Annual Report and Accounts

for the year ended 30 September 2010

UNICORN
AIM VCT PLC

Investment Objective

The Company's objective 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.

Contents

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 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 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 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. In order to maintain compliance with HMRC rules, however, 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 monthly 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 10% of the adjusted capital and reserves, should circumstances suggest that such action is in the interests of shareholders.

Key Data

As at 30 September 2010

Ordinary Shares (formerly Series 3 (S3) Shares until 9 March 2010)

	Net assets (£ million)	Net asset value per share (NAV) (p)	Cumulative dividends paid per share (p)	NAV total return to shareholders since launch per share (p)	Share price (p)
As at 30 September					
New Ordinary Shares					
2010[1]	62.3	104.2	–	104.2	85.5
Former Ordinary Shares (issued in 2001)					
2010[2]	–	63.3	45.5	108.8	–
2009	17.1	56.3	42.0	98.3	43.0
2008	19.2	61.8	39.0	100.8	51.5
Former Series 2 Shares (issued in 2004)					
2010[2]	–	80.7	21.3	102.0	–
2009	10.8	74.6	18.8	93.4	56.5
2008	11.1	75.3	16.8	92.1	66.5
Former Series 3 Shares (issued in 2007)					
2010[2]	–	104.2	1.0	105.2	–
2009	4.3	87.2	1.0	88.2	64.0
2008	3.8	77.6	–	77.6	65.0
Former VCT 2 Ordinary Shares (issued in 2005)[3]					
2010[2]	–	86.3	13.0	99.3	–
2009	17.6	81.1	7.0	88.1	56.5
2008	18.0	81.7	6.0	87.7	68.0
Former VCT 2 C Shares (issued in 2006)[3]					
2010[2]	–	75.6	2.5	78.1	–
2009	8.4	66.8	2.0	68.8	52.0
2008	8.5	67.6	2.0	69.6	77.0

[1] The 1p dividend paid to S3 shareholders has been excluded from the performance figures and no dividend has been paid to new Ordinary shareholders since the date of the merger.

[2] The data at 30 September 2010 shows the return on an initial subscription price of 100p at the date of inception of each Fund taken from the next table divided by £10,000.

[3] Based on the unaudited management accounts at the relevant date.

The tables below show the NAV total return at 30 September 2010 for a shareholder that invested £10,000 at £1 per share at the date of launch of a particular fundraising, before initial income tax relief:

Unicorn AIM VCT plc Funds

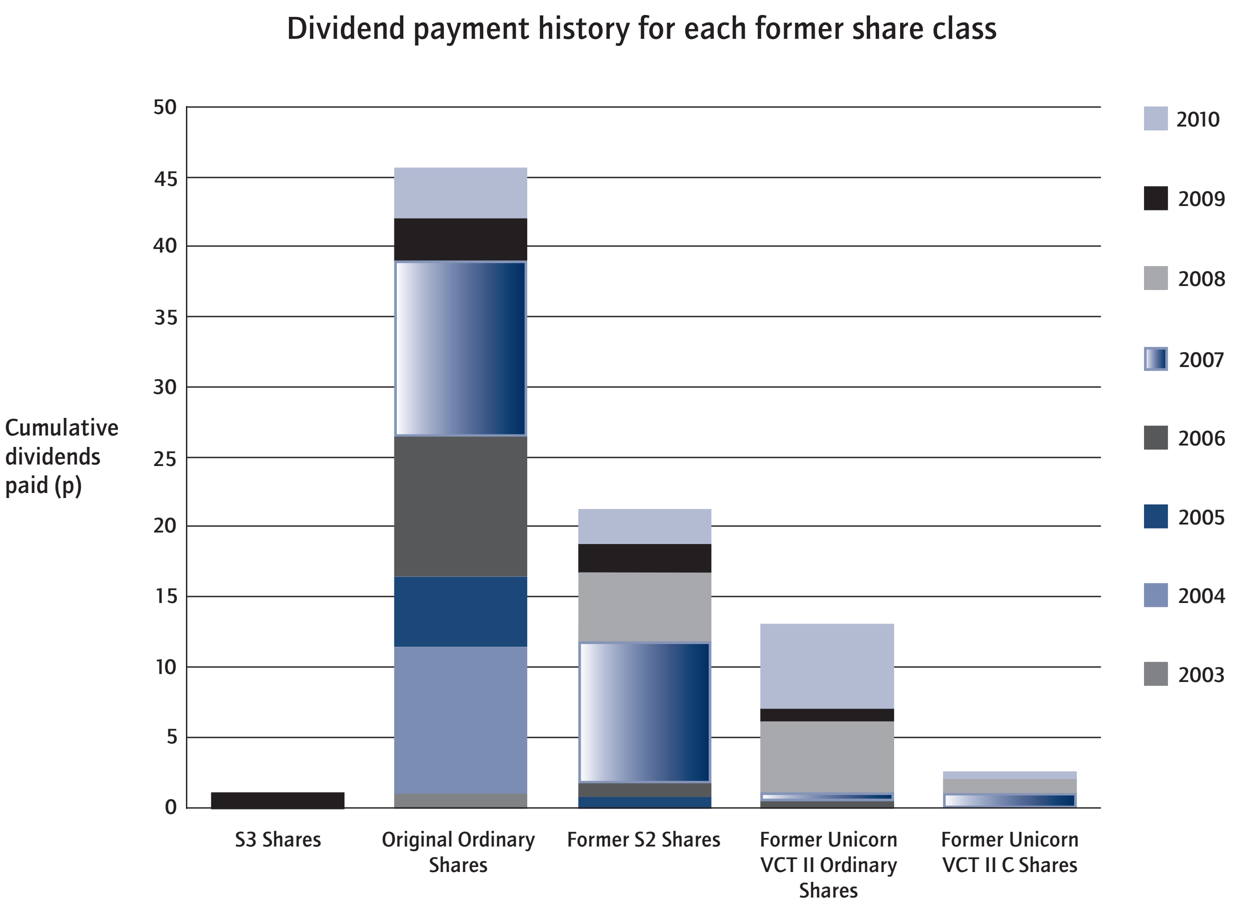
Fund	No. shares held post merger	NAV at 30 September 2010 (£)	Dividends paid since subscription (£)	NAV total return (£)
New Ordinary Shares (formerly S3 Shares raised in 2006/07)	10,000	10,415	100	10,515
Original Ordinary Shares (raised in 2001)	6,078	6,330	4,550	10,880
Original Ordinary Shares 2007/08 top-up (13,890 shares issued for £10,000 investment at 72p per share)	8,442	8,792	903	9,696
Series 2 Shares (raised in 2004)	7,750	8,072	2,125	10,197
Series 2 Shares 2007/08 top-up (10,870 shares issued for £10,000 investment at 92p per share)	8,424	8,774	489	9,263

Former Unicorn AIM VCT II plc Funds

Fund	No. shares held post merger	NAV at 30 September 2010 (£)	Dividends paid since subscription (£)	NAV total return (£)
Former Ordinary Shares (raised in 2005)	8,283	8,627	1,300	9,927
Former Ordinary Shares 2007/08 top-up (10,205 shares issued for £10,000 investment at 98p per share)	8,452	8,803	1,225	10,028
C Shares (raised in 2006)	7,267	7,569	245	7,814
C Shares 2007/08 top-up (11,235 shares issued for £10,000 investment at 89p per share)	8,165	8,504	169	8,673

Initial income tax relief of up to 20% was available for shareholders that invested in tax years 2001/2002 or 2003/2004, 40% for shareholders that invested in 2004/2005 and 2005/2006 and 30% for shareholders that invested in tax years since 2006/2007. Additional capital gains tax deferral relief was also available for shareholders that invested in 2001/2002 and 2003/2004.

Dividend history



Key Data

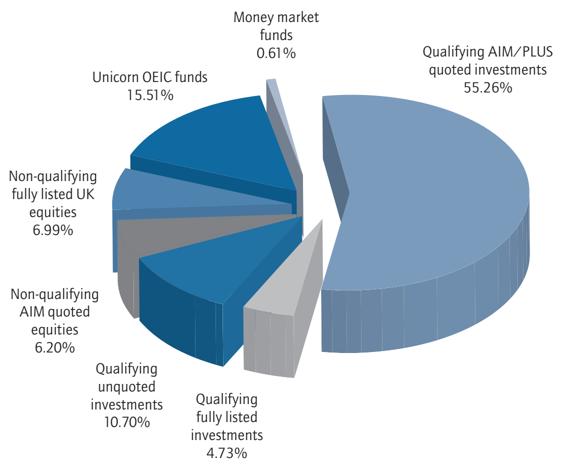
Dividends paid

	S3 Shares	Original Ordinary Shares	S2 Shares	Unicorn VCT II Ordinary Shares	Unicorn VCT II C Shares
Calendar year paid					
2003	N/A	1.00	N/A	N/A	N/A
2004	N/A	10.45	N/A	N/A	N/A
2005	N/A	5.00	0.75	N/A	N/A
2006	N/A	10.00	1.00	0.50	N/A
2007	N/A	12.55	10.00	0.50	1.00
2008	–	–	5.00	5.00	1.00
2009	1.00	3.00	2.00	1.00	–
2010	–	3.50	2.50	6.00	0.45
Totals paid to 30 September 2010	1.00	45.50	21.25	13.00	2.45

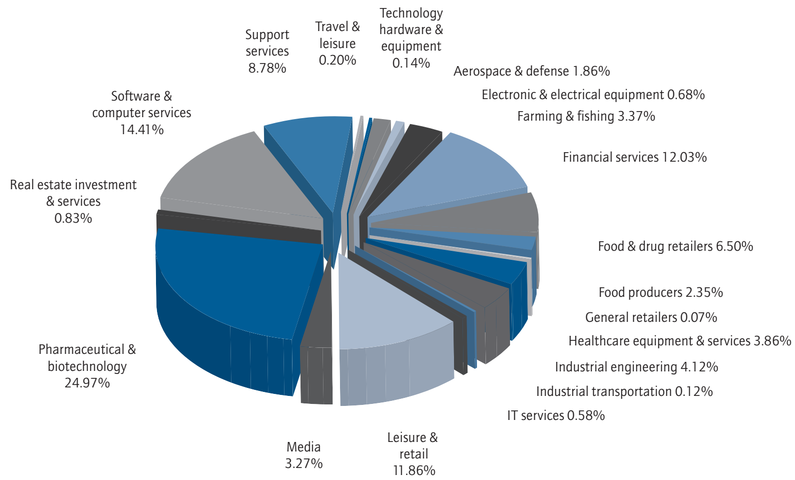
The Board is proposing a final dividend of 4 pence per share, to be paid on 14 January 2011 to shareholders on the register on 24 December 2010, subject to approval by shareholders at the forthcoming Annual General Meeting.

