IT services
Strategic Retail plc (in liquidation) Operation of retail outlets specialising in the home décor and furnishings market.	Sep 2004	174	–	Full provision	Ordinary shares	Leisure & retail
		2,699	850			
Total qualifying investments		11,147	8,108			
Non-qualifying investments (also the five largest)						
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	1,213	1,283	Bid price	B shares	
Unicorn Mastertrust Fund (OEIC)	Jun 2004	729	1,050	Bid price	B shares	
Money Market Funds ⁺	Feb 2004	426	426	Bid price	Participating shares	
Brookwell Limited B Shares*	Sep 2007	30	32	Bid price	Ordinary shares	
Clerkenwell Ventures plc*	Sep 2007	40	25	Bid price	Ordinary shares	
Other investments		28	11	Bid price	Ordinary shares	
Total non-qualifying investments		2,466	2,827			
Total investments		13,613	10,935			

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address	
–	1.1%	0.8%	31-Mar-09	10,049	2,102	14,256	1.7%	www.invocas.com	
–	1.3%	0.8%	30-Nov-08	3,967	(4,383)	3,360	7.2%	www.accessintelligence.com	
–	1.6%	0.7%	31-Mar-09	6,514	(1,746)	10,205	4.7%	www.datong.co.uk	
13,362	2.0%	0.7%	31-Jan-09	3,666	(753)	1,306	4.0%	www.eguk.co.uk	
–	0.3%	0.5%	31-Dec-08	4,462	(3,467)	25,920	1.5%	www.praesepeplc.com	
1,250	0.7%	0.5%	31-Mar-09	35,073	(5,635)	12,299	4.6%	www.hexagonhc.com	
–	0.2%	0.3%	31-Dec-08	39,676	3,025	87,104	2.0%	www.augeanplc.com	
–	0.8%	0.3%	31-Dec-08	8,330	398	9,201	2.5%	www.belgravium.com	
–	0.7%	0.3%	31-Dec-08	6,510	668	14,250	0.7%	www.relax-group.co.uk	
		63.5%							
5,140	0.2%	2.9%	31-Dec-08	420,376	16,582	95,704	1.0%	www.mearsgroup.co.uk	
–	0.0%	1.0%	31-Aug-08	552,900	21,700	126,800	0.1%	www.connaught.plc.uk	
		3.9%							
2,010	11.0%	5.8%	31-Jan-09	3,732	(1)	626	34.4%	www.ambertaverns.co.uk	
1,911	N/A	1.2%	30-Nov-08	3,967	(4,383)	3,360	7.2%	www.accessintelligence.com	
6,334	N/A	0.9%	31-Mar-09	6,674	202	4,722	16.6%	www.snacktimeuk.co.uk	
–	2.9%	0.0%	in administration					13.9%	
–	N/A	0.0%	in liquidation					N/A	
–	0.7%	0.0%	in administration					3.4%	
–	N/A	0.0%	in liquidation					N/A	
		7.9%							
		75.3%							
2,703	26.9%	11.9%	30-Jun-09	N/A	(12,733)	16,647	1.4%	www.brookwellimited.com	
–	22.7%	9.7%							
–	N/A	4.0%							
–	0.3%	0.3%							
–	1.3%	0.2%							
	N/A	0.1%							
		26.2%							
		101.5%							

S2 Share Fund	Date of first investment	Book cost	Valuation	Valuation basis	Type of security	Market sector
		£'000	£'000			
Other assets			195			
Current liabilities			(361)			
Net assets			10,769			
* Quoted on AIM						
+ Disclosed within Current Investments under Current assets in the Balance Sheet						
1 Disclosed are income from top ten holdings per valuation and where valuation exceeds 5% of portfolio.						

S3 Share Fund	Date of first investment	Book cost	Valuation	Valuation basis	Type of security	Market sector
		£'000	£'000			
Qualifying investments						
AIM/Plus quoted investments						
Animalcare Group plc Manufacturer & supplier worldwide of livestock, healthcare & management products.	Dec 2007	200	291	Bid price	Ordinary shares	Farming and fishing
Melorio plc NVQ training and qualification services.	Oct 2007	187	266	Bid price	Ordinary shares	Support services
Tracsis plc Transport planning software.	Nov 2007	220	243	Bid price	Ordinary shares	Software and computer services
Tristel plc Design, manufacture and sale of infection control and water treatment products.	Jul 2009	155	200	Bid price	Ordinary shares	Healthcare
SnackTime plc Operator of vending machines.	Dec 2007	216	173	Bid price	Ordinary shares	Leisure and retail
IS Pharma plc Pharmaceuticals company.	Mar 2008	154	168	Bid price	Ordinary shares	Pharmaceuticals & biotechnology
Keycom plc Designers and developers of communications strategies.	Apr 2008	120	90	Bid price	Ordinary shares	IT Services
		1,252	1,431			
Unlisted investments						
SnackTime plc – Loan stock Operator of vending machines.	Dec 2008	50	50	Cost	Loan stock	Leisure and retail
		1,302	1,481			
Total qualifying investments						
Non-qualifying investments						
Money Market Funds ⁺	Apr 2007	883	883	Bid price	Participating shares	
Unicorn Outstanding British Companies Fund (OEIC)	Jun 2007	503	478	Bid price	Ordinary shares	
Unicorn Mastertrust Fund (OEIC)	Jun 2007	498	400	Bid price	B shares	
Unicorn UK Income Fund (OEIC)	Jun 2007	480	380	Bid price	B shares	
Unicorn Free Spirit Fund (OEIC)	Jun 2007	496	378	Bid price	B shares	
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2007	496	350	Bid price	B shares	
		3,356	2,869			
Total non-qualifying investments						
Total investments						
		4,658	4,350			
Other assets			47			
Current liabilities			(75)			
Net assets			4,322			
+ Disclosed within current investments under Current assets in the Balance Sheet						
1 Disclosed are income from top ten holdings per valuation and where valuation exceeds 5% of portfolio.						

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
		1.8%						
		(3.3)%						
		100.0%						

Income receivable ¹ £	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
8,182	1.8%	6.7%	30-Jun-09	17,638	1,527	15,382	8.3%	www.animalcaregroup.co.uk
–	0.5%	6.2%	31-Mar-09	31,420	7,624	42,651	2.9%	www.melorio.com
–	2.6%	5.6%	31-Jul-08	805	393	2,592	9.8%	www.tracsis.com
–	1.3%	4.6%	30-Jun-08	5,961	1,217	4,315	1.3%	www.tristel.com
–	2.0%	4.0%	31-Mar-09	6,674	202	4,722	16.6%	www.snacktimeuk.co.uk
–	0.6%	3.9%	31-Mar-09	12,157	1,998	28,590	1.9%	www.ispharma.plc.uk
–	1.2%	2.1%	30-Sep-08	1,917	(1,050)	7,668	2.5%	www.keycom.co.uk
		33.1%						
3,167	N/A	1.2%	31-Mar-09	6,674	202	4,722	34.4%	www.snacktimeuk.co.uk
		34.3%						
–	N/A	20.4%						
2,805	16.2%	11.1%						
–	8.7%	9.3%						
12,708	17.7%	8.8%						
3,669	5.8%	8.7%						
737	7.3%	8.1%						
		66.4%						
		100.7%						
		1.1%						
		(1.8)%						
		100.0%						

Board of Directors

Peter Dicks

Status: Independent, non-executive Chairman.

Age: 67.

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Polar Capital Technology Trust plc, Graphite Enterprise Trust plc, Daniel Stewart Securities plc, Gartmore Fledging Trust plc, Private Equity Investor plc, Sportingbet plc, and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he has been Chairman of Foresight VCT plc since its launch in October 1997 and was appointed to the Boards of Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc during 2004.

Length of service as at 30 September 2009: Eight years

Last re-elected to the Board: January 2009.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2008/09: 14/14

Remuneration 2008/09: £20,000.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Non-executive director and shareholder of Mears Group plc, shareholder in Keycom plc and Supporta plc.

Shareholding in the Company: 50,000 Ordinary Shares; 25,625 S2 Shares, 25,750 S3 Shares.

Jocelin Harris

Status: Senior independent, non-executive Director.

Age: 64.

Experience: Jocelin Harris is a qualified solicitor and is Chief Executive of Durrington Corporation Limited, which provides management and financial support services to small and developing businesses, where he has worked since 1986. Before this he was a director of a private bank in the City. He is currently non executive chairman or director of a number of private companies in the United Kingdom and the USA and was appointed a director of Foresight 2 VCT plc in December 2008.

Length of service as at 30 September 2009: Three years, five months

Last re-elected to the Board: 18 January 2007. Standing for re-election at the forthcoming AGM.

Committee memberships: Audit Committee (Chairman).

Number of Board and Committee meetings attended 2008/09: 14/14

Remuneration 2008/09: £17,500.

Relevant relationships with the Investment Manager or other service providers: None

Relevant relationships with investee companies: Shareholder in Keycom plc, beneficial shareholder in Mears Group plc.

Shareholding in the Company: Beneficial holder of 10,000 Ordinary Shares, 20,600 S3 Shares (held via nominee).

David Royds

Status: Independent, non-executive Director.

Age: 49.

Experience: David Royds is Chairman of Matrix Group Limited. He is also a director of a number of other companies involved in property development, direct marketing, database services and hydrography.

Length of service as at 30 September 2009: Eight years

Last re-elected to the Board: January 2009.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2008/09: 12/14

Remuneration 2008/09: £15,000.

Relevant relationships with the Investment Manager or other service providers: Chairman of Matrix-Securities Limited (Promoter, Company Secretary and Administrator) and Matrix Registrars Limited (Receiving Agent), wholly owned subsidiaries of Matrix Group Limited of which he is a shareholder (27.1%). Matrix Group Limited is a Member of, and has an interest in, Matrix Corporate Capital LLP (corporate broker from 10 December 2008) and Prime Rate Capital Management LLP.

Relevant relationships with investee companies: None.

Shareholding in the Company: 20,000 Ordinary Shares; 25,562 S2 Shares, 25,750 S3 Shares.

James H Grossman

Status: Independent, non-executive Director.

Age: 70.

Experience: James Grossman is an international business lawyer and arbitrator with over 35 years' experience in M&A and venture capital transactions and serves on the boards of several public companies in the UK and the USA. He is also a member of the arbitration panels of the International Centre for Dispute Resolution, the International Chamber of Commerce and the domain name dispute panel of the World Intellectual Property Organisation. He is non-executive chairman of Cnoel International Energy Limited, an oil exploration company based in Canada, whose shares are traded on TSX Venture Exchange (Toronto) and a director of Thalassa Energy Limited, an oil related technology company, whose shares are traded on AIM.

Length of service as at 30 September 2009: Eight months

Last re-elected to the Board: Appointed by the Board on 15 January 2009, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2008/09: 6/8

Remuneration 2008/09: £10,664.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Beneficial shareholder (via trust) in Abcam plc and Mears Group plc.

Shareholding in the Company: None.