Portfolio breakdown

Allocation of investments by asset class as at 30 September 2010



Allocation of qualifying investments by market sector as at 30 September 2010



* Qualifying investments are based on year end market value, which total 70.7% above. The qualifying investment ratio quoted in the Chairman's Statement of 81.9% reflects the tax cost of investments as defined in tax legislation, which differs from the valuations and actual cost shown in the Investment Portfolio Summary.

Chairman's Statement

I am pleased to present the Annual Report of the Company for the year ended 30 September 2010.

The financial year under review has been one of considerable progress for your Company.

The most significant event during the year was the share consolidation and acquisition of the assets and liabilities of Unicorn AIM VCT II plc ("merger"), which was successfully completed in March 2010. In addition to generating material annual cost savings, the merger has resulted in a simplified shareholder structure with a single class of share and a significantly enlarged asset base. Total costs associated with the share consolidation and merger were £15,000 below those budgeted for in the merger prospectus, at £295,000 (after deducting the Investment Manager's £100,000 contribution). The Company met £140,000 of these costs, with the remainder being settled by Unicorn AIM VCT II plc. The cost savings achieved in the six months since merger have been marginally better than originally anticipated and amount to over £300,000 on an annualised basis. As a result, the total expense ratio for the year fell to 2.1% of total assets, a low figure by VCT standards.

Following the merger, the Board has pursued an active buy back policy. This policy provides a convenient method for shareholders to realise their investment whilst also acting as an effective discount control mechanism. At times during the twelve months prior to the merger, the discount between the share prices of the five different share classes and their respective net asset values fluctuated greatly, ranging between 21% and 49%. Since the merger a total of 1,577,778 shares have been repurchased at a cost of £1.2 million and the discount has fallen to 12.1% at the financial year end.

The revised arrangements entered into with the Manager, Unicorn Asset Management Limited, have provided stability and continuity of investment management. I am optimistic that the strong relative performance delivered across the two VCTs in the years prior to the merger can be maintained. Performance over the first six months since the merger has been very encouraging with net asset value increasing from 91.78 pence per share as at the merger date of 9 March 2010, to 104.15 pence per share as at 30 September 2010, an increase of 13.5%. Finally, the merger has resulted in the Company becoming the largest AIM-based VCT in the market, with audited net assets as at 30 September 2010 of £62.3m.

The year under review witnessed a broad based recovery in equity markets around the world with UK equity markets being no exception. The FTSE All-Share Index delivered a total return of 12.5% over the past twelve months, whilst the FTSE AIM All-Share Index fared even better, registering a total return of 22.3%. The improved performance of equity markets reflects both sustained improvement in corporate profitability and renewed investor confidence.

The recovery in corporate earnings has been driven by a period of restocking (following an extended period of destocking), cost efficiencies and a solid increase in demand for certain products and services. Those UK companies with meaningful overseas exposure have also enjoyed a competitive advantage resulting from the weakness of Sterling and have been able to access markets where economic growth has been more robust than in the UK.

There has been much commentary about the scale of the national debt and the urgent need for it to be reduced quickly and sharply. The new coalition government has acted swiftly and the recently announced cuts in government spending will slow the increase in national debt but at the same time may hinder economic growth. Consumer spending remains at subdued levels as the fear of increased unemployment combined with high levels of personal debt continues to depress spending habits.

While a setback in the domestic economic recovery could have negative implications for the UK stock market, the Company's investment portfolio is diversified across a range of sectors. The Company owns stakes in a number of smaller quoted companies which have emerged from recession stronger, leaner and more efficient. A number of these could be attractive acquisition candidates for larger companies.

The investment portfolios delivered a resilient performance over the past year. Given the consolidation of five different share classes across two different VCTs, it is not practical to make meaningful or accurate performance comparisons. However, as at 30 September 2009, the total net assets of the combined investment portfolios amounted to £58.2m and had risen to £62.3m at 30 September 2010, an increase of 7.0% overall. This figure has, of course, been reduced by amounts paid in respect of share buy-backs, dividends and merger costs across both VCTs which, in aggregate, totalled £4.5m.

At the year end, the Company held 81.9% of its total assets in VCT qualifying companies (based on tax cost as defined in tax legislation, which differs from the actual cost shown in the Investment Portfolio Summary). The Manager has maintained a selective approach to new VCT qualifying investments with only one new VCT qualifying company introduced to the portfolio during the year. In addition to this new investment, five follow-on investments were made in existing VCT qualifying companies.

In terms of disposals, M&A activity resulted in four qualifying companies being sold to trade buyers, whilst three holdings were sold outright through secondary market trades. Regrettably, two companies, Hexagon Human Capital and Relax Group, failed to survive the effects of the economic downturn and went into administration during the year. Since the financial year end, Shieldtech also announced that it had appointed administrators. These three investments have been written down to a carrying value of zero.

Since the financial year end there has been one material event which had a significant, positive impact on the net assets of the Company. Amber Taverns, an unquoted operator of a chain of

Chairman's Statement

public houses in the North-West of England was acquired by a private equity firm at a substantial premium to carrying value. The transaction completed in October 2010 and delivered an uplift to net asset value of just over 5 pence per share, and is reflected in these accounts, equivalent to a gain in the year of £3.3m. The total capital gain on disposal was £3.7m and the return on investment was equivalent to 2.7x book cost.

The non-qualifying portfolio developed considerably during the period with twenty-one new investments, three follow-on investments and a number of partial disposals made. To date, the new investments have performed well, generating aggregate realised and unrealised gains of 8.3%. The existing investments in the non-qualifying portfolio also produced solid returns over the past 12 months showing an average gain of 7.5%.

Over the twelve months to 30 September 2010 there was a net gain on investments of £8.2 million and the total gain on ordinary activities after taxation was £8.3 million, the equivalent of 16.77 pence per share. The profit on the revenue account was £98,000.

At the financial year end, the qualifying portfolio consisted of 61 holdings whilst the non-qualifying portfolio had grown to 29. A detailed report on the performance of both the qualifying and the non-qualifying portfolios is contained in the Investment Manager's Review on pages 7 –17.

Dividend payments totalling £2.8m were made during the course of the financial year ended 30 September 2010, to shareholders of the Company and to shareholders of Unicorn AIM VCT II plc. In aggregate, the payments made across both VCTs were equivalent to 3.3 pence per share (based on the sum total of shares in the five different share classes in issue at the dividend record date prior to the merger). Prior to the financial year end shareholders across the two VCTs had received in excess of £21m in tax free dividend distributions. In view of the strong performance of the portfolio since the merger and taking into account substantial realised capital gains together with improving revenue reserves, the Board is recommending a final dividend of 4 pence per share.

Finally, I am pleased to report that we will shortly be launching an offer for subscription for shares in the Company to raise up to £15m ("Offer"). The Offer is expected to be launched in December 2010 and will close on 30 June 2011 unless fully subscribed before then. The Offer will provide existing shareholders the opportunity to add to their current shareholding whilst also benefiting from the tax reliefs available on an issue of new VCT shares for either, or both of the tax years 2010/2011 and 2011/2012. New investors will also be able to participate in the Offer, thereby gaining immediate exposure to an established, mature and diversified portfolio of investee companies, whilst also benefiting from the same tax reliefs available and the potential for receiving regular tax-free dividend distributions. The authority of shareholders is required in order to issue new shares in relation to the Offer. Such authority will be sought at the Annual General Meeting of the Company to be held on 7 January 2011. Those shareholders and investors considering an investment should contact their Independent Financial Adviser or Stockbroker for advice.

An announcement regarding the proposed Offer has been made to the London Stock Exchange and full details of the proposals have been sent to shareholders together with the Report & Accounts.

Peter Dicks
Chairman
23 November 2010

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 audited net assets of the Company as at 30 September 2010 were £62.3m, equivalent to 104.15 pence per share. This compares with the combined unaudited net assets of Unicorn AIM VCT plc and Unicorn AIM VCT II plc of £58.2m as at 30 September 2009, and is equivalent to an increase during the financial year of 7.0%. After adding back dividends paid, share buybacks and the one-off costs associated with the share consolidation and merger, this figure rises to 15%.

Investment strategy

The policy of investing in companies which have a demonstrable record of profitability and positive cash generation remains unchanged. The VCT qualifying and the non-qualifying portfolios are now well diversified both by sector and by number of investments held. The Company remains 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.