Directors' Report

The Directors present the eighth Annual Report and Accounts of the Company for the year ended 30 September 2009.

Business review and principal activities

The principal activity of the Company during the year under review was investment in AIM quoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the Investment Manager's Review and Investment Portfolio Summary on pages 6 – 19 of this Report. A review of the Company's business during the year including the key performance indicators of NAV per share, cumulative dividends paid and total return is contained in the Chairman's Statement on pages 4 – 5 and on the Key Data page on pages 2 – 3.

The Company has satisfied the requirements for approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

The Company revoked its status as an investment company as defined in section 266 of the Companies Act 1985 on 17 August 2004 to facilitate the ability to pay dividends from capital, in common with many other VCTs.

Future developments

The Company will continue to pursue its investment objective as set out at the beginning of this Report, in line with its Investment Policy on page 1. Further information is outlined in the Chairman's Statement and Investment Manager's Review.

Share capital

The Company did not issue any shares during the year under review.

The Board believes that it is in the best interests of the Company and its Shareholders to make occasional market purchases of its Shares, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to reduce to a degree any prevailing discount to NAV in the current market price than might otherwise prevail. During the year under review the Company bought back 682,875 Ordinary Shares (being £6,828.75 nominal value or 2.20% of the opening issued share capital of that class) at a cost of £221,137 (net of expenses) and 334,511 S2 Shares (being £3,345.11 nominal value or 2.27% of the opening issued share capital of that class) at a cost of £177,896 (net of expenses). No S3 Shares were bought back during the year.

As at 30 September 2009 the issued share capital and number of shares in issue of the Company was as follows:

Share class	Issued share capital	Number of shares in issue	% of total share capital
Ordinary Shares	£302,975	30,297,471	60.98%
S2 Shares	£144,302	14,430,227	29.04%
S3 Shares	£49,580	4,958,036	9.98%
Total	£496,857	49,685,734	100.00%

Each shareholder has one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the directors no later than 48 hours before the time for holding the meeting.

As detailed in the Company's Articles of Association, each share class is entitled to dividends paid out of the net income derived from the assets attributable to that particular share class and, in the event of liquidation, the surplus arising from the assets of each share class shall be distributed to the holders of each respective share class. Should the S2 and/or S3 Shares be converted to Ordinary Shares, then they shall rank *pari passu* in all respects to the existing Ordinary Shares.

Shareholders may, if they so wish, arrange for their shares to be held via a nominee or depository where they retain the financial rights carried by the Company's shares.

Results and dividend

The revenue return attributable to Ordinary Shareholders for the year was £13,000 after taxation, while the capital loss was £968,000. A final dividend of 3.0 pence per share in respect of the year ended 30 September 2008 was paid to Ordinary Shareholders on 30 January 2009. The Directors have declared an interim dividend of 3.5 pence per share to Ordinary Shareholders, payable on 29 January 2010 to shareholders on the register on 8 January 2010.

The revenue loss attributable to S2 Shareholders for the year was £40,000 after taxation, while the capital return was £162,000. A final dividend of 2.00 pence per share in respect of the year ended 30 September 2008 was paid to S2 Fund Shareholders on 30 January 2009. The Directors have declared an interim dividend of 2.5 pence per share to S2 Shareholders, payable on 29 January 2010 to shareholders on the register on 8 January 2010.

The revenue return attributable to S3 Shareholders for the year

Directors' Report

was £5,000 after taxation, while the capital gain was £519,000. A final dividend of 1.00 pence per share in respect of the year ended 30 September 2008 was paid to S3 Fund Shareholders on 30 January 2009. The Directors are not recommending a dividend for S3 Fund Shareholders.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on page 20 of this Annual Report. James Grossman was appointed a director on 15 January 2009. In accordance with the Company's articles of association and the AIC Code of Corporate Governance, Jocelin Harris will retire by rotation and being eligible offer himself for re-election, and James Grossman, having been appointed since the last AGM, will also offer himself for re-election at the forthcoming Annual General Meeting to be held on 25 February 2010.

The Directors' interests, including those of connected persons, in the issued capital of the Company as at 30 September 2009 were:

Director	30 September 2009			30 September 2008		
	Ordinary Shares	S2 Shares	S3 Shares	Ordinary Shares	S2 Shares	S3 Shares
Peter Dicks	50,000	25,625	25,750	50,000	25,625	25,750
Jocelin Harris*	10,000	–	20,600	10,000	–	20,600
David Royds	20,000	25,562	25,750	20,000	25,562	25,750
Peter Webb**	–	–	–	102,750	20,500	30,900
James Grossman***	Nil	Nil	Nil	–	–	–

* Beneficial holder of shares via nominee

** Resigned 26 September 2008

*** Appointed 15 January 2009

There have been no changes in the Directors' interests since 30 September 2009. No options over the share capital of the Company have been granted to the Directors. No Director has a service contract with the Company. The Company does not have any employees.

The letters of appointment of all the Directors will be available for inspection at the Annual General Meeting.

Management

Unicorn Asset Management Limited was appointed as Investment Manager to the Company on 1 October 2001. Further information is available in Note 4 to the Accounts on page 40.

Matrix-Securities Limited was appointed as both Company Administrator and Company Secretary to the Company on 1 October 2001.

On 10 December 2008, the Company appointed Matrix Corporate Capital LLP as corporate broker.

VCT status monitoring

The Company has retained PricewaterhouseCoopers LLP (PWC) to advise on its compliance with the legislative requirements relating to VCTs. PWC review new investment proposals as appropriate and carry out regular reviews of the Company's investment portfolio.

Auditors

PKF (UK) LLP were re-appointed as auditors of the Company during the year and have expressed their willingness to continue in office. A resolution to re-appoint PKF (UK) LLP and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Auditors' right to information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Principal risks and uncertainties

The Directors review the principal risks faced by the Company as part of the internal controls process (see the Corporate Governance Statement on page 28 for further information). The principal risks identified by the Directors are:

- Investment and strategic risk – Unsuitable investment strategy or stock selection could lead to poor returns to shareholders.
- Regulatory and tax risk – The Company is subject to relevant laws and regulations including Companies Act 2006, Income Tax Act 2007 and UK Listing Authority Rules. There is a risk that the Company may breach these rules and face public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the Income Tax Act 2007 before shareholders have held their shares for the minimum period to retain their tax reliefs. Should the Company lose its VCT status, shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gain received if they dispose of their shares. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- Operational risk – The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls may lead to the misappropriation or insecurity of assets.

- Financial Instruments risks – The main risks arising from the Company's financial instruments are due to fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in note 20 on pages 49 – 52.
- Economic risk – Economic recession, inflation or deflation and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's investments.

Environmental, social and community matters

The Directors consider that, as a VCT, the Company's business has a limited impact upon environmental, social and community matters, but aims to take into account such matters where relevant.

The Company has obtained shareholder authority to send or supply documents or information to shareholders in electronic form which, if introduced, could reduce the environmental impact the Company makes. The Company's Annual and Half-Yearly reports are, however, printed on paper sourced from forests certified by the Forestry Stewardship Council that meet its environmental, social and economic standards.

The Investment Manager considers, to a limited degree, environmental, social and community matters during due diligence before completing an investment, although these factors will not necessarily preclude an investment. The Investment Manager may only invest in line with the Company's investment policy and applicable laws and regulations, which limit the activities that VCT qualifying investments may undertake.

Substantial interests

As at 4 December 2009 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

The Company's policy is to pay all creditors' invoices within 30 days of the invoice date unless otherwise agreed. At 30 September 2009 the average credit period for trade creditors was 21 days (2008: 10 days).

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 3.00 pm on 25 February 2010 at One Vine Street, London W1J 0AH is set out on pages 55 – 56 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report.

The notice of the meeting includes resolutions to re-appoint Jocelin Harris and elect James Grossman. Brief biographical details are published on page 20 of this Annual Report. The Board believes that both Directors bring valuable skill, experience and expertise to the Company and recommends to shareholders the resolutions relating to the re-election of the Directors.

By order of the Board

for Matrix-Securities Limited

Secretary

4 December 2009



Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 25 February 2010. The Company's auditors are required to give their opinion on the specified information provided on Directors' emoluments and this is explained further in their report to Shareholders on page 34.

Remuneration policy

The remuneration policy and remuneration of individual directors is determined by the Board as a whole. The Board considers remuneration matters at least once a year and reviews the remuneration of the Directors and the appropriateness and relevance of the remuneration policy.

When considering the level of Directors' fees, the Board takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and make-up of remuneration which are sufficient to attract, retain and motivate directors of the quality required to oversee the running of the Company successfully and reflect duties and responsibilities of the roles and the value of time spent in carrying these out. The Board has access to independent advice where it considers it appropriate. However, no such advice was taken during the year under review.

The Directors are all non-executive and it is not considered appropriate at the current time to relate any portion of their fees to performance. However, under an Incentive Agreement dated 1 October 2001 the Company will pay an incentive fee to the Investment Manager and to the Company's Promoter of which David Royds is a director and shareholder. For further information, please see Note 4 to the Accounts on page 40. The Directors will be seeking to simplify the incentive schemes currently in place during the merger with Unicorn AIM VCT II plc. Shareholder approval will be sought for any revised incentive scheme at an extraordinary general meeting. Details of the revised incentive scheme are included in the merger circular.

It is intended that this policy will continue for the year ending 30 September 2010 and subsequent years.

The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £120,000 per annum. Details of the Directors' remuneration are disclosed below and in the Notes to the Accounts. The Directors are not proposing to increase their fees for the current financial year.

Terms of appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. All Directors are required to retire by rotation at the third Annual General Meeting following their last re-election. Directors retiring by rotation are then eligible for re-election.

All of the Directors are non-executive and none of the Directors

has a service contract with the Company. All Directors receive a formal letter of appointment setting out the terms of their appointment, the powers and duties of Directors and the fees pertaining to the appointment. Appointment letters for new Directors contain an assessment of the anticipated time commitment of the appointment and Directors are asked to undertake that they will have sufficient time to meet what is expected of them and to disclose their other significant time commitments to the Board before appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

Directors' emoluments (audited information)

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below. The Company does not have any schemes in place to pay any of the Director's bonuses or benefits in addition to their Directors' fees.