Alternative Investment Market (AIM) review

The UK stock market experienced a broad based recovery in the period under review, as corporate profitability recovered and investor sentiment improved. The Alternative Investment Market produced the strongest returns with the FTSE AIM All-Share Index delivering a total return of 22.3%. Interestingly, the majority of this return was delivered in the three months to 30 September 2010 during which period the FTSE AIM All-Share Index recorded a capital gain 18.3%. As commented on in previous years, the returns generated by the Index are highly dependent on the performance of a small number of sectors. The Mining and Oil & Gas sectors remain the dominant components, accounting for 42.1% of the Index by value as at the period end. The increase in value of these two sectors alone accounted for over 58% of the value uplift generated across the entire Index over this three month period.

The portfolios contain minimal exposure to Mining & Resource companies since they rarely qualify for investment by Venture Capital Trusts under existing HMRC legislation. Investment in these sectors also carries a higher than average level of risk since AIM quoted mining and oil & gas businesses tend to be at the exploration stage and are therefore loss-making and cash consuming. For these reasons they also do not typically meet the Manager's investment criteria.

Despite the rally in indices generally, the volume of trades on AIM remained subdued. The average number of shares traded on a daily basis during 2010 is down by 35% when compared with the equivalent period in 2009 (source: LSE). In addition, activity levels in the primary market have yet to pick up meaningfully. So far in 2010, just £677m of new money has been raised for companies listing on AIM for the first time. This amount is 8.5% lower than the equivalent period in 2009, which in itself was a poor year for initial listings. The Company invested in only one of the 42 new listings that have taken place on AIM over the past twelve months.

Qualifying investments

It is pleasing to report that the majority of VCT qualifying companies held in the Company performed well in the year to 30 September 2010. Smaller quoted companies generally continue to recover both operationally and in valuation terms from the depths of recession reached towards the end of 2008. The evidence of this recovery can be found in revenue growth, in margin and profit improvement and in enhanced cashflows. In addition, there were a number of holdings which continued to prosper and develop despite the wider economic travails. However, as referred to in the Chairman's Statement there were two investee companies, ***Hexagon Human Capital,*** a specialist recruitment business, and ***Relax Group,*** a provider of debt management services, which unfortunately failed in the year and were placed into administration. Since the Company's financial year end, ***Shieldtech*** has also announced that it has appointed administrators. The carrying values of these investments have been written down to zero in the year end accounts.

A review of the other main contributors to performance in the VCT qualifying portfolio follows:-

Abcam is one of the world's leading manufacturers and distributors of therapeutic antibodies to the worldwide life science research market. The company continues to deliver consistent growth and recently reported results for its financial year to 30 June 2010. The results highlighted the operational gearing of the business with annual revenues growing by 25% to over £71m, whilst pre-tax profits increased by 58% to £25.8m. The company is inherently cash generative. Cash flow in the period remained strong with cash generated from operations

Investment Manager's Review

of almost £25m, whilst the net cash position increased to £40m. Abcam shares rose by 98% in the period under review following a gain of 85% recorded in the previous year. Following this extremely strong share price performance, partial disposals of Abcam have again been made in order to maintain the holding at an appropriate weighting within the portfolio. The net amount of these realisations was £1.9m and the realised capital gain was £1.6m. As at 30 September 2010 the company had a market capitalisation of £620m. Since the financial year end, Abcam has effected a five-for-one subdivision of its shares.

Access Intelligence comprises a group of Software as a Service (SaaS) businesses that deliver compliance solutions to the public and private sectors. The company's strategy is to buy growth businesses in target industries and to build value through organic growth and acquisitions. In March 2010, Access Intelligence successfully placed new shares with institutions to fund the acquisition of Cobent, a provider of compliance training software. Your Manager participated in this latest fund-raising and has now supported the development of the business on three separate occasions. In July, Access Intelligence released interim results for the six month period to 31 May 2010 showing that turnover had increased by 63% to £4.1m compared to the same period twelve months earlier, whilst basic earnings per share were up 83%. The company had a cash balance of £2.4m and net assets of almost £10m at the balance sheet date. Importantly, Access Intelligence has also established a sizeable customer base from which it derives recurring revenues currently representing 57% of total revenues.

Amber Taverns is an operator of freehold pubs in the North West of England. The business has successfully defied increasing pressures on consumer spending by continuing to develop and grow. As at 30 September 2010 the Amber Taverns estate consisted of 56 pubs, annualised revenues were forecast to reach £20.1m and the business was expected to generate EBITDA of £3.8m in its financial year to 31 January 2011. Amber Taverns is an unquoted business whose growth plans have been financially supported by the Manager on three occasions over the past five years. The total book cost of these investments amounts to £2m. In August 2010, Amber Taverns received a bid approach from a private equity buyer valuing the business at an enterprise value of £32m. The deal completed shortly after the Company's financial year end and I am pleased to report that cash proceeds of £5.3m have now been received. This equates to a realised capital gain of £3.3m and a return in excess of 2.7x book cost.

Animalcare has restructured recently and is now a pure-play, speciality veterinary products company. The sale of Animalcare's agricultural businesses for £3.25m in cash was announced in September 2010 and leaves the company essentially debt free and able to focus exclusively on its rapidly growing 'companion animal' division. The shares performed particularly well following the disposal announcement and our investment in the company registered a capital gain of 13% in the year to 30 September 2010.

Augean is one of the UK's leading hazardous waste disposal and treatment businesses. The recession has had a considerable impact on the company with volumes of hazardous waste handled declining sharply in line with the fall in economic activity. Augean's half year results to the end of June 2010 were released at the end of September and illustrate the disproportionate effect of a decline in revenue on levels of profitability in an operationally geared business. Like for like turnover was down marginally in the six months to 30 June 2010, whilst the company recorded a loss before tax of £0.3m. In response to falling landfill volumes and pricing pressures, Augean's management team has focused on cost cutting and has significantly reduced capital expenditure in an attempt to drive value from the company's existing, unique and well invested asset base. Importantly, twelve months ago, the Company successfully completed a placing to raise £12m. The proceeds of this fundraising were primarily used to reduce bank debt and thus strengthen the balance sheet. As at 30 June 2010, net debt had fallen to £4.9m from £18m twelve months earlier. In the twelve month period to 30 September 2010, the total value of our investment in Augean fell by 33%. On a positive note, it is encouraging that management are now reporting signs of a sustained recovery in Augean's markets.

Cohort, an independent technology group focused on the defence and security sectors, endured a difficult twelve months. In December 2009, the company issued a surprise profit warning related to an overstatement of income from certain contracts at one of its subsidiary companies. The impact of the overstatement resulted in a restatement of financial results for the year ended 30 April 2009, reducing group profitability substantially. Group profitability for the financial year ended 30 April 2010 was also significantly lower than originally anticipated, partly reflecting the considerable exceptional costs related to necessary restructuring as well as deteriorating trading conditions. Encouragingly, the company began its current financial year with a record order book of more than £112m which provides a basis for a recovery in profitability. However, considerable uncertainty remains as to how damaging the spending cuts, recently announced as part of the Government's Strategic Defence Review, will be in the short term. The shares fell by 61% during the year under review.

Driver Group, which provides a broad range of consultancy services to the construction and engineering sectors, also suffered over the past twelve months as the full effects of the economic downturn became apparent. Driver Group's UK business was particularly hard hit since its dispute resolution services are highly dependent on healthy levels of construction activity. The group swung to a loss before tax of £330,000 in the half year to 31 March 2010. In response, the Board of Driver Group has implemented significant operational restructuring and is re-positioning the Group in order to drive international growth. The executive management team expects trading conditions to remain challenging especially in the UK construction market. However, the company has a reasonably strong balance sheet and the longer term strategic plan is to expand internationally. The current financial year is therefore anticipated to remain loss-making as investment is directed at exploiting overseas opportunities.

EG Solutions is a small IT business which specialises in developing software designed to optimise back office workflow. The company recently released its half year results for the six months ended 31 July 2010, which demonstrate evidence of sustained stabilisation in its core markets together with the considerable growth potential offered through international expansion opportunities. At the low point in January 2009, shares in EG Solutions touched 8 pence per share, valuing the entire business at just over £1m. As it became apparent that the company was successfully renewing contracts and winning new business, so the share price began to recover. At the start of October 2009, EG Solutions' share price stood at 25 pence per share and by the end of the financial year under review the share price had risen to 90 pence per share, a gain of 260% in twelve months. The share price is now above the level at which the company was first listed in 2005 and the prospects for continued growth are reported to be brighter than they have been at any point over the past five years.

Hasgrove, a pan European marketing and communications services group, recently announced half yearly results for the six months to 30 June 2010. Having survived the worst of the economic downturn between the end of 2008 and the middle of 2009, the business has been enjoying steadily improving momentum. Traditionally, Hasgrove has had a reliance on work related to public sector clients but this is now changing and the business is seeing increased private sector demand across all areas. Following a difficult period of consolidation, the group now has relatively little exposure to public service revenue. Although underlying trading has now clearly improved, this has not yet been reflected in Hasgrove's share price, which fell by 41% in the twelve months to 30 September 2010.

Maxima Holdings is an IT business systems and managed services company, which grew rapidly through acquisition after floating on AIM in November 2004. After a very successful initial period as a listed company, Maxima began to struggle in the second half of 2007. The number of acquisitions resulting in steadily rising net debt meant that the business was ill-equipped when the economic downturn took hold in 2008. Investor confidence steadily eroded after the company delivered a sequence of disappointing financial results and the market value of the business fell from £75m in August 2007 to just over £10m at its nadir in early 2009. A new executive management team with a track record of successful company turnarounds was brought into Maxima in April 2009. There are encouraging signs of recovery as management increasingly focus on the controlled management and migration of customers to new more focused services and solutions. The number of enquiries, order pipeline and order intake are all reported to have improved in Maxima's core areas. The share price has yet to reflect this progress, however, and the shares fell by 39% in the twelve months to 30 September 2010 to 65p.

Mount Engineering is a holding company for three specialist engineering business, which manufactures and distributes safety critical valves, thread convertors and actuators for use in capital plants around the globe. Despite challenging trading conditions, the group has been profitable and cash generative throughout the downturn. The balance sheet has also remained strong with net cash of £2.4m as at 30 June 2010. In September 2010, Mount Engineering announced that it had received a takeover approach. This offer was swiftly followed by another, higher, all cash offer from Cooper Industries valuing Mount Engineering at an enterprise value of approximately £17m. At the time of writing, it appears that this second offer will be successful, which would yield a gain on book cost for the Company of 17%.

Pressure Technologies is the holding company for Chesterfield Special Cylinders Ltd whose principal activities are the design, manufacture and reconditioning of seamless steel, high pressure gas cylinders. The core activity of the company is the supply of air pressure vessel assemblies for motion compensation systems on semi-submersible rigs and drill ships in deep-sea oil and gas markets. The company currently remains dependent on a small number of customers in this market and anticipated orders for deep water projects are still pending. As a result of this uncertainty, the company's share price has been weak, falling by 20% in the period under review. The management team has, however, put in place a diversification strategy and is actively exploring ways of applying the company's specialist skills to new markets. Chesterfield BioGas has been established as an operating subsidiary and significant resource has been directed at developing an engineering solution to process and condition biomethane for vehicle fuel use and for injection into the National Gas Grid. The company recently announced that Chesterfield BioGas had successfully completed its first biogas upgrading project whereby injection of organically produced gas was made directly into the National Gas Grid at Thames Water's site in Didcot, Oxfordshire. This achievement is a first for the UK energy industry and the success of the Didcot site will be monitored closely.

Investment Manager's Review

Shieldtech was listed on 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, was unable to secure a number of significant expected orders. As a result of these order delays and because the Group had built a central overhead designed to accommodate a much larger entity, the Company continued to absorb cash and suffer significant losses. Despite a successful fundraising in May 2009, the company remained under-capitalised. In addition, the hoped for orders failed to materialise and in October 2010, the Board of Shieldtech announced that it had appointed administrators to the Company. The remaining value of this investment has therefore been written down to zero.

Surgical Innovations designs, develops and manufactures devices for use in minimally invasive surgery and industrial markets. In April 2008, the company consolidated all its operations into a single, new site. The move to this state of the art facility has greatly improved in-house manufacturing capabilities and benefits are beginning to show in the form of improved margins and profitability. The company recently released interim results for the six months to 30 June 2010, demonstrating strong growth. Revenues grew by 79% when compared with the same period in the previous financial year, whilst pre-tax profits increased by 256% to £766,000. The company is also highly cash generative and has a strong balance sheet with net cash of £888,000 as at 30 June 2010. Surgical Innovations' shares increased in value by 196% in the twelve months to 30 September 2010.

Tangent Communications provides customised marketing services for clients through various delivery channels including direct mail, web, email, mobile and print. The company employs 175 people across locations in London, Newcastle, Cheltenham and Melbourne, Australia. With a strong focus on innovation, Tangent stands to benefit from a continued industry shift towards targeted, personalised marketing campaigns. As at 28 February 2010 the company had net cash of £1.1m with trading in the first five months of its current financial year in line with expectations and ahead of the previous period. Significant exposure to the property sector through the Ravensworth subsidiary has had a negative impact on operating margins and disappointingly the share price fell by 54% during the year to 30 September 2010.

Universe Group provides managed services, payment and loyalty systems to the Petrol Forecourt and Retail sector. In July 2010 the company streamlined its operations with the sale of its loss making Jet Wash division for an initial cash payment of £300,000. Net debt as at 30 June 2010 stood at £2.9m. The Group was the subject of a bid approach from Brulines during the year but failure to agree terms saw the offer period lapse in May 2010. Universe Group's share price fell by 33% during the course of the year.

Vindon Healthcare manufactures and sells specialist storage solutions to clients in the pharmaceutical, life sciences, food and heritage sectors in the UK, Ireland, Europe and North America. In early 2010, the company acquired Westech Instruments Inc, its sole US distributor. This acquisition should help Vindon to improve penetration in the key US pharmaceutical market. The company continues to enjoy strong recurring revenues from long term storage contracts, however, despite this underlying stability, the company has struggled to achieve growth. The manufacturing side of the business has particularly suffered since potential customers continue to defer expenditure on capital projects. The share price fell by 39% during the period.

New qualifying investments

At the financial year end, the Company had approximately 82% of its total assets invested in VCT qualifying businesses as calculated in accordance with HMRC tax valuation rules. New VCT qualifying investments will only be made where they meet the Manager's clearly defined investment criteria.

Green Compliance, a rapidly growing provider of compliance solutions in the areas of pest control and prevention, water treatment, water hygiene, fire protection and energy services, was the only new VCT qualifying investment made during the period under review. The underlying business has performed well since initial investment and the share price performance has exceeded expectation in the short term. The shares have appreciated by 60% since first investment, generating an unrealised capital gain of over £1m.

Follow-on investments were made during the year in ***Access Intelligence, Keycom, Kiotech, Snacktime*** and ***Tristel.*** All five of these businesses are progressing in line with expectations.

In total, £3.4m of new capital was invested in VCT qualifying situations in the period under review. With the exception of Green Compliance, all were in the form of secondary investments in companies already held.

Following the financial year end, £985,000 of capital was committed to ***Instem Life Science Systems*** at its initial public offer and AIM listing. Instem, a VCT qualifying software company, is focused on the life sciences and biotechnology markets. It has developed world leading software to enable pharmaceutical companies to collect, analyse and report large volumes of complex scientific data in an accurate and efficient manner. The business has been consistently profitable and cash generative over recent years and is now well placed to enjoy further success through both organic and acquisitive growth. The shares were admitted to AIM on 8 October 2010 and at the time of writing this review were trading at a 17% premium to float price.

Realisations

There were a number of realisations made in the year to 30 September 2010.

As reported earlier, the sale of ***Amber Taverns,*** which completed in October 2010, represented the highlight of a busier than usual year for realisations. A realised capital gain of over £3m on this single investment adds tangible value to the net assets of the Company and releases significant cash for future dividend distributions and for new investment opportunities.

Claimar Care, a provider of domiciliary care services was acquired for cash by Housing 21, a charitable group specialising in retirement services. Although the transaction resulted in a capital loss on initial investment of £532,000 the outcome was welcome since doubts were growing as to whether Claimar Care was capable of remaining viable as an independent entity. The investment in Claimar Care was held in Unicorn AIM VCT II plc and was realised prior to the merger of the two VCTs.

Clerkenwell Ventures, a cash shell, returned the remainder of its cash to investors during the year having failed to identify any suitable acquisitions.

Connaught shares were disposed of in their entirety. Connaught became part of the portfolio as a consequence of its all share acquisition of Fountains plc which was an existing holding in the Company. Following a detailed, internal review of Connaught's business and prospects, the decision was taken to exit the position. Our holding in Connaught was sold in the secondary market at £3.58 per share in early January 2010 realising proceeds of £340,000 and a capital loss of £6,500. Subsequent events have confirmed that the decision to exit this investment was well founded as Connaught entered administration in September 2010.

Essentially Group, a sports marketing business, was acquired by ***Chime Communications*** during the year. Chime is a leading marketing services group with a market capitalisation of approximately £150m. The transaction was settled in the form of equity in Chime Communications. The shares in Chime have been retained since they continue to qualify as a VCT qualifying investment for a period of 2 years following completion of the acquisition of Essentially.

Glisten is a snack and confectionery group. Having suffered during the economic downturn, the business was enjoying strong operational and financial recovery, when it received a takeover approach from a trade buyer. Although your Manager rejected the initial offer received as being too low, negotiations continued and a substantially increased offer valuing Glisten at an enterprise value of £47.8m was eventually accepted. The share price gain in the year to 30 September 2010 was in excess of 65% and the total realised capital gain amounted to £462,000.

Invocas, a debt management business, continued to struggle and the shares were sold in the secondary market in June 2010 realising a capital loss of £316,000.

Melorio, the provider of vocational training courses, was sold in the secondary market on concerns that cuts in public sector spending would eventually impact the group. The sale of Melorio generated a realised capital gain of £170,000.

Supporta, the provider of domiciliary care services, was acquired by ***Mears Group*** in an all-share transaction. On the date that the transaction completed, the value of Mears shares received was £1.9m, which was equivalent to the total book costs of investments made in Supporta. The share price of Mears has risen by 17% between transaction completion and 30 September 2010. The Company, which already owned an equity stake in Mears Group, has made a series of partial disposals in the shares in order to maintain the holding at prudent levels.

Non-qualifying portfolios

Following the merger with Unicorn AIM VCT II plc in March 2010, the combined assets of the Company are well diversified and the Company remains comfortably above the threshold required by HMRC to retain VCT qualifying status. As a consequence, your Manager has taken the opportunity to develop the non-qualifying portfolio significantly. During the period, twenty-one new non-qualifying companies were added to the portfolio. The total cost of these investments amounted to £5.3m and it is pleasing to report that most have contributed positively to performance since being introduced. A brief description of the new holdings follows below:-

Investment Manager's Review

Advanced Medical Solutions

Investment Date	September 2010	Results for the year ended 31 December 2009	
Book Cost	£32k	Turnover	£24.1m
Valuation	£33k	Profit Before Tax	£4.1m
Market Cap	£100m	Net Assets	£22.9m
Share price as at 30 September 2010	65p	Dividend Yield	–

Advanced Medical Solutions (AMS) is a global medical device company focused on the woundcare and wound closure & sealant markets. Founded in 1991 and quoted on AIM, AMS provides a full range of advanced woundcare products which are supplied globally through major partners, private label distributors and, in the UK, direct to the NHS under the ActivHeal® brand. Through its wound closure and sealants division, under the LiquiBand® brand, AMS is also a leader in the use of tissue adhesives for closing wounds in the A&E and Operating Room areas.