	Total Directors' fees	
	30 Sept 2009	30 Sept 2008
	£	£
Peter Dicks	20,000	20,000
Jocelin Harris	17,500	17,500
David Royds	15,000	15,000
James Grossman ¹	10,664	–
Peter Webb ²	–	–

¹ appointed on 15 January 2009

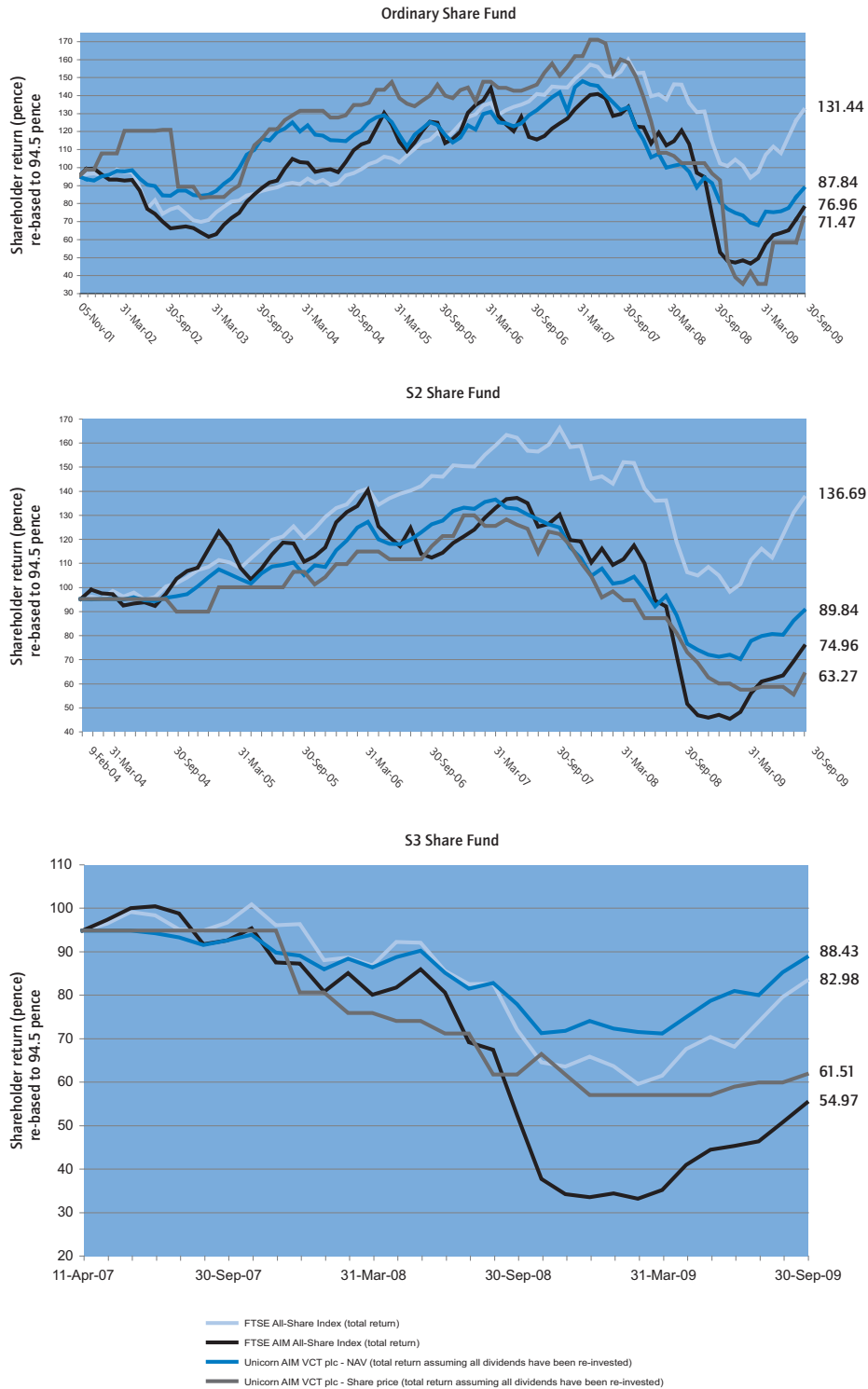
² resigned 26 September 2008 – Peter Webb waived his directors' fees having been a director and shareholder of the Investment Manager.

The Directors received no further emoluments in respect of their services and made no claims for expenses during the year. Aggregate fees in respect of qualifying services for all directors amounted to £63,164 (2008: £52,500).

Total shareholder return

The following graphs chart the total cumulative shareholder return of the Company since the Ordinary Shares, S2 Shares and S3 Shares were first admitted to the Official List of the UK Listing Authority on 5 November 2001, 5 February 2004 and 11 April 2007 respectively (assuming all dividends are re-invested) compared to the total cumulative shareholder return of both the FTSE All-Share and the FTSE AIM All-Share Indices. These indices represent broad equity market indices against which investors can measure the performance of the Company and are appropriate indices against which to measure the Company's performance. The total shareholder return has been based on 94.5 pence, which was equivalent to the opening NAV per share of each Fund after issue costs. An explanation of the performance of the Company is given in the Chairman's Statement and the Investment Manager's Review.

Total cumulative shareholder return since launch compared to the total return of the FTSE All-Share and FTSE AIM All-Share indices



By order of the Board

for Matrix-Securities Limited

Secretary

4 December 2009

Corporate Governance Statement

The Directors of Unicorn AIM VCT plc have continued to adopt the Association of Investment Companies Code of Corporate Governance ("AIC Code"), as revised in March 2009, for the year ended 30 September 2009. The AIC Code addresses all principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The AIC Code can be found on the AIC's website, www.theaic.co.uk. This statement includes the information required by the FSA's Disclosure and Transparency Rule 7.2 on Corporate Governance Statements.

The Company believes that reporting against the principles of the AIC Code will provide more relevant information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code except where noted below. There are certain areas of the Combined Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

As an externally managed investment company, the Company does not employ a chief executive, nor any executive directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board confidence that an internal audit function is not appropriate. The Company is therefore not reporting further in respect of these areas.

The Board has further considered the principles of the Combined Code and believes that the Company has complied with the provisions thereof for the year under review, except as outlined below.

The Board

The Board comprises four non-executive Directors. Each brings a range of relevant expertise, experience and judgement to the Board. Jocelin Harris was appointed Senior Independent Director on 16 November 2009. In practice, he fulfilled this role as Chairman of the Audit Committee and this appointment now formalises his role. Shareholders may contact Mr Harris if they have concerns which contact through the Chairman or Investment Manager has failed to resolve or for which such contact is inappropriate. The Directors believe that this structure is the most appropriate for the Company given its current size and the nature of its business.

The Chairman's other significant time commitments are disclosed on page 20.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary. Matters specifically reserved for decision by the Board have been defined. These include compliance with the requirements of the Companies Act, the UK Listing Authority and the London Stock Exchange; changes relating to the Company's capital structure or its status as a plc; Board and committee appointments and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business. As reported in the 2008 Annual Report, the Board as a whole now considers management engagement, nomination and remuneration matters rather than delegating these to committees, as all the Directors are considered independent of the Investment Manager. Management engagement matters include an annual review of the Company's service providers, with a particular emphasis on reviewing the Investment Manager in terms of investment performance, quality of information provided to the Board and remuneration. The Board as a whole considers Board and Committee appointments and the remuneration of individual directors.

The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance, including but not limited to, asset allocation, investor relations, peer group information and issues affecting the investment industry as a whole. The Board, through the Investment Manager and corporate broker, monitors the level of the share price discount and, if necessary, takes action to reduce it. A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that the Audit Committee has sufficient resources to undertake its duties.

All Directors are subject to election by Shareholders at the first Annual General Meeting following their appointment. Each Director retires by rotation at an Annual General Meeting if they have held office as a director at the two immediately preceding annual general meetings and did not retire at either of those

meetings in accordance with the Articles of Association as follows:

	Date of appointment	Last retirement by rotation/ re-election	Next retirement by rotation/ re-election due
Peter Dicks	01-Oct-2001	AGM 15-January 2009	AGM 2011
Jocelin Harris	25-Apr-2006	AGM 18 January 2007	AGM 2010
David Royds	01-Oct-2001	AGM 15-January 2009	AGM 2012
James H Grossman	15-Jan-2009	–	AGM 2010

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a director's independence. Whilst the Company has not been in existence long enough for the Board to consider that this is an issue (having commenced trading in 2001), the overall matter of directors' independence is taken extremely seriously, as discussed below. If the matter becomes relevant in future years, the Board will consider length of tenure of directors at the appropriate time.

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that all of the Directors are independent of the Investment Manager. Peter Dicks is a non-executive director and shareholder in Mears Group plc, one of the Company's investee companies. Peter Dicks is also a shareholder in two other investee companies, Keycom plc and Supporta plc. Jocelin Harris is a shareholder in Keycom plc, holding less than 1% of the issued share capital and holds shares in Mears Group plc through a pension fund. James Grossman has very small shareholdings in Mears Group plc and Abcam plc via a trust fund, holding less than 0.01% of the issued share capital of each company. The Directors independent of each conflict considered the circumstances and agreed that Peter Dicks, Jocelin Harris and James Grossman remain independent of the Investment Manager as these relationships are not of a material size to their assets and other business activities. David Royds is Chairman of the Administrator, Matrix-Securities Limited, which also provides administration and secretarial services to Unicorn AIM VCT II plc, which is managed by the Investment Manager. The Board considers that David Royds remains independent as this relationship is not of material size to the business of Matrix-Securities Limited. There are no other contracts or investments in which the Directors have declared an interest. Further details can be found in Note 22 of the Notes to the Accounts on page 53 on related party transactions.

The above conflicts, along with other potential conflicts, have been reviewed by the Board in accordance with the procedures under the Articles of Association (adopted on 23 July 2008 and in force from 1 October 2008) and applicable rules and regulations (including each Director's duty to promote the success of the Company). The articles allow the Directors not to disclose

information relating to the conflict where to do so would amount to a breach of confidence. The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any decisions relating to such investments. The Directors inform the Board of changes to their other appointments as necessary. The Board reviews the authorisations relating to conflicts annually. Authorisation will be reviewed should there be a material change in an authorised conflict. Future conflicts of interest will be considered by the Board under the above procedures and will be reported upon accordingly.

The Board aims to include a balance of skills, experience, ages and length of service that the Directors believe to be appropriate to the management of the Company. The Board offers an induction procedure to all new directors and all directors may choose relevant training as and when required. The Chairman fully meets the independence criteria as set out in the AIC Code. The Board does not believe that a formal system of performance evaluation of the Board and the Chairman is appropriate to the Company when it is comprised solely of non-executive directors. An informal review is made as part of the internal control process and, as recommended by the AIC Code, the independent directors monitor the continuing independence of the Chairman and inform him of their discussions.

Board members meet as required, without David Royds being present, as he exercises an executive function in respect of his position at the Administrator and has an interest in the Corporate Broker and Prime Rate Capital Management LLP through Matrix Group Limited.

The Chairman and Board are involved at an early stage in the process of structuring the launch of any Offers that may be agreed by the Board.

Board Committees

As noted above the Board as a whole considers matters relating to management engagement, nomination and remuneration.

The Audit Committee comprises all four Directors, Jocelin Harris (Chairman), Peter Dicks, James Grossman and David Royds. The Board is satisfied that Jocelin Harris has recent and relevant financial experience. The Committee meets at least twice a year to review the internal financial and non-financial controls, accounting policies and contents of the Half-Yearly and Annual Reports to Shareholders. It has primary responsibility for making recommendations on the appointment and removal of the external auditors. The Committee reviews the independence of the auditors and the effectiveness of the audit process annually. Should the Committee be dissatisfied with the standard of service received from the incumbent auditor, a tender process would be undertaken. The Company's external auditors are invited to attend meetings as appropriate.

The Board members who comprise the above committee of the

Corporate Governance Statement

Board are all independent from the Investment Manager. The Audit Committee has written terms of reference, which deal with its responsibilities and duties, and these are available via the Company Secretary's website link at www.unicornaimvct.com.

The Investment Manager

Under the terms of the Company's Investment Management Agreement with Unicorn Asset Management Limited, the Investment Manager is empowered to give instructions in relation to the disposition of investments and other assets including subscribing, purchasing, selling and otherwise dealing in qualifying and non-qualifying investments and to enter into and perform contracts, agreements and other undertakings that are necessary to the carrying out of their duties under the Agreement in accordance with specific written arrangements laid down by the Board.

The Investment Manager reviews investee company voting requirements as necessary and maintains a policy of automatically voting in favour of resolutions proposed at investee company general meetings unless there are circumstances where the Company's interests may be adversely affected.

The Directors regularly review the investment performance of the Investment Manager. Terms of the investment services agreement and policies with the Investment Manager covering key operational issues are reviewed at least annually. The Board believes that the continued appointment of the Investment Manager remains in shareholders' best interests. Their investment criteria remain appropriate, even in the current economic climate. Further, the Board remains satisfied with the Investment Manager's investment performance, relative to its peers. For a summary of the performance of the three Funds please see the Investment Manager's Review and the Investment Portfolio Summary on pages 6 – 19 and the Key Data sheet on pages 2 – 3. Details of the management fee and incentive fee payable to the Investment Manager are set out in Note 4 to the accounts on page 40. The Board and the Investment Manager aim to operate in a co-operative and open manner.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of published financial information and the information used for business making decisions and that the assets of the Company are safeguarded.

The effectiveness of the Board and the Chairman is reviewed at least annually as part of the internal control process led by the Audit Committee. The Board has therefore concluded that an

additional formal system of performance evaluation is not appropriate to the Company, despite being a provision of the Combined Code, and will continue to keep this matter under review in succeeding years.

The Board has put in place procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers and controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board's satisfaction by the Investment Manager, primarily through the medium of a balanced and diversified portfolio; this approach is described in more detail in the Investment Manager's Review.

As part of the financial reporting process, the Directors review monthly net asset value data along with quarterly management accounts and underlying notes to those accounts, and other announcements as necessary. The auditors review the accounting processes in place at the Administrator and Investment Manager as part of the annual audit and report any concerns to the Audit Committee. The Audit Committee reviews the independence of the auditors each year. The Board has procedures in place for the approval of expenses and payments to third parties, which are reviewed by the auditors as part of the annual audit. Both the Administrator and Investment Manager report by exception on matters that may be of relevance to financial reporting and on other matters as appropriate on a quarterly basis.

The Board has delegated contractually to third parties the management of the investment portfolio, the day to day accounting, company secretarial and administration requirements and the registration services, as discussed above. Each of these contracts was entered into after full and proper consideration by the Board. The annual review includes a consideration of the risks associated with the Company's contractual arrangements with third party suppliers. The Board monitors and evaluates the performance of each of the service providers.

This procedure for the review of control systems has been in place and operational throughout the period under review. The last review took place on 16 November 2009. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Directors' remuneration

As noted above, the remuneration of the Directors is determined by the Board as a whole, in accordance with the Company's Articles of Association. For further details please see the Directors' Remuneration Report on pages 24 – 25.

Share capital and voting rights

Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report.

Relations with Shareholders

Communication with Shareholders is given a high priority. All Shareholders receive a copy of the Annual and Half-Yearly Reports. The Board invites communications from Shareholders and there is an opportunity to question the Directors and the Chairman of the Audit Committee of the Board at the Annual General Meeting to which all Shareholders are invited.

The Board as a whole approves the contents of the Annual and Half-Yearly Reports, interim management statements, circulars, stock exchange announcements and other shareholder communications in order to ensure that they present a balanced and understandable assessment of the Company's position and prospects and the risks and rewards to which Shareholders are exposed through continuing to hold their shares.

The Company counts all proxy votes and indicates to Shareholders at each General Meeting the balance for and against each resolution and the number of abstentions, after it has been dealt with on a show of hands. Details of the proxy votes

cast for each meeting are published on the Company Secretary's website after each meeting.

The Notice of the Annual General Meeting is included in this Annual Report and is sent to Shareholders at least 20 working days before the meeting.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 33 of this report.

The Report of the Auditors is set out on page 34 of this report.

By order of the Board

for Matrix-Securities Limited

Secretary

4 December 2009



Non-Statutory Analysis between the Ordinary Share Fund, S2 Share Fund and S3 Share Fund

Income Statements for the year ended 30 September 2009

	Notes	Ordinary Share Fund			S2 Share Fund		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised (losses)/gains on investments		–	(883)	(883)	–	166	166
Net gains on realisation of investments		–	143	143	–	113	113
Income	2	379	–	379	147	–	147
Investment management fees	4	(76)	(228)	(304)	(39)	(117)	(156)
Other expenses	5	(290)	–	(290)	(148)	–	(148)
Profit/(loss) on ordinary activities before taxation		13	(968)	(955)	(40)	162	122
Tax on profit/(loss) on ordinary activities	7	–	–	–	–	–	–
Profit/(loss) attributable to equity shareholders		13	(968)	(955)	(40)	162	122
Basic and diluted earnings per share	9	0.04p	(3.15)p	(3.11)p	(0.27)p	1.10p	0.83p
Average number of shares in issue				30,725,568			14,744,906

Balance Sheets as at 30 September 2009

	Notes	Ordinary Share Fund		S2 Share Fund	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments at fair value	10		14,329		10,509
Current assets					
Debtors and prepayments		256		38	
Current investments		2,603		426	
Cash at bank		185		157	
			3,044		621
Creditors: amounts falling due within one year			(326)		(361)
Net current assets			2,718		260
Net assets			17,047		10,769
Capital and reserves					
Called up share capital			303		145
Capital redemption reserve			57		15
Share premium account			640		200
Revaluation reserve			(1,748)		(1,004)
Special distributable reserve			14,056		10,150
Profit and Loss account			3,739		1,263
Equity shareholders' funds			17,047		10,769
Number of shares in issue:			30,297,471		14,430,227
Net asset value per 1p share – basic and diluted:	17		56.26p		74.63p

Note: The adjustment above nets off the inter-fund debtor and creditor balances, so that the "Total of all Funds" Balance Sheet agrees to the Statutory Balance Sheet on page 36.

S3 Share Fund			Total of all Funds (per Statutory Income Statement)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	551	551	–	(166)	(166)
–	–	–	–	256	256
54	–	54	580	–	580
(11)	(32)	(43)	(126)	(377)	(503)
(38)	–	(38)	(476)	–	(476)
5	519	524	(22)	(287)	(309)
–	–	–	–	–	–
5	519	524	(22)	(287)	(309)
0.10p	10.47p	10.57p			
		4,958,036			

S3 Share Fund £'000		Adjustments (see note below) £'000	Total of all Funds (per Statutory Balance Sheet) £'000	
	3,467			28,305
23		(179)	138	
883			3,912	
24			366	
930		(179)	4,416	
(75)		179	(583)	
	855			3,833
	4,322	–		32,138
	50			498
	–			72
	–			840
	(309)			(3,061)
	4,535			28,741
	46			5,048
	4,322			32,138
	4,958,036			
	87.18p			

Non-Statutory Analysis between the Ordinary Share Fund, S2 Share Fund and S3 Share Fund

Reconciliation of Movements in Shareholders' Funds for the year ended 30 September 2009

	Notes	Ordinary Share Fund £'000	S2 Share Fund £'000	S3 Share Fund £'000	Total of all Funds (per Statutory Balance Sheet) £'000
As at 1 October 2008		19,154	11,121	3,848	34,123
Net share capital bought back in the year		(223)	(179)	–	(402)
(Loss)/profit for the year		(955)	122	524	(309)
Dividends paid	8	(929)	(295)	(50)	(1,274)
Closing shareholders' funds at 30 September 2009		17,047	10,769	4,322	32,138

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' (SORP), revised December 2005, give a true and fair view of the assets, liabilities, financial position and the loss of the Company.
- (b) the management report, comprising the Chairman's Statement, Investment Manager's Review, Investment Portfolio Summary and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board:

Peter Dicks

Chairman

4 December 2009



Independent Auditors' Report to the Members of Unicorn AIM VCT plc

We have audited the financial statements of Unicorn AIM VCT plc for the year ended 30 September 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 sections 495 to 497A of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit

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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with 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;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 29, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Timothy Drew (Senior statutory auditor)

for and on behalf of

PKF (UK) LLP

Statutory auditors

4 December 2009

Income Statement

for the year ended 30 September 2009

	Notes	30 September 2009			30 September 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised losses on investments	10	–	(166)	(166)	–	(14,209)	(14,209)
Net gains/(losses) on realisation of investments	10	–	256	256	–	(182)	(182)
Income	2	580	–	580	729	–	729
VAT recoverable	3	–	–	–	168	503	671
Investment management fees	4	(126)	(377)	(503)	(172)	(514)	(686)
Other expenses	5	(476)	–	(476)	(504)	–	(504)
(Loss)/profit on ordinary activities before taxation		(22)	(287)	(309)	221	(14,402)	(14,181)
Tax on (loss)/profit on ordinary activities	7	–	–	–	18	(18)	–
(Loss)/profit on ordinary activities after taxation for the financial year		(22)	(287)	(309)	239	(14,420)	(14,181)
Basic and diluted earnings per share:							
Ordinary Shares	9			(3.11)p			(27.67)p
S2 Shares	9			0.83p			(33.65)p
S3 Shares	9			10.57p			(14.66)p

The total column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. There were no other recognised gains or losses in the year.

Other than revaluation movements arising on investments held at fair value through Profit and Loss Account, there were no differences between the (Loss)/profit as stated above and at historical cost.

The notes on pages 38 to 53 form part of these financial statements.