Air Partner

Investment Date	August 2010	Results for the year ended 31 July 2010	
Book Cost	£160k	Turnover	£230.0m
Valuation	£195k	Profit Before Tax	£2.8m
Market Cap	£40m	Net Assets	£11.6m
Share price as at 30 September 2010	390p	Dividend Yield	3.75%

Air Partner is the world's largest air charter broker. It organises whole aircraft charters of airliners, private jets and dedicated freighters for corporate customers, governments and high net worth individuals using a supplier base consisting of aircraft operators worldwide. Air Partner is a world leader in its field, highly cash generative and its core business has been consistently profitable despite recurring industry volatility.

Brady

Investment Date	August 2010	Results for the year ended 31 December 2009	
Book Cost	£133k	Turnover	£8.2m
Valuation	£116k	Profit Before Tax	£1.0m
Market Cap	£17m	Net Assets	£8.4m
Share price as at 30 September 2010	58p	Dividend Yield	2.2%

Brady provides a range of transaction and risk management software applications, which help producers, consumers, financial institutions and trading companies manage their commodity transactions in a single integrated solution.

The Capital Pub Company

Investment Date	July 2010	Results for the year ended 28 March 2010	
Book Cost	£206k	Turnover	£22.0m
Valuation	£216k	Loss Before Tax	(£1.5m)
Market Cap	£28m	Net Assets	£31.1m
Share price as at 30 September 2010	108p	Dividend Yield	–

The Capital Pub Company operates 30 high quality, predominantly freehold pubs in and around the London area. The pubs are not themed and are mainly located in areas which serve local communities. Individual pub managers are highly incentivised and the company is now London's largest independent free-house operator.

CareTech

Investment Date	March 2010	Results for the year ended 30 September 2009	
Book Cost	£400k	Turnover	£83.4m
Valuation	£332k	Profit Before Tax	£6.8m
Market Cap	£167m	Net Assets	£47.4m
Share price as at 30 September 2010	332p	Dividend Yield	1.4%

CareTech provides quality housing and support services to adults with a range of learning and physical disabilities. Founded in 1993, the company offers specialist services and support for people with severe physical disability, challenging behaviours, mental health problems and autistic disorders.

Elementis

Investment Date	July 2010	Results for the year ended 31 December 2009	
Book Cost	£224k	Turnover	£363.7m
Valuation	£300k	Loss Before Tax	(£31.2m)
Market Cap	£458m	Net Assets	£178.8m
Share price as at 30 September 2010	100p	Dividend Yield	2.8%

Elementis manufactures and sells specialty chemicals which are used in a diverse range of products and processes. The business is split into three divisions; Specialty Products is a leading producer of organoclays and other rheological additives and also manufactures colourants, specialty additives and polymers; Elementis Surfactants is a producer of surface active ingredients that are used in a broad range of applications; Elementis Chromium is the world's largest producer of chromium chemicals. Elementis has manufacturing facilities in China, the Netherlands, the UK and the US.

Hargreaves Services

Investment Date	June 2010	Results for the year ended 31 May 2010	
Book Cost	£347k	Turnover	£459.8m
Valuation	£374k	Profit Before Tax	£30.7m
Market Cap	£182m	Net Assets	£89.8m
Share price as at 30 September 2010	680p	Dividend Yield	2.0%

Established in 1994 as a specialist bulk haulier, the Hargreaves Group has grown, both organically and via acquisition, into a major force in the supply, movement and management of mineral resources and the provision of support services to the energy and waste industries. Group activities are managed through four divisions: Production, Energy & Commodities, Transport and Industrial Services.

Huntsworth

Investment Date	May 2010	Results for the year ended 31 December 2009	
Book Cost	£218k	Turnover	£156.3m
Valuation	£243k	Loss Before Tax	(£9.8m)
Market Cap	£185m	Net Assets	£194.1m
Share price as at 30 September 2010	81p	Dividend Yield	3.6%

Huntsworth plc is a global public relations and integrated healthcare communications group operating from 74 principal offices in 31 countries. The company operates under four principal consultancy brands; Citigate, a leading financial brand; Grayling, a global independent public relations consultancy; Huntsworth Health, integrated healthcare communications specialists and Red, one of the leading multi-specialist public relations consultancies.

Investment Manager's Review

London Capital Group

Investment Date	May 2010	Results for the year ended 31 December 2009	
Book Cost	£198k	Turnover	£27.6m
Valuation	£194k	Profit Before Tax	£5.9m
Market Cap	£50m	Net Assets	£24.4m
Share price as at 30 September 2010	120p	Dividend Yield	2.1%

London Capital Group is a financial services company specialising in online trading services for private, professional and institutional customers. The company provides spread betting products on financial markets to retail customers through Capital Spreads and to professional traders through ProSpreads.com, as well as offering market-leading forex trading and derivatives broking services.

Macfarlane Group

Investment Date	September 2010	Results for the year ended 31 December 2009	
Book Cost	£434k	Turnover	£123.6m
Valuation	£410k	Profit Before Tax	£2.5m
Market Cap	£24.7m	Net Assets	£25.0m
Share price as at 30 September 2010	20p	Dividend Yield	7.5%

Macfarlane Group PLC is a UK-based group of companies focused on packaging-related activities. The packaging distribution business is the leading UK distributor of a comprehensive range of packaging consumable products. The manufacturing operations comprise two businesses, the manufacture of transit packaging and the manufacture of self-adhesive and re-sealable labels. Headquartered in Glasgow, Macfarlane Group employs 700 people at 22 sites.

Morson Group

Investment Date	February 2010	Results for the year ended 31 December 2009	
Book Cost	£161k	Turnover	£436.6m
Valuation	£220k	Profit Before Tax	£9.7m
Market Cap	£45m	Net Assets	£57.4m
Share price as at 30 September 2010	96p	Dividend Yield	6.25%

Morson is the UK's leading provider of technical contract staffing, supplying highly skilled white collar personnel to the aerospace & defence, nuclear & power, rail, oil & gas, construction and telecommunications industries. The Group currently provides personnel on long term assignments for major infrastructure/defence projects, rail maintenance and upgrades and nuclear design, decommissioning and asset improvement as well as the provision of safety critical personnel.

Murgitroyd & Company

Investment Date	September 2010	Results for the year ended 31 May 2010	
Book Cost	£194k	Turnover	£29.4m
Valuation	£184k	Profit Before Tax	£3.8m
Market Cap	£24m	Net Assets	£16.5m
Share price as at 30 September 2010	270p	Dividend Yield	3.7%

Murgitroyd & Company is one of Europe's largest firms of European Patent and Trade Mark Attorneys, providing services to international organisations from a range of sectors. The Group has around 210 employees of which around 65 are professionally qualified fee earners and operates from fifteen European offices, a US Development and Client Management office in Raleigh, North Carolina and a recently established office in Tokyo (Japan). The Group's focus on Intellectual Property covers a range of areas, including Patents, Trade Marks, registered and unregistered Design rights, Copyright and Confidential Information.

Office2Office

Investment Date	April 2010	Results for the year ended 31 December 2009	
Book Cost	£266k	Turnover	£187.5m
Valuation	£183k	Profit Before Tax	£8.1m
Market Cap	£43m	Net Assets	£22.8m
Share price as at 30 September 2010	118p	Dividend Yield	9.4%

The group is split into two divisions; Managed Procurement and Business Critical Services. Managed Procurement helps customers reduce expenditure on office and business products, ethically and sustainably. Business Critical Services provides communication services through creative design, print management, fulfilment and response handling services; enabling customers to outsource these requirements to a single supplier and thereby reduce costs.

Optos

Investment Date	April 2010	Results for the year ended 30 September 2009	
Book Cost	£248k	Turnover	\$97.2m
Valuation	£206k	Loss Before Tax	(\$3.82m)
Market Cap	£74m	Net Assets	\$58.7m
Share price as at 30 September 2010	103p	Dividend Yield	–

Optos is a medical devices business supplying machines that capture digital images of the retina in just a quarter of a second. Retinal examinations are a routine part of eye exams and an important tool in screening and verifying the health of the eye. There is a growing recognition that monitoring the health of the eye can also provide evidence of non-eye diseases. Over 80% of the current instrument base has been installed in the key US market.

Portmeirion

Investment Date	September 2010	Results for the year ended 31 December 2009	
Book Cost	£151k	Turnover	£43.2m
Valuation	£154k	Profit Before Tax	£3.7m
Market Cap	£40m	Net Assets	£20.5m
Share price as at 30 September 2010	385p	Dividend Yield	4.1%

The Portmeirion Group markets ceramic tableware, cookware and giftware, glassware, candles, placemats, coasters and other associated products, and manufactures ceramics. It has four brands; Portmeirion, Spode, Royal Worcester and Pimpernel. The Group employs around 500 staff and has a wholly owned subsidiary in North America, Portmeirion USA, from which it distributes products throughout North America.