Balance Sheet

as at 30 September 2009

	Notes	30 September 2009		30 September 2008	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments at fair value	10		28,305		28,042
Current assets					
Debtors and prepayments	12	138		2,068	
Current investments	13	3,912		4,152	
Cash at bank	19	366		48	
		4,416		6,268	
Creditors: amounts falling due within one year	14	(583)		(187)	
Net current assets			3,833		6,081
Net assets			32,138		34,123
Capital and reserves					
Called up share capital	15		498		508
Capital redemption reserve	16		72		62
Share premium account	16		840		840
Revaluation reserve	16		(3,061)		(4,603)
Special distributable reserve	16		28,741		31,396
Profit and loss account	16		5,048		5,920
Equity shareholders' funds			32,138		34,123
Net asset value per share of 1 pence each:					
Ordinary Shares – basic and diluted	17		56.26p		61.83p
S2 Shares – basic and diluted	17		74.63p		75.32p
S3 Shares – basic and diluted	17		87.18p		77.62p

The financial statements on pages 35 to 53 were approved and authorised for issue by the Board and were signed on its behalf on 4 December 2009 by:

Peter Dicks

Director

The notes on pages 38 to 53 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2009

	Notes	30 September 2009 £'000	30 September 2008 £'000
As at 1 October 2008		34,123	48,670
Net share capital bought back in the year		(402)	(469)
Net share capital subscribed in the year		–	842
Loss for the year		(309)	(14,181)
Dividends paid	8	(1,274)	(739)
Closing Shareholders' funds at 30 September 2009		32,138	34,123

Cash Flow Statement

for the year ended 30 September 2009

	Notes	30 September 2009 £'000	30 September 2008 £'000
Operating activities			
Investment income received		517	713
VAT recovered and related interest		889	–
Other income received		13	–
Investment management fees paid		(504)	(807)
Other cash payments		(438)	(600)
Net cash inflow/(outflow) from operating activities	18		477
			(694)
Investing activities			
Purchase of investments	10	(1,502)	(3,710)
Sale of investments	10	2,711	5,967
			1,209
			2,257
Equity dividends			
Payment of dividends	8		(1,274)
			(739)
Net cash Inflow before liquid resource management and financing			412
			824
Management of liquid resources			
Decrease/(increase) in current investments	19		240
			(1,213)
Financing			
Issue of shares (net of expenses)		–	842
Purchase of own shares		(334)	(513)
			(334)
			329
Net increase/(decrease) in cash	19		318
			(60)

The notes on pages 38 to 53 form part of these financial statements.

Notes to the Accounts

for the year ended 30 September 2009

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

a) Basis of accounting

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', revised December 2005 ("SORP").

b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of the Income Statement is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 274 Income Tax Act 2007.

c) Investments

Investments are accounted for on a trade date basis.

All investments held by the Company are classified as "fair value through profit and loss" as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. For investments actively traded in organised financial markets, recognition and fair value is determined by reference to Stock Exchange market trading rules and quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors at 'fair value through profit and loss'. Accordingly, in the absence of a market price, the Directors have valued unquoted investments in accordance with International Private Equity Venture Capital Valuation (IPEVCV) guidelines as updated in September 2009, which have not materially changed the results reported last year.

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

or:

- b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments, and after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

d) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares are recognised on a time apportioned basis so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield.

e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are charged to capital, and with the further exception that 75% of the fees payable to the Investment Manager are charged against capital. This is in line with the allocation followed by most other VCTs. IFA trail commission is expensed in the period in which it is incurred.

Expenses that related to the Ordinary Share Fund, the S2 Share Fund and S3 Share Fund have been allocated to those funds respectively. Of other expenses which did not relate specifically to any fund, 56% have been attributed to the Ordinary Share Fund, 33% to the S2 Share Fund and 11% to the S3 Share Fund. These percentages represented the share of net assets of each Share Fund as at 30 September 2008.

f) Taxation

Deferred tax 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 a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results stated in the financial statements.

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

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the income statement and a corresponding amount is charged to the revenue column of the income statement. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

Deferred tax assets are recognised where it is more likely than not that there will be sufficient profits to recover against.

g) Liquid resources

Liquid resources are the current investments disclosed in note 13, regarded as available for investment, rather than to meet the Company's running expenses, as at the year-end.

2 Income

	2009 £'000	2008 £'000
Interest receivable		
– from bank deposits	2	13
– from VAT recoverable	98	–
	100	13
Income from investments		
– from equities	332	426
– from loan stocks	30	–
– from money-market funds and Unicorn managed OEICs	118	290
	480	716
Total income	580	729
Total income comprises		
Dividends	450	716
Interest	130	13
	580	729
Income from investments comprises		
Listed UK securities	45	40
Listed Overseas securities	92	220
Unlisted UK securities	343	456
	480	716

Interest receivable from VAT recoverable is the amount of interest received on VAT recoverable recognised in the year ended 30 September 2008 as per note 3 below.

3 VAT recoverable

	Revenue 2009 £'000	Capital 2009 £'000	Total 2009 £'000	Revenue 2008 £'000	Capital 2008 £'000	Total 2008 £'000
VAT recoverable	–	–	–	168	503	671

As at 30 September 2008, the Directors considered it reasonably certain that the Company would obtain a repayment of VAT of not less than £791,000. £120,000 of this sum was set off against Investment Manager's fees in 2008, below. This estimate was based upon information supplied by the Company's Investment Manager, and discussions with the Company's professional advisors as a result of the European Court of Justice ruling and subsequent HMRC briefing that management fees be exempt for VAT purpose. During the year a total of £889,000 of VAT recoverable and related interest was actually received.

Notes to the Accounts

for the year ended 30 September 2009

4 Investment Manager's fees

	Revenue 2009 £'000	Capital 2009 £'000	Total 2009 £'000	Revenue 2008 £'000	Capital 2008 £'000	Total 2008 £'000
Unicorn Asset Management Limited	126	377	503	172	514	686

Unicorn Asset Management Limited advises the Company on investments in qualifying and non-qualifying companies under an agreement dated 1 October 2001. The agreement was for an initial period of three years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

Unicorn Asset Management Limited receives an annual management fee of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, which are also managed by Unicorn Asset Management Limited. The annual management fee is calculated and payable quarterly in advance.

The management fee will be reduced where there is an excess of expenses over 3.6% of the closing net assets of the Company.

Under an Incentive Agreement dated 1 October 2001 for the Ordinary Share Fund and a Supplemental Incentive Agreement for the S2 Share Fund dated 20 January 2004, the Investment Manager and the Promoter (Matrix-Securities Limited) will receive an annual performance related incentive, once a total return of 80 pence per share (of which 60 pence shall be in the form of dividends, whether from revenue or capital) has been achieved. The incentive fee is calculated as 20% of the amount by which the growth in net asset value in any accounting year on a cumulative basis exceeds the target returns, being the base rate of National Westminster Bank plc plus 2% averaged out over the same period. Of this fee, 85% will be paid to the Investment Manager, and 15% to the Promoter.

The incentive fee will be paid after deducting any incentive fees paid previously. The incentive fee cannot exceed 5% of the net asset value of the Company, but any amount unpaid can be carried forward to the next accounting period. Where the target return is not achieved, any shortfall is also carried forward, and an incentive fee will only be paid once previous and current target returns have been met.

Under a Second Supplemental Incentive Agreement for the S3 Share Fund dated 15 February 2007, the Investment Manager will receive a performance fee of 20% of any excess above 6 pence per S3 Share of the annual dividends paid to S3 Shareholders. The performance fee will only be payable if the S3 Share Fund's NAV per share is at or above 100 pence as calculated in the annual report and accounts in the year relating to payment. Any cumulative shortfalls below the 6 pence per annum dividend hurdle that will apply after the financial year ending on 30 September 2010 will have to be made up in later years before any performance fee becomes payable.

5 Other expenses

	2009 £'000	2008 £'000
Directors' remuneration (including NIC) – see note 6	68	57
IFA trail commission	79	97
Administration services	195	193
Broker's fees	8	11
Custody fees	13	13
Auditors' fees – audit	19	19
– other services supplied relating to taxation	3	3
– other services supplied pursuant to legislation	2	2
Tax monitoring fees	10	9
Professional fees	2	13
Directors' insurance	10	7
Registrar's fees	16	24
Printing	26	27
Sundry	25	29
	476	504

The Directors consider the auditors were best placed to provide the taxation and other services. The Audit Committee reviews the nature and extent of non audit services to ensure that independence is maintained.

6 Directors' remuneration

	2009 £'000	2008 £'000
Directors' emoluments		
Peter Dicks	20	20
Jocelin Harris	18	18
David Royds	15	15
James Grossman (appointed 15 January 2009)	11	–
	64	53
Employer's NIC	4	4
	68	57

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable.

The Company has no employees other than Directors

7 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2009 £	2008 £
Current and total tax charge (note 7b)	–	–

b) Factors affecting tax charge for the year

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(309)	(14,181)
Loss on ordinary activities multiplied by standard small company rate of corporation tax in the UK of 21% (2008: 20.5%)	(65)	(2,907)
Non-taxable UK dividend income	(70)	(87)
Non-taxable unrealised losses	35	2,913
Non-taxable realised (gains)/losses	(54)	37
Transaction costs charged to capital	(1)	–
Taxable income not credited to revenue	–	(122)
Allowable expense not charged to revenue	79	124
Disallowable expenses	–	2
Losses carried forward	76	22
Actual current charge – revenue	–	(18)
Taxable income credited to capital	–	18
Current tax charge for the year	–	–

Tax relief relating to investment management fees is allocated between Revenue and Capital in the same proportion as such fees.

There is no taxation in relation to capital gains or losses. Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The deferred tax amount not recognised is £1,422,000 (30 September 2008: £1,252,000).

Notes to the Accounts

for the year ended 30 September 2009

8 Dividends

	2009 Ordinary Fund £'000	2009 S2 Fund £'000	2009 S3 Fund £'000	2009 Total £'000	2008 Ordinary Fund £'000	2008 S2 Fund £'000	2008 S3 Fund £'000	2008 Total £'000
Amounts recognised as distributions to equity holders in the year:								
Ordinary Fund								
Final capital dividend for the year ended 30 September 2008 of 3p per Ordinary share paid on 30 January 2009	929	–	–	929	–	–	–	–
S2 Fund								
Final dividend for the year ended 30 September 2007 of 5p per S2 share paid on 31 January 2008	–	–	–	–	–	739	–	739
Final capital dividend for the year ended 30 September 2008 of 2p per S2 share paid on 30 January 2009	–	295	–	295	–	–	–	–
S3 Fund								
Final revenue dividend for the year ended 30 September 2008 of 1p per S3 share paid on 30 January 2009	–	–	50	50	–	–	–	–
	929	295	50	1,274	–	739	–	739

Any proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total income dividends payable 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.