Renew Holdings

Investment Date	December 2009	Results for the year ended 30 September 2009	
Book Cost	£153k	Turnover	£316.7m
Valuation	£134k	Profit Before Tax	£1.2m
Market Cap	£20m	Net Assets	£11.3m
Share price as at 30 September 2010	31p	Dividend Yield	10.3%

Renew Holdings operates in niche sectors of the UK construction industry and is split into two divisions. Specialist Engineering includes land remediation and services to regulated industries (nuclear, water, rail). Specialist Building includes social housing, new build, high quality building restoration/refurbishment and science & education building projects.

Investment Manager's Review

Renold

Investment Date	April 2010	Results for the year ended 31 March 2010	
Book Cost	£564k	Turnover	£156.1m
Valuation	£490k	Loss Before Tax	(£13.6m)
Market Cap	£54m	Net Assets	£44.8m
Share price as at 30 September 2010	24.5p	Dividend Yield	–

The principal activity of the company is the manufacture and sale of industrial chains and related power transmission products. The company has three main product groups: chains, gears and couplings. The company supplies goods worldwide, with revenue split between US (31%), Europe ex-UK (28%), UK (9%) and Rest of World (32%).

Sagentia

Investment Date	May 2010	Results for the year ended 31 December 2009	
Book Cost	£250k	Turnover	£23.8m
Valuation	£375k	Loss Before Tax	(£3.5m)
Market Cap	£26m	Net Assets	£12.7m
Share price as at 30 September 2010	60p	Dividend Yield	–

Sagentia is an international technology consulting group with a reputation for successfully commercialising emerging science and technology. The company creates, develops and delivers business opportunities, products and services for its clients with particular development strength in medical, industrial and consumer sectors. Key areas of expertise include engineering, electronics, life sciences, business innovation and materials.

Scapa Group

Investment Date	September 2010	Results for the year ended 31 March 2010	
Book Cost	£358k	Turnover	£176.7m
Valuation	£500k	Loss Before Tax	(£5.2m)
Market Cap	£37m	Net Assets	£65.3m
Share price as at 30 September 2010	25p	Dividend Yield	–

Scapa Group is a leading manufacturer of technical tapes. Its main end markets are: Industrial, serving various markets including industrial assembly and printing/graphics; Transport, supplying specialist tapes and films used in auto production and aerospace; Electronics, including tapes for mobile phone, LED TVs and other devices; Medical, supplying films, tapes and foams for wound care dressings and Consumer, through branded tapes such as Renfrew and Barnier. Scapa operates globally with manufacturing plants in a variety of countries. Current estimates indicate that Scapa has approximately 3% of the global market for technical tapes.

Xaar

Investment Date	July 2010	Results for the year ended 31 December 2009	
Book Cost	£25k	Turnover	£42.1m
Valuation	£36k	Loss Before Tax	(£0.2m)
Market Cap	£115m	Net Assets	£37.2m
Share price as at 30 September 2010	179p	Dividend Yield	1.4%

Xaar is a world-leading independent supplier of industrial inkjet print heads. The company offers a wide range of industrial strength inkjet solutions which can be used in a wide variety of applications. Xaar generates a large percentage of its earnings outside the UK and demand for the latest Platform 3 products is growing rapidly and significantly exceeding manufacturing capacity.

Scott Wilson

During the year a non-qualifying investment was also made in Scott Wilson, the design and engineering consultancy group. The company was subsequently subject to two bid approaches and the entire holding was sold in the secondary market, generating a return of 136% on initial investment. Cash proceeds amounted to £477k and the realised capital profit was £275k.

The total value of the new non-qualifying investments had, in aggregate, increased by £498,000 during the period under review, generating aggregate realised and unrealised gains of 8.3%. In addition, the majority of these companies offer attractive dividend yields and are committed to a progressive dividend policy.

Amongst existing investments within the non-qualifying portfolio, the contribution to performance from the investment in sub-funds of the Unicorn Investment Funds OEIC has been strong.

Four out of the five sub-funds of the Unicorn Investment Funds OEIC performed particularly well, each ending the year in the top decile of their respective asset classes over twelve months. Across the five sub-funds positive returns ranged between 9% in the Unicorn Free Spirit Fund and 37% in the Unicorn UK Smaller Companies Fund. It is important to note that the Investment Manager's fees are based on the net asset value of the Company after deducting the value of the investments in these OEIC Funds.

The existing non-qualifying holdings in ***Microgen*** and ***Robert Walters*** also performed well during the year, registering share price gains of 50% and 13% respectively.

Given recent additions to the non-qualifying portfolio, the Manager believes that the Fund is developing characteristics more akin to a traditional Investment Trust. The focus will remain on identifying established, profitable, cash generative businesses run by high quality management teams but it is to be anticipated that the average market value of these businesses, at the point of initial investment, may be considerably higher than in the past.

Prospects

The recovery in stock markets over the past twelve months has been welcome. Many of the companies quoted on UK exchanges now operate in a truly global economy and have benefitted from sustained economic growth from emerging markets such as Brazil, China and India. For those UK companies which have significant exposure to overseas earnings, the benefits of this global economic growth have become obvious. Companies which have been able to sell world leading products and services into secular growth markets at competitive prices due to the relative weakness of Sterling have prospered. The management teams of prudently run businesses did not allow balance sheets to become over-leveraged in the boom years leading up to the financial crisis. As a result, the benefits of recovery have flowed through to equity investors in the form of higher share prices and improved dividend payouts rather than being swallowed up in excessive debt servicing costs levied by the banks.

Your Investment Manager continues to believe that a policy of investing in conservatively managed, sustainably profitable businesses with strong balance sheets and healthy cashflows provides the best method of delivering superior returns over the longer term. On relative valuation grounds, quoted companies of this type remain attractive despite receiving a general re-rating over the past year. In addition, with Sterling remaining relatively weak it is likely that levels of corporate activity will continue to increase as cash-rich foreign buyers examine opportunities to acquire well-run, UK based businesses.

The remit and purpose of the Company remains unchanged. However, in future years the returns generated are likely to be split more evenly between the VCT qualifying portfolio and the non-qualifying portfolio. Your Manager will continue to invest capital selectively in companies that are at a relatively early stage in their development. However, the percentage of total assets invested in VCT qualifying holdings is now well above the 70% minimum threshold required by HMRC, (based on tax cost as defined in tax legislation, which differs from actual cost as shown in the Investment Portfolio Summary) which in turn allows greater scope to continue developing the quality of the non-qualifying portfolio. The aim remains to invest in high quality companies run by experienced management, addressing growing markets, with sound financial and operational controls and which are capable of generating sustainable and growing levels of cash. In the non-qualifying portfolio the average market capitalisation of new investee companies is likely to be significantly greater. Over the longer term, we believe this strategy should deliver attractive returns for Shareholders whilst simultaneously offering a reduced risk profile especially when compared with new and less mature AIM based VCTs.

Chris Hutchinson

Unicorn Asset Management Ltd
23 November 2010

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original Cost[1]	Valuation £'000	Valuation basis	Type of security
Qualifying investments						
AIM/PLUS quoted investments						
Abcam plc Online distributor of therapeutic antibodies for research purposes.	Oct 2005	2,483	835	8,600	Bid price	Ordinary shares
Green Compliance plc Risk Consultancy Services.	Dec 2009	1,850	1,750	2,800	Bid price	Ordinary shares
Mattioli Woods plc Consultants in the provision of pension and wealth management services.	Nov 2005	1,680	1,329	2,235	Bid price	Ordinary shares
Kiotech International plc Aquaculture products.	Nov 2006	1,766	1,630	1,901	Bid price	Ordinary shares
SnackTime plc Operator of vending machines.	Dec 2007	2,102	2,044	1,741	Bid price	Ordinary shares
Animalcare Group plc Manufacturer & supplier worldwide of livestock, healthcare & management products.	Dec 2007	1,702	900	1,473	Bid price	Ordinary shares
Maxima Holdings plc Implementation and support of enterprise software solutions.	Nov 2004	2,251	2,500	1,182	Bid price	Ordinary shares
Access Intelligence plc Subscription based sales and marketing support.	Dec 2004	1,467	1,464	1,017	Bid price	Ordinary shares
Tracsis plc Transport planning software.	Nov 2007	838	800	918	Bid price	Ordinary shares
Pressure Technologies plc High pressure cylinder manufacturing.	May 2007	980	700	817	Bid price	Ordinary shares
Cohort plc Provision of a wide range of technical services to clients in the defence and security sectors.	Feb 2006	1,414	1,689	812	Bid price	Ordinary shares
Zetar plc Niche manufacturer of chocolate confectionery.	Apr 2005	772	772	761	Bid price	Ordinary shares
Surgical Innovations Group plc Design of minimally invasive surgical instruments.	May 2007	331	643	735	Bid price	Ordinary shares
Avingtrans plc Provision of precision engineering services.	Oct 2004	996	996	664	Bid price	Ordinary shares
Idox plc Information and knowledge management software.	May 2007	530	398	610	Bid price	Ordinary shares
Brulines Group plc Dispense Monitoring Systems.	Oct 2006	584	584	570	Bid price	Ordinary shares
Hasgrove plc Marketing and communications.	Nov 2006	975	1,500	563	Bid price	Ordinary shares
Crawshaw Group plc Retail Butchers.	Apr 2007	538	1,000	551	Bid price	Ordinary shares
Tristel plc Infection control in hospitals.	Nov 2009	547	534	549	Bid price	Ordinary shares
EG Solutions plc Provisions of proprietary workflow management tools designed to improve operational efficiencies.	Jun 2005	406	500	529	Bid price	Ordinary shares
IS Pharma plc Pharmaceuticals company.	Mar 2008	434	462	408	Bid price	Ordinary shares
Vindon Healthcare plc Manufacture of environmental control products for the pharmaceutical industry, life sciences and food sectors.	May 2007	475	950	404	Bid price	Ordinary shares
Dods (Group) plc (formerly Huveaux plc) Broadly based media group focusing upon political publishing, education and training.	Mar 2003	1,000	1,000	380	Bid price	Ordinary shares
HML Holdings plc Residential Property Management.	Jul 2007	347	750	361	Bid price	Ordinary shares