	2009 £'000	2008 £'000
Ordinary Fund:		
Revenue available for distribution by way of dividends for the year	13	180
Proposed final dividend for the year ended 30 September 2009 (2008: 3p)	–	–
S2 Fund:		
Revenue available for distribution by way of dividends for the year	(40)	12
Proposed final dividend for the year ended 30 September 2009 (2008: 5p)	–	–
S3 Fund:		
Revenue available for distribution by way of dividends for the year	5	47
Proposed final dividend for the year ended 30 September 2009 (2008: 1p per share)	–	50

9 Basic and diluted earnings and return per share

	2009 Ordinary Fund £'000	2009 S2 Fund £'000	2009 S3 Fund £'000	2009 Total £'000	2008 Ordinary Fund £'000	2008 S2 Fund £'000	2008 S3 Fund £'000	2008 Total £'000
Total earnings after taxation:	(955)	122	524	(309)	(8,496)	(4,958)	(727)	(14,181)
Basic and diluted earnings per share (note a)	(3.11)p	0.83p	10.57p		(27.67)p	(33.65)p	(14.66)p	
Net revenue/(loss) from ordinary activities after taxation	13	(40)	5		180	12	47	
Basic and diluted revenue earnings per share (note b)	0.04p	(0.27)p	0.10p		0.59p	0.08p	0.95p	
Net realised capital gains/(losses)	143	113	–		4	(186)	–	
Net unrealised capital (losses)/gains	(883)	166	551		(8,751)	(4,714)	(744)	
Capital element of VAT recoverable	–	–	–		411	89	3	
Capital expenses	(228)	(117)	(32)		(340)	(159)	(33)	
Total capital return	(968)	162	519		(8,676)	(4,970)	(774)	
Basic and diluted capital earnings per share (note c)	(3.15)p	1.10p	10.47p		(28.26)p	(33.73)p	(15.61)p	
Weighted average number of shares in issue in the year	30,725,568	14,744,906	4,958,036		30,699,263	14,731,850	4,958,036	

Notes

- a) Basic and diluted earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
b) Revenue earnings per share is net revenue after taxation divided by the weighted average number of shares in issue.
c) Capital earnings per share is total capital return divided by the weighted average number of shares in issue.

There are no instruments in place that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

Notes to the Accounts

for the year ended 30 September 2009

10 Investments at fair value

	Fully Listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted preference shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	Total £'000s
Company							
Cost at 30 September 2008	535	27,527	2,332	700	–	4,741	35,835
Unrealised gains/(losses) at 30 September 2008	410	(3,942)	(585)	–	–	(486)	(4,603)
Permanent impairment in value of investments	–	(2,017)	(1,173)	–	–	–	(3,190)
Valuation at 30 September 2008	945	21,568	574	700	–	4,255	28,042
Purchases at cost	346	929	25	–	910	6	2,216
Sale proceeds	–	(2,045)	(3)	–	–	–	(2,048)
Realised gains	–	538	(277)	–	–	–	261
Reclassified at valuation	1,026	(1,086)	60	–	–	–	–
Unrealised gains/(losses)	396	(1,212)	(3)	–	–	653	(166)
Closing valuation at 30 September 2009	2,713	18,692	376	700	910	4,914	28,305
Cost at 30 September 2009	2,030	22,457	5,010	700	910	4,747	35,854
Unrealised gains/(losses) at 30 September 2009	683	(3,765)	(144)	–	–	167	(3,059)
Permanent impairment in value of investments	–	–	(4,490)	–	–	–	(4,490)
Closing valuation at 30 September 2009	2,713	18,692	376	700	910	4,914	28,305
Ordinary Share Fund							
Cost at 30 September 2008	535	17,076	650	350	–	332	18,943
Unrealised gains/(losses) at 30 September 2008	410	(3,435)	810	–	–	179	(2,036)
Permanent impairment in value of investments	–	(917)	(1,173)	–	–	–	(2,090)
Valuation at 30 September 2008	945	12,724	287	350	–	511	14,817
Purchases at cost	253	617	15	–	545	–	1,430
Sale proceeds	–	(1,182)	–	–	–	–	(1,182)
Realised gains	–	293	(146)	–	–	–	147
Reclassified at valuation	718	(739)	21	–	–	–	–
Unrealised gains/(losses)	379	(1,360)	14	–	–	84	(883)
Closing valuation at 30 September 2009	2,295	10,353	191	350	545	595	14,329
Cost at 30 September 2009	1,592	13,097	2,976	350	545	332	18,892
Unrealised gains/(losses) at 30 September 2009	703	(2,744)	31	–	–	263	(1,747)
Permanent impairment in value of investments	–	–	(2,816)	–	–	–	(2,816)
Closing valuation at 30 September 2009	2,295	10,353	191	350	545	595	14,329

	Fully Listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted preference shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	Total £'000s
S2 Share Fund							
Cost at 30 September 2008	–	9,353	1,682	350	–	1,942	13,327
Unrealised gains/(losses) at 30 September 2008	–	(418)	(1,395)	–	–	106	(1,707)
Permanent impairment in value of investments	–	(1,100)	–	–	–	–	(1,100)
Valuation at 30 September 2008	–	7,835	287	350	–	2,048	10,520
Purchases at cost	93	157	10	–	315	–	575
Sale proceeds	–	(863)	(3)	–	–	–	(866)
Realised gains	–	245	(131)	–	–	–	114
Reclassified at valuation	308	(347)	39	–	–	–	–
Unrealised gains/(losses)	17	(119)	(17)	–	–	285	166
Closing valuation at 30 September 2009	418	6,908	185	350	315	2,333	10,509
Cost at 30 September 2009	438	8,108	2,034	350	315	1,942	13,187
Unrealised gains/(losses) at 30 September 2009	(20)	(1,200)	(175)	–	–	391	(1,004)
Permanent impairment in value of investments	–	–	(1,674)	–	–	–	(1,674)
Closing valuation at 30 September 2009	418	6,908	185	350	315	2,333	10,509
S3 Share Fund							
Cost at 30 September 2008	–	1,098	–	–	–	2,467	3,565
Unrealised gains/(losses) at 30 September 2008	–	(89)	–	–	–	(771)	(860)
Valuation at 30 September 2008	–	1,009	–	–	–	1,696	2,705
Purchases at cost	–	155	–	–	50	6	211
Unrealised gains/(losses)	–	267	–	–	–	284	551
Closing valuation at 30 September 2009	–	1,431	–	–	50	1,986	3,467
Cost at 30 September 2009	–	1,252	–	–	50	2,473	3,775
Unrealised gains/(losses) at 30 September 2009	–	179	–	–	–	(487)	(308)
Closing valuation at 30 September 2009	–	1,431	–	–	50	1,986	3,467

Transaction costs on the purchase and disposal of investments of £5,000 (Ordinary Share Fund £4,000; S2 Fund: £1,000; S3 Share Fund £nil) were incurred in the year. These are excluded from realised gains shown above of £261,000, but were included in arriving at gains on realisation of investments disclosed in the Income Statement of £256,000.

Reconciliation of cash movements in investment transactions

The difference between net additions and disposals per the cash flow statement and the investment note above is £1,377,000. This is explained by the receipt of sale proceeds outstanding at the previous year-end of £1,101,000 but received this year, an investment of £270,000 made just before the year-end which settled after the year-end and OEIC Mastertrust dividends received as an increase in the value of the units of £6,000.

Notes to the Accounts

for the year ended 30 September 2009

11 Significant interests

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

	Equity investment (ordinary shares) £'000	Investment in loan stock and preference shares £'000	Total investment (at cost) £'000	Percentage of investee company's total equity
Amber Taverns Limited	300	950	1,250	22.0%
Kiotech International plc	816	–	816	11.9%
Prologic plc	806	–	806	10.7%
SnackTime plc	864	310	1,174	8.0%
Shieldtech plc	1,000	–	1,000	7.5%
Avingtrans plc	997	–	997	6.5%
Maxima Holdings plc	2,000	–	2,000	6.0%
Tracsis plc	460	–	460	5.8%
Lees Foods plc	260	–	260	5.5%
Glisten plc	582	–	582	5.2%
Access Intelligence plc	700	375	1,075	4.4%
Universe Group plc	103	–	103	4.3%
Supporta plc	1,432	–	1,432	4.1%
Mattioli Woods plc	846	–	846	3.7%
Sanderson Group plc	770	–	770	3.6%
Dillistone Group plc	240	–	240	3.4%
Clerkenwell Ventures plc	100	–	100	3.2%
Datong Electronics plc	667	–	667	3.2%

All of the above companies are incorporated in the United Kingdom.

The Company holds 34.2% of the B shares issued by Unicorn Smaller Companies Fund and 31.4% of the Unicorn Mastertrust Fund, 15% of the B shares issued by the Unicorn Free Spirit Fund, 16.2% of the B shares issued by the Unicorn Outstanding British Companies Fund and 17.7% of the Unicorn UK Income Fund at the year-end. Unicorn Smaller Companies Fund, Unicorn Mastertrust Fund, Unicorn Free Spirit Fund, Unicorn Outstanding British Companies Fund and Unicorn UK Income Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

As the overall shareholding in the Unicorn Investment Funds ICVC is less than 50% and the Company does not exert control over the individual sub funds, no consolidated accounts have been prepared.

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represent investments in associated undertakings.

The percentage of equity held in the Company's investments by funds managed by Unicorn Asset Management Limited is disclosed in the Investment Portfolio Summary on pages 10 – 19 of this Report.

12 Debtors

	2009 £'000	2008 £'000
Amounts due within one year:		
Other debtors	–	1,101
Prepayments and accrued income	138	967
	138	2,068

13 Current investments

These comprise investments in two Dublin based OEIC money market funds, managed by Royal Bank of Scotland and Blackrock Investment Management UK Limited and one UK based OEIC, managed by Prime Rate Capital Management LLP. £3,911,000 (30 September 2008: £4,151,000) of this sum is subject to same day access while £1,000 (30 September 2008: £1,000) is subject to two day access. These sums are regarded as monies held pending investment.

14 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	52	–
Other creditors	375	15
Accruals	156	172
	583	187

15 Called up share capital

	2009 £'000	2008 £'000
Authorised:		
Ordinary Shares of 1p each: 40,000,000	400	400
S2 Shares of 1p each: 25,000,000	250	250
S3 Shares of 1p each: 30,000,000	300	300
	950	950

	2009 £'000	2008 £'000
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 30,297,471 (2008: 30,980,344)	303	310
S2 Shares of 1p each: 14,430,227 (2008: 14,764,738)	145	148
S3 Shares of 1p each: 4,958,036 (2008: 4,958,036)	50	50
	498	508

During the year the Company purchased 682,875 - £7,000 nominal value (2008: 426,346 - £4,000 nominal value) of its own Ordinary Shares for cash at the prevailing market price for a total cost of £223,000 (2008: £270,000) and 334,511 - £3,000 nominal value (2008: £234,827 - £2,000 nominal value) of its S2 Shares for cash at the prevailing market price for a total cost of £179,000 (2008: £199,000). During the year, the Company did not allot any Ordinary Shares (2008: 953,533), any S2 Shares (2008: 220,765), nor any S3 shares (2008: nil).