Market sector	% 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
Pharmaceuticals & biotechnology	1.4%	13.8%	30-Jun-10	71,106	25,831	53,222	1.6%	www.abcam.com
Financial services	11.0%	4.5%	31-Mar-10	547	(3,320)	6,389	11.0%	www.greencomplianceplc.com
Financial services	5.8%	3.6%	31-May-10	13,678	4,270	18,982	6.2%	www.mattioli-woods.com
Pharmaceuticals and biotechnology	12.9%	3.1%	31-Dec-09	10,955	1,409	13,605	12.9%	www.kiotech.com
Food & drug retailers	8.5%	2.8%	31-Mar-10	7,651	1,312	11,573	8.5%	www.snacktimeuk.co.uk
Farming & fishing	8.0%	2.4%	30-Jun-10	19,921	(558)	14,801	8.0%	www.animalcaregroup.co.uk
Software and computer services	7.2%	1.9%	31-May-10	51,006	(782)	23,974	7.6%	www.maxima.co.uk
Software and computer services	8.3%	1.6%	30-Nov-09	6,015	566	4,311	8.3%	www.accessintelligence.com
Software and computer services	9.6%	1.5%	31-Jul-09	2,311	729	3,995	9.6%	www.tracsis.com
Industrial Engineering	4.1%	1.3%	03-Oct-09	26,186	5,053	14,114	4.1%	www.pressuretechnologies.co.uk
Aerospace and Defence	3.2%	1.3%	30-Apr-10	78,129	2,748	46,360	3.2%	www.cohortplc.com
Food producers	2.9%	1.2%	30-Apr-10	131,922	5,970	41,755	3.3%	www.zetarplc.com
Healthcare Equipment & Services	4.9%	1.2%	31-Dec-09	4,541	264	8,640	4.9%	www.sigroupplc.com
Industrial Engineering	6.5%	1.1%	31-May-10	28,578	470	21,686	6.5%	www.avingtrans.plc.uk
Software and computer services	1.6%	1.0%	31-Oct-09	32,164	4,479	28,173	1.6%	www.idoxplc.com
Support services	1.7%	0.9%	31-Mar-10	19,834	4,034	21,044	1.7%	www.brulines.com
Media	5.2%	0.9%	31-Dec-09	32,393	1,473	27,365	5.2%	www.hasgrove.com
Food & drug retailers	8.5%	0.9%	31-Jan-10	18,954	193	9,492	8.5%	www.crawshawgroupplc.co.uk
Healthcare Equipment & Services	3.2%	0.9%	30-Jun-10	8,764	1,724	8,502	3.2%	www.tristel.com
Software and computer services	4.1%	0.8%	31-Jan-10	4,150	99	1,452	4.1%	www.eguk.co.uk
Pharmaceuticals & biotechnology	2.0%	0.7%	31-Mar-10	14,214	2,590	30,297	2.0%	www.ispharma.plc.uk
Healthcare Equipment & Services	5.3%	0.6%	31-Dec-09	5,470	1,044	6,685	5.3%	www.vindonhealthcare..com
Media	2.6%	0.6%	31-Dec-09	17,335	12	33,516	2.6%	www.dodsgroupplc.com
Real estate investment & services	8.8%	0.6%	31-Mar-10	9,031	174	5,273	8.8%	www.hmlholdings.com

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original Cost[1]	Valuation £'000	Valuation basis	Type of security
Sanderson Group plc Implementation and support of proprietary enterprise software solutions.	Dec 2004	770	770	339	Bid price	Ordinary shares
Mount Engineering plc Manufacturer and supplier of certified explosion proof fittings and supplier of valves and actuators, predominantly to the oil and gas industry.	Jun 2007	266	300	321	Bid price	Ordinary shares
Datong Electronics plc Development of a range of advanced covert tracking and location systems to government defence and security agencies.	Sep 2005	784	1,000	297	Bid price	Ordinary shares
Prologic plc Development and maintenance of software to meet the operational, reporting and business intelligence needs of fashion businesses.	Jul 2004	806	806	269	Bid price	Ordinary shares
Lees Foods plc Manufacturer of confectionary products and wafers.	Jun 2005	260	260	267	Bid price	Ordinary shares
Printing.com plc Franchised high street printing.	Aug 2004	231	231	261	Bid price	Ordinary shares
Keycom plc Designers and developers of communications strategies.	Apr 2008	340	340	255	Bid price	Ordinary shares
Praesepe plc Adult gaming centres.	Jul 2008	521	750	222	Bid price	Ordinary shares
Driver Group plc Provision of specialist commercial, project planning and dispute resolution services to the construction industry.	Apr 2006	552	750	205	Bid price	Ordinary shares
PHSC plc Health and Safety Consultancy and Training.	Mar 2007	153	450	170	Bid price	Ordinary shares
Pilat Media Global plc Development and support of scheduling software for digital TV.	Apr 2004	275	275	168	Bid price	Ordinary shares
Vitesse Media plc Online, print publishing and events company specialising in growing business.	Nov 2007	160	400	128	Bid price	Ordinary shares
Universe Group plc Petrol forecourt payment and loyalty services.	Mar 2007	126	295	126	Bid price	Ordinary shares
Dillistone Group plc Provider of software services to the executive recruitment industry.	Jun 2006	106	106	119	Bid price	Ordinary shares
Tangent Communications plc Customised Marketing Services.	Dec 2007	163	500	115	Bid price	Ordinary shares
Individual Restaurant Company plc High street restaurant chain.	Dec 2006	108	565	85	Bid price	Ordinary shares
Augean plc Operation of hazardous waste landfill sites.	Dec 2004	500	500	78	Bid price	Ordinary shares
Belgravium Technologies plc Development and supply of rugged, hand-held, battery powered, real time data capture devices used for stock control.	Sep 2005	263	350	62	Bid price	Ordinary shares
ACM Shipping Group plc Ship Brokers.	Dec 2006	49	42	51	Bid price	Ordinary shares
Discover Leisure plc UK Retailer of Caravans and Motor Homes.	Sep 2006	29	350	29	Bid price	Ordinary shares
Invu plc Business document management company, assisting with the organisation and storage of files.	May 2007	5	200	7	Bid price	Ordinary shares
Assetco plc Provision of ladders and ancillary equipment to the emergency services.	Dec 2003	–	–	–	Bid price	Ordinary shares
		32,935	**34,970**	**34,155**		

Market sector	% 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
Software and computer services	3.6%	0.5%	30-Sep-09	24,896	(2,026)	19,676	3.6%	www.sanderson.co.uk
Industrial Engineering	1.7%	0.5%	31-Dec-09	9,333	2,694	19,156	1.7%	www.mountengineering.co.uk
Electronic and electrical equipment	5.6%	0.5%	31-Mar-09	6,514	(1,746)	10,205	5.6%	www.datong.co.uk
Software and computer services	10.8%	0.4%	31-Mar-10	9,748	61	11,446	10.8%	www.prologic.net
Food producers	5.4%	0.4%	31-Dec-09	18,191	612	4,023	5.4%	www.leesofscotland.co.uk
Support services	1.7%	0.4%	31-Mar-10	14,456	1,704	6,067	1.7%	www.printing.com
IT services	2.8%	0.4%	30-Sep-09	3,431	(588)	5,512	2.8%	www.keycom.co.uk
Financial services	0.9%	0.4%	27-Dec-09	11,883	(1,390)	4,035	0.9%	www.praesepeplc.com
Support services	3.9%	0.3%	30-Sep-09	20,539	1,052	7,140	3.9%	www.driver-group.com
Support services	8.2%	0.3%	31-Mar-10	4,922	500	5,128	8.2%	www.phscplc.co.uk
Software and computer services	0.8%	0.3%	31-Dec-09	19,321	638	17,312	0.8%	www.pilatmedia.com
Media	5.2%	0.2%	31-Jan-10	3,635	37	1,526	5.2%	www.vitessemedia.co.uk
Support services	8.0%	0.2%	31-Dec-09	14,493	(599)	13,536	8.0%	www.universeplc.com
Software and computer services	3.6%	0.2%	31-Dec-09	3,655	1,081	2,336	3.6%	www.dillistone.com
Support services	3.3%	0.2%	28-Feb-10	18,185	282	19,569	3.3%	www.tangentuk.com
Travel & leisure	1.2%	0.1%	31-Dec-09	53,349	(872)	42,970	1.2%	www.individualrestaurants.co.uk
Support services	1.1%	0.1%	31-Dec-09	31,540	(54,552)	44,771	2.0%	www.augeanplc.com
Technology Hardware & Equipment	2.5%	0.1%	31-Dec-09	8,286	405	9,638	2.5%	www.belgravium.com
Industrial Transportation	1.2%	0.1%	31-Mar-10	25,852	6,167	13,349	1.2%	www.acmshipping.co.uk
General Retailers	1.6%	0.0%	31-Aug-09	84,443	(16,708)	9,601	4.8%	www.discover.co.uk
Software and computer services	0.4%	0.0%	31-Jan-10	2,198	(4,495)	(2,908)	0.4%	www.invu.net
Support services	0.0%	0.0%	31-Mar-10	45,231	12,098	60,818	0.0%	www.assetco.co.uk
		54.8%						