Notes to the Accounts

for the year ended 30 September 2009

16 Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve* £'000	Special distributable reserve* £'000	Profit and loss account* £'000	Total £'000
Company							
At 1 October 2008	508	62	840	(4,603)	31,396	5,920	34,123
Shares bought back	(10)	10	–	–	(402)	–	(402)
Transfer to special distributable reserve	–	–	–	–	(2,253)	2,253	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	256	256
Realisation of previously unrealised depreciation	–	–	–	1,708	–	(1,708)	–
Net decrease in unrealised valuations in the year	–	–	–	(166)	–	–	(166)
Dividends paid	–	–	–	–	–	(1,274)	(1,274)
Loss for the year	–	–	–	–	–	(399)	(399)
At 30 September 2009	498	72	840	(3,061)	28,741	5,048	32,138

* – These reserves total £30,728,000 (2008: £32,713,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Ordinary Share fund							
At 1 October 2008	310	50	640	(2,036)	15,656	4,534	19,154
Shares bought back	(7)	7	–	–	(223)	–	(223)
Transfer to special distributable reserve	–	–	–	–	(1,377)	1,377	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	143	143
Realisation of previously unrealised depreciation	–	–	–	1,171	–	(1,171)	–
Net decrease in unrealised valuations in the year	–	–	–	(883)	–	–	(883)
Dividends paid	–	–	–	–	–	(929)	(929)
Loss for the year	–	–	–	–	–	(215)	(215)
At 30 September 2009	303	57	640	(1,748)	14,056	3,739	17,047

* – These reserves total £16,047,000 (2008: £18,154,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

S2 Share fund							
At 1 October 2008	148	12	200	(1,707)	11,172	1,296	11,121
Shares bought back	(3)	3	–	–	(179)	–	(179)
Transfer to special distributable reserve	–	–	–	–	(843)	843	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	113	113
Realisation of previously unrealised depreciation	–	–	–	537	–	(537)	–
Net decrease in unrealised valuations in the year	–	–	–	166	–	–	166
Dividends paid	–	–	–	–	–	(295)	(295)
Loss for the year	–	–	–	–	–	(157)	(157)
At 30 September 2009	145	15	200	(1,004)	10,150	1,263	10,769

* – These reserves total £10,409,000 (2008: £10,761,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

S3 Share fund							
At 1 October 2008	50	–	–	(860)	4,568	90	3,848
Transfer to special distributable reserve	–	–	–	–	(33)	33	–
Net increase in unrealised valuations in the year	–	–	–	551	–	–	551
Dividends paid	–	–	–	–	–	(50)	(50)
Loss for the year	–	–	–	–	–	(27)	(27)
At 30 September 2009	50	–	–	(309)	4,535	46	4,322

* – These reserves total £4,272,000 (2008: £3,798,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

The purpose of the special distributable reserve for all three funds is to fund market purchases of each fund's shares, and to write off existing and future losses now that the Company has revoked investment company status and is now obliged to take into account capital losses in determining distributable reserves. The transfer of £2,253,000 to the Income Statement from the special distributable reserve is the transfer of realised losses for the year.

17 Net asset values

	2009 Ordinary Fund £'000	2009 S2 Fund £'000	2009 S3 Fund £'000	2008 Ordinary Fund £'000	2008 S2 Fund £'000	2008 S3 Fund £'000
Net Assets	17,047	10,769	4,322	19,154	11,121	3,848
Number of shares in issue	30,297,471	14,430,227	4,958,036	30,980,344	14,764,738	4,958,036
Net asset value per share – basic and diluted	56.26p	74.63p	87.18p	61.83p	75.32p	77.62p

18 Reconciliation of loss on ordinary activities before taxation to net cash inflow/(outflow) from operating activities

	2009 £'000	2008 £'000
Loss on ordinary activities before taxation	(309)	(14,181)
Net (gains)/losses on realisation of investments	(256)	182
Net unrealised losses on investments	166	14,209
Transaction costs	(5)	–
Decrease/(increase) in debtors	742	(920)
Increase in creditors and accruals	139	16
Net cash inflow/(outflow) from operating activities	477	(694)

19 Analysis of changes in net funds

	Cash £'000	Liquid resources £'000	Total £'000
At 30 September 2008	48	4,152	4,200
Cash flows	318	(240)	78
At 30 September 2009	366	3,912	4,278

20 Financial instruments

The Company's financial instruments comprise:

- Equity, non-equity shares, OEICs and loan stocks that are held in accordance with the Company's investment objective as set out in the Investment Manager's Review.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

The principal purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors.

It is, and has been throughout the period under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

Notes to the Accounts

for the year ended 30 September 2009

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 30 September 2009:

	2009 (Book Value) £'000	2009 (Fair Value) £'000	2008 (Book Value) £'000	2008 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment Portfolio	28,305	28,305	28,042	28,042
Current investments	3,912	3,912	4,152	4,152
Cash at bank	366	366	48	48
Loans and receivables				
Accrued income	117	117	156	156
Other debtors	–	–	1,894	1,894
Total for financial instruments	32,700	32,700	34,292	34,292
Other non-financial assets	(562)	(562)	(169)	(169)
Total net assets	32,138	32,138	34,123	34,123

The investment portfolio principally consists of AIM quoted investments and collective OEIC investment funds managed by Unicorn Asset Management Limited, valued at their bid price which represents fair value. Current investments are Dublin based OEIC money market funds, discussed under credit risk management below.

The investment portfolio has a high concentration of risk towards small, UK based companies, nearly all of which are quoted on the £ denominated UK AIM market (58% of net assets), or within the OEIC funds managed by Unicorn Asset Management Limited (15% of net assets), unquoted investments (6% of net assets) and fully listed shares (9% of net assets).

The main risks arising from the Company's financial instruments are due to investment or market price risk, credit risk, interest rate risk and liquidity risk. There have been no changes in the nature of these risks that the Company has faced during the past year. The Board reviews and agrees policies for managing each of these risks, which are summarised below. There have been no changes in their objectives, policies or processes for managing risks during the past year.

Risk

Market Price Risk: Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. These future prices are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding market positions in the face of market movements, which was a maximum of £28,305,000 at the year-end.

Credit Risk: Failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. The Company uses a third-party custodian, and were that entity not to segregate client assets from its own, would expose the Company's assets so held to such risk. The Company is exposed to credit risk through its debtors and holdings of current investments (money-market funds).

The Company's maximum exposure to credit risks is:

	2009 £'000	2008 £'000
Loan stock investments	910	–
Money market funds	3,912	4,152
Accrued income and other debtors	117	2,050
Cash at bank	366	48
	5,305	6,250

The following table shows the maturity of the loan stock investments referred to above:

	2009 £'000	2008 £'000
Repayable within		
0 to 1 year	–	–
1 to 2 years	–	–
2 to 3 years	–	–
3 to 4 years	–	–
4 to 5 years	910	–
Total	910	–

Liquidity risk: The investments in the equity, non-equity stocks and loan stocks of unlisted and AIM listed companies the Company and its OEIC holdings hold are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the Company may not be able to realise the investments at their carrying value if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts.

Interest Rate Risk: The value of the Company's equity and non-equity investments, OEIC money-market investments and its net revenue may be affected by interest rate movements. Investments in the portfolio are in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate non equity investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

Currency risk: All assets and liabilities are denominated in sterling and therefore there is no currency risk.

Management of risk:

Market Price Risk: At formal meetings held at least quarterly, and throughout the year, the Board reviews the Investment Manager's exposure to market price risk inherent in the Company's portfolio, achieved by maintaining an appropriate spread of equities and other instruments. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities, which are sufficient to meet any funding commitments that may arise. The Company does not use derivative instruments to hedge against market risk

The five OEICS managed by Unicorn Asset Management Limited are diversified across a number of holdings with 65% invested in fully listed companies, and as such, is more representative of overall market risk. The Unicorn Free Spirit Fund's portfolio contains stocks where 55% by value is in AIM listed stocks, and 45% is in fully listed stocks with average market capitalisation of £125 million; the Unicorn UK Smaller Companies Fund contains 57% by value on AIM and 43% in fully listed stocks with average market capitalisation of £83 million; the Unicorn UK Income Fund contains 8% in AIM and 92% in fully listed stocks with average market capitalisation of £248 million; the Unicorn Mastertrust Fund contains 5% in AIM and 95% in fully listed stocks with average market capitalisation of £113 million while the Outstanding British Companies Fund contains 32% on AIM and 68% in fully listed stocks with average market capitalisation of £1,030 million.

Liquidity risk: Besides the maintenance of a spread of investments within the Investment portfolio, the Company maintains a sufficient level of liquidity by holding adequate levels of cash in cash and OEIC money market funds which are available on demand to meet future investments and running costs.

Credit Risk: All transactions are settled on the basis of delivery against payment. The Board manages credit risk in respect of the current investments and cash by ensuring that the administrator spreads such investments such that none exceeds 15% of the Company's total investment assets. These money market funds are triple A rated funds, which themselves hold a wide range of high credit grade instruments issued by many counter-parties and so the Company's credit risk exposure is considered to be low. Exposure to these funds is monitored by the Board.

Interest Rate Risk: The Company's assets and liabilities include fixed interest non-equity stocks, the values of which are reviewed by the Board, as referred to above. As most of the portfolio is non-interest bearing, the direct exposure to interest rates is relatively insignificant, and mainly affects the return on the Company's liquid balances held in the OEIC money market funds. The impact of changes in interest rates on the value of the portfolio is discussed in the sensitivity analysis below.

Financial net assets

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

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	21,781	–	–	21,781		
Unicorn OEICs	4,914	–	–	4,914		
Preference shares	–	700	–	700	8.00	0.55
Loan stocks	–	910	–	910	6.43	4.51
Money market funds	–	–	3,912	3,912	0.64	
Cash	366	–	–	366		
Debtors	117	–	–	117		
Total for financial instruments	27,178	1,610	3,912	32,700		
Other non financial assets	(562)	–	–	(562)		
Total net assets	26,616	1,610	3,912	32,138		

Notes to the Accounts

for the year ended 30 September 2009

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

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	23,087	–	–	23,087		
Unicorn OEICs	4,255	–	–	4,255		
Preference shares	–	700	–	700	8.00	2.00
Money market funds	–	–	4,152	4,152	5.36	
Cash	–	–	48	48		
Debtors	2,051	–	–	2,051		
Total for financial instruments	29,393	700	4,200	34,293		
Other non financial assets	(170)	–	–	(170)		
Total net assets	29,223	700	4,200	34,123		

Floating rate cash earns interest related to LIBOR rates.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Sensitivity analysis

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of £ denominated investments in small companies. Most of these assets are, or will be, held in companies quoted on the AIM Market where the Company's investment objective is to achieve a return, partly from dividends, but mainly from capital growth from realisations. The table below shows the impact on profit and net assets if there were to be a 20% movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered possible to evaluate separately the impact of changes in interest rates upon the Company's portfolios of investments in small companies.

For this purpose the investments in the OEICs managed by Unicorn Asset Management are also included in this analysis. The Key Data disclosed at the front of this Annual Report gives shareholders further analysis in percentages of each Fund's investments by asset class and market sector, and page 51 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the actual portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation is unlikely to be the case in reality.

	2009 £ Profit and net assets	2008 £ Profit and net assets (as restated)
If overall share prices fell by 20% (2008: 20%), with all other variables held constant – decrease	(5,661)	(5,608)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(9.46)p	(9.57)p
Decrease in earnings, and net asset value, per S2 share (in pence)	(14.57)p	(14.25)p
Decrease in earnings, and net asset value, per S3 share (in pence)	(13.99)p	(10.91)p
If overall share prices increase by 20% (2008: 20%), with all other variables held constant – increase	5,661	5,608
Increase in earnings, and net asset value, per Ordinary share (in pence)	9.46p	9.57p
Increase in earnings, and net asset value, per S2 share (in pence)	14.57p	14.25p
Increase in earnings, and net asset value, per S3 share (in pence)	13.99p	10.91p
If interest rates were 1% lower (2008: 1%), with all other variables held constant – decrease	(31)	(33)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(0.07)p	(0.06)p
Decrease in earnings, and net asset value, per S2 share (in pence)	(0.02)p	(0.03)p
Decrease in earnings, and net asset value, per S3 share (in pence)	(0.14)p	(0.18)p
If interest rates were 1% higher (2008: 1%), with all other variables held constant – increase	31	33
Increase in earnings, and net asset value, per Ordinary share (in pence)	0.07p	0.06p
Increase in earnings, and net asset value, per S2 share (in pence)	0.02p	0.03p
Increase in earnings, and net asset value, per S3 share (in pence)	0.14p	0.18p

21 Management of Capital

The Board manages the Company's capital (effectively the net assets) to further the overall objective of providing an attractive return to shareholders through maximising dividend distributions from the income and capital gains generated by the portfolio.

Under VCT tax legislation, at least 70% of the Company's cash and investment assets (in practice the net assets) must at all times be invested in small UK companies. As an AIM VCT, the majority is held in ordinary shares quoted on the AIM market. Subject to retaining sufficient liquidity to cover outgoings, the level of capital deployed in such assets can and usually does exceed the 70% minimum. The overall level of capital deployed will change as the value of the investments changes. It is also reduced by dividend distributions and buying in the Company's own shares.

There is relatively little scope to alter the Company's capital structure in the light of changing perceived risks in the Company's investment universe and in economic conditions generally. It is however open to the Board to issue new shares or undertake borrowings if particularly promising opportunities are available to the Investment Manager.

22 Related party transactions

Under the terms of the agreement dated 1 October 2001, the Company has appointed Unicorn Asset Management Limited to be the Investment Manager. The fee arrangements for these services and the fees payable are set out in note 4. Unicorn Asset Management also received a fee of £nil for acting as promoter to the Company (2008: £48,000 Ordinary and S2 funds).

David Royds is a director and shareholder of Matrix Group Limited, which owns Matrix-Securities Limited and has controlling interests in Prime Rate Capital Management LLP ("PRCM") and Matrix Corporate Capital LLP ("MCC"). David Royds is also a director of Matrix-Securities Limited ("MSL"), which acted as Promoter to the Company for a fee of £nil (30 September 2008: £nil) and provides administration services to the Company for a fee of £195,000 (30 September 2008: £193,000) as disclosed in note 5 to these accounts. £49,000 (30 September 2008: £nil) was due to MSL at the end of the year.

The Company has invested £1,000,000 in a liquidity fund managed by PRCM, and earned income of £16,000 from this fund in the year to 30 September 2009. MCC were appointed as the Company's brokers on 10 December 2008. £8,000 in fees has been charged for the year. Seven share buybacks were undertaken by MCC on the Company's instruction totalling £402,000. £97,000 was owed to MCC at the year-end.

23 Segmental analysis

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

24 Commitments

At the year end, the Company had made no further commitments to invest.

25 Post balance sheet events

The Board has decided to put proposals to Shareholders to merge the Company with Unicorn AIM VCT II plc. The intention is that the proposed merger will be completed pursuant to a section 110 scheme of reconstruction under the Insolvency Act 1986 by transferring the assets and liabilities of Unicorn AIM VCT II plc to the Company, in consideration for new shares to be issued to Unicorn AIM VCT II plc shareholders on a relative net asset value basis.



Shareholder Information

The Company's Ordinary Shares (Code: UAV), S2 Shares (UAVB) and S3 Shares (UAV3) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, www.londonstockexchange.com, for the latest news and share prices of the Company. The share prices are also quoted in the Financial Times.

Net asset value per share

The Company's NAV per share as at 31 October 2009 were 56.4 pence for the Ordinary Share Fund, 74.0 pence for the S2 Share Fund and 88.5 pence for the S3 Share Fund. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have declared interim dividends for Ordinary and S2 Shareholders of 3.5 and 2.5 pence per Share respectively. The dividends will be paid on 29 January 2010 to Shareholders on the Register on 8 January 2010. The Directors are not proposing a dividend for S3 Shareholders.

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by telephoning the Company's Registrars, Capita Registrars on 0871 664 0300, (lines are open 8.30 am – 5.30 pm Mon – Fri, calls cost 10p per minute plus network extras - if calling from overseas please ring +44 208 639 3399) or by writing to them at Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA. Alternatively you may visit their website, www.capitaregistrars.com/shareholders.

Financial calendar

December 2009	Annual Report for the year ended 30 September 2009 to be circulated to Shareholders
8 January 2010	Record date for Ordinary and S2 Shareholders to be eligible for interim dividends
29 January 2010	Interim dividends for the year ended 30 September 2009 to be paid to Ordinary and S2 Shareholders
25 February 2010	Annual General Meeting
May 2010	Preliminary announcement of Half-Yearly Results
June 2010	Half-Yearly Report for the six months ended 31 March 2010 to be circulated to Shareholders
30 September 2010	Year-end
December 2010	Preliminary announcement of final results for the year ended 30 September 2010

Annual General Meeting

The eighth Annual General Meeting (AGM) of the Company will be held on 25 February 2010 at 3.00 pm at the offices of Matrix Group Limited, One Vine Street, London W1J 0AH. Please try to arrive 10 minutes before the AGM starts when tea and coffee will be served to Shareholders. A short presentation will be given by the Investment Manager and one of the investee companies following the AGM. The Notice of the meeting is included on pages 55 – 56 of this Annual Report and a separate proxy form has been included with Shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, Capita Registrars at the address given on the Form, to arrive no later than 3.00 pm on 23 February 2010.

Shareholder enquiries:

For general Shareholder enquiries, please contact Robert Brittain of Matrix-Securities Limited (the Company Secretary) on 020 3206 7000 or by e-mail on unicorn@matrixgroup.co.uk.

For enquiries concerning the performance of the Company, please contact the Investment Manager, Unicorn Asset Management Limited, on 020 7253 0889 or by e-mail on info@unicornam.com.

Change of Address

To notify the Company of a change of address please contact the Company's Registrars at the address given above.

Information rights for beneficial owners of shares

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrar, Capita Registrars, or to the Company directly.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the eighth Annual General Meeting of Unicorn AIM VCT plc ("the Company") will be held at 3.00 pm on 25 February 2010 at Matrix Group Limited, One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions:-

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 30 September 2009, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2009 as set out in the Annual Report and Accounts of the Company for the year ended 30 September 2009.
3. To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as Auditors and that their remuneration be fixed by the Directors.
4. To re-elect Jocelin Harris as a Director of the Company.
5. To elect James Grossman as a Director of the Company.

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Vine Street
London W1J 0AH
4 December 2009

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company. 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, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (lines are open 8.30 am – 5.30 pm Mon – Fri, calls cost 10p per minute plus network extras – if calling from overseas please dial +44 208 639 3399) to request additional copies of the proxy form.
- (ii) In accordance with section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act.
Persons nominated to receive information rights under section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these.
- (iii) To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited no less than 48 hours (excluding weekends) prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (v) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

- (vi) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 3.00 pm on 23 February 2010. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (vii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (viii) As at 4 December 2009, the Company's issued share capital comprised 30,297,471 Ordinary Shares, 14,430,227 S2 Shares and 4,958,036 S3 Shares. Each share carries one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at 4 December 2009 was 49,685,734.
- (ix) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at 5.00 pm on 23 February 2010 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after 5.00 pm on 23 February 2010 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (x) The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.
- (xi) If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
- (xii) At the meeting shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, www.unicornaimvct.com in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xiii) Further information regarding the meeting is available on the Company's website, www.unicornaimvct.com.

FORM OF PROXY FOR ANNUAL GENERAL MEETING OF UNICORN AIM VCT PLC

I/We

of (address)

being a member/members of the Company hereby appoint the Chairman of the Meeting, or

.....

of (address)

as my/our proxy to vote, on my/our behalf at the Annual General Meeting of the Company to be held at 3.00 pm on 25 February 2010 at the offices of Matrix Group Limited, One Vine Street, London, W1J OAH and at any adjournment thereof.

Please indicate with an 'x' in the boxes below how you wish your vote to be cast. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Annual General Meeting (including any motion to amend any resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the resolutions set out in the notice convening the Annual General Meeting, which are proposed as ordinary resolutions, as follows:

	Resolution	For	Against	Vote withheld
ORDINARY BUSINESS				
Resolution 1	To receive and adopt the audited accounts and the reports of the directors and auditors thereon.			
Resolution 2	To approve the Directors' Remuneration Report.			
Resolution 3	To re-appoint PKF (UK) LLP as Auditors and authorise the Directors to determine their remuneration.			
Resolution 4	To re-elect Jocelin Harris as a Director of the Company.			
Resolution 5	To elect James Grossman as a Director of the Company.			

Signed Dated

NOTES AND INSTRUCTIONS

- 1 To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. A proxy need not be a member of the Company.
- 2 To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras (if calling from overseas please dial +44 208 639 3399)) to request additional copies of the proxy form.
- 3 Unless otherwise indicated the proxy will vote as he thinks fit or, at his discretion, abstain from voting.
- 4 The Form of Proxy below must arrive not later than 48 hours before the time set for the meeting at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU. You may also deliver by hand to The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
- 6 A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
- 7 Any power of attorney or other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with this proxy form.
- 8 The Form of Proxy is for use in respect of the shareholder account specified above only and should not be amended or submitted in respect of a different account.
- 9 The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution.
- 10 If you prefer, you may return the proxy form to the Registrar in an envelope addressed to FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.



First Fold

Third Fold (Tuck-in)

**Business Reply
Licence Number
RSBH-UXKS-LRBC**



**PXS
34 Beckenham Road
BECKENHAM
BR3 4TU**

Second Fold

First Fold

Corporate Information

Directors

Peter Dicks (Chairman)
Jocelin Harris
David Royds
James H Grossman (appointed 15 January 2009)

All of whom are non-executive and of:

One Vine Street
London W1J 0AH

Secretary & Administrator

Matrix-Securities Limited
One Vine Street
London W1J 0AH
www.matrixgroup.co.uk

Company Registration Number : 04266437

Investment Manager

Unicorn Asset Management Limited
First Floor Office
Preacher's Court
The Charterhouse
Charterhouse Square
London EC1M 6AU
www.unicornam.com

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Stockbroker

Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Custodian

The Bank of New York
One Canada Square
London
E14 5AL

Bankers

National Westminster Bank plc
City of London Office
PO Box 12264
1 Princes Street
London
EC2R 8PB

Registrar

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0GA

Solicitors

Martineau
No 1 Colmore Square
Birmingham
B4 6AA



Shareholder Notes



Mixed Sources

Product group from well-managed
forests and other controlled sources

Cert no. SA-COC-001811

www.fsc.org

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