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original Cost[1]	Valuation £'000	Valuation basis	Type of security
Fully listed investments						
Mears Group plc Social housing and domiciliary care.	May 2008	2,216	2,216	2,283	Bid price	Ordinary shares
Chime Communications plc Public relations, advertising and marketing.	Nov 2009	347	332	356	Bid price	Ordinary shares
Microgen plc IT consultancy and managed services provider.	Dec 2003	180	181	287	Bid price	Ordinary shares
		2,743	**2,729**	**2,926**		
Unlisted investments						
Amber Taverns Limited[2] Development of a chain of unbranded, managed, freehold public houses in the North of England.	Apr 2005	2,026	2,000	5,184	Realisation proceeds	Ordinary, preference shares & loan stock
Access Intelligence plc – Loan stock[3] Subscription based sales and marketing suppport.	Jun 2009	750	750	750	Cost	Loan stock
SnackTime plc – Loan stock[4] Operator of vending machines.	Dec 2008	550	550	550	Cost	Loan stock
Invu plc – Loan stock Business document management company, assisting with the organisation and storage of files.	Aug 2009	200	200	100	Cost (Reviewed for impairment)	Loan stock
Synarbor plc Public sector recruitment and services specialising in education, healthcare and social work.	Apr 2004	1,000	1,000	29	Bid price	Ordinary shares
Shieldtech plc (in administration) Homeland security products.	Jun 2007	1,240	2,000	–	Full provision	Ordinary shares
Centurion Electronics plc Design and distribution of in car audio-visual entertainment systems.	Nov 2002	575	575	–	Full provision	Ordinary shares
Cantono plc (in administration) Managed IT Services.	Jul 2007	500	1,000	–	Full provision	Ordinary shares
Greatfleet plc (in liquidation) Recruitment consultant specialising in legal and financial search and selection.	Feb 2004	310	609	–	Full provision	Ordinary shares
Hexagon Human Capital plc (in administration) Recruitment.	Feb 2007	682	1,680	–	Full provision	Ordinary shares
Optimisa plc Marketing services group providing marketing consultancy and research.	Oct 2007	–	403	–	Full provision	Ordinary shares
Relax Group plc (in administration) Specialist advisors for personal debt solution managment.	May 2006	400	400	–	Full provision	Ordinary shares
Strategic Retail plc (in liquidation) Operation of retail outlets specialising in the home décor and furnishings market.	Sep 2004	600	600	–	Full provision	Ordinary shares
The Debt Advisor Group (in administration) Consumer financial solutions through mortgages, secured and unsecured loans.	Feb 2006	1,000	2,000	–	Full provision	Ordinary shares
New Finsaga Limited (formerly Finsaga plc) Company seeking to acquire a business in the marketing, media or telecoms sectors.	Jul 2004	–	–	–	Full provision	Ordinary shares
		9,833	**13,767**	**6,613**		
Total qualifying investments		45,511	51,466	43,694		

Market sector	% 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
Support services	1.3%	3.7%	31-Dec-09	470,146	18,379	105,928	1.4%	www.mearsgroup.co.uk
Media	0.2%	0.6%	31-Dec-09	300,908	18,553	116,843	0.2%	www.chime.plc.uk
Software and computer services	0.3%	0.4%	31-Dec-09	29,060	2,273	60,363	1.0%	www.microgen.co.uk
		4.7%						
Leisure and retail	32.7%	8.2%	31-Jan-09	3,732	(1)	626	32.7%	www.ambertaverns.co.uk
Software and computer services	N/A	1.2%	30-Nov-09	6,015	566	4,311	N/A	www.accessintelligence.com
Food & drug retailers	N/A	0.9%	31-Mar-10	7,651	1,312	11,573	N/A	www.snacktimeuk.co.uk
Software and computer services		0.2%	31-Jan-10	2,198	(4,495)	(2,908)	N/A	www.invu.net
Support services	0.0%	0.0%	31-Dec-09	43,358	(3,369)	21,612	0.0%	www.synarbor.com
Personal goods	15.2%	0.0%	30-Jun-09	10,287	92	1,858	15.2%	www.shieldtech.co.uk
Electronic & electrical equipment	0.0%	0.0%	30-Sep-09	4,420	180	(1,449)	0.0%	www.centurionsystems.co.uk
Software and computer services	0.0%	0.0%					0.0%	
Support services	0.0%	0.0%					0.0%	
Support services	0.0%	0.0%					0.0%	
Media	0.0%	0.0%					0.0%	
Financial services	0.0%	0.0%					0.0%	
Leisure & retail	0.0%	0.0%					0.0%	
Financial services	0.0%	0.0%					0.0%	
Financial services	0.0%	0.0%					0.0%	
		10.5%						
		70.0%						

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original Cost[1]	Valuation £'000	Valuation basis	Type of security
Non-qualifying investments						
OEIC	Dec 2001	7,735	7,782	9,584	Bid price	B Shares
Fully listed equities	N/A	3,883	3,887	4,322	Bid price	Ordinary shares
AIM quoted equities	N/A	3,607	3,665	3,785	Bid price	Ordinary shares
Unlisted equities	N/A	5	5	–	Full provision	Ordinary shares
Money market funds+	Dec 2002	375	375	375	Bid price	Participating shares
Brookwell Limited B Shares* Closed ended investment company	Jul 2009	48	47	47	Bid price	Ordinary shares
Total non-qualifying investments		15,653	15,761	18,113		
Total investments		61,164	67,227	61,807		
Other assets				801		
Current liabilities				(329)		
Net assets				62,279		
5 Largest non-qualifying investments						
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	3,430		4,327	Bid price	B shares
Unicorn UK Income Fund (OEIC)	May 2005	1,743		1,927	Bid price	B shares
Unicorn Mastertrust Fund (OEIC)	Jun 2004	1,228		1,624	Bid price	B shares
Unicorn Free Spirit Fund (OEIC)	Dec 2001	828		1,055	Bid price	B shares
Unicorn Outstanding British Companies Fund	Jun 2007	506		651	Bid price	B shares

+ Disclosed within Current Investments under Current assets in the Balance Sheet
* Listed on AIM
[1] The assets and liabilities of Unicorn AIM VCT II plc were acquired at their fair value. 'Original cost' shows the original amount invested in each investee company by the Company and Unicorn
[2] Income recognised for the period was £145,000
[3] Income recognised for the period was £35,000
[4] Income recognised for the period was £36,000

Market sector	% 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
	N/A	15.4%					N/A	www.unicornam.com
	N/A	6.9%					N/A	
	N/A	5.8%					N/A	
	N/A	0.0%					N/A	
	N/A	0.6%					N/A	
	1.4%	0.4%	30-Jun-10	N/A	686	3,656	1.4%	www.brookwelllimited.com
		29.1%						
		99.1%						
		1.3%						
		(0.4)%						
		100.0%						
	71.5%	6.9%					71.5%	www.unicornam.com
	37.8%	3.1%					37.8%	www.unicornam.com
	34.7%	2.6%					34.7%	www.unicornam.com
	20.7%	1.7%					20.7%	www.unicornam.com
	10.6%	1.0%					10.6%	www.unicornam.com

AIM VCT II plc less capital repayments, if any.

Board of Directors

Peter Dicks

Status: **Independent, non-executive Chairman.**

Age: **68.**

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. He is a director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc.

Length of service as at 30 September 2010: Nine years.

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

Committee memberships: Audit Committee.

Remuneration 2009/10: £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.

Shared directorships with other Directors: Director of Foresight VCT 2 plc on which Jocelin Harris is also a director.

Shareholding in the Company: 76,000 Ordinary Shares.

Other public company directorships (not disclosed above): Foresight Clearwater VCT plc and Second London American Trust plc.

Jocelin Harris

Status: **Senior Independent, non-executive Director.**

Age: **65.**

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 is chairman of Foresight 2 VCT plc.

Length of service as at 30 September 2010: Four years, five months

Last re-elected to the Board: 25 February 2010.

Committee memberships: Audit Committee.

Remuneration 2009/10: £17,500.

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

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

Shared directorships with other Directors: Director of Foresight VCT 2 plc on which Peter Dicks is also a director.

Shareholding in the Company: Beneficial holder of 26,678 Ordinary Shares (held via nominee).

Jeremy Hamer

Status: **Independent, non-executive Director.**

Age: **58.**

Experience: Jeremy Hamer is a chartered accountant who spent 16 years in industry before spending five years as a VCT investment manager. Currently, he has a portfolio of executive and non-executive director roles particularly with AIM listed companies, as well as being a qualified executive coach.

Length of service as at 30 September 2010: Six months.

Last re-elected to the Board: Appointed by the Board on 9 March 2010, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee (Chairman).

Remuneration 2009/10: £9,851.

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

Relevant relationships with investee companies: Director and shareholder of Access Intelligence plc and Avingtrans plc.

Shared directorships with other Directors: None.

Shareholding in the Company: 20,250 Ordinary Shares.

Other public company directorships (not disclosed above): Rose Bowl plc, SQS plc, and Unicorn AIM VCT II plc (in voluntary liquidation).

Malcolm Diamond MBE

Status: **Non-executive Director.**

Age: **62.**

Experience: Malcolm Diamond established the Bluesky Partnership whose mission is to grow stakeholder value principally for private, VCT and institutional shareholders. This is achieved by direct involvement through non-executive or part time executive directorships or, where appropriate, through interim management. He is currently chairman of Cathedral Works Organisation Chichester Limited and co-founder and partner in Soundscape Environmental Structures LLP. Between 1984 and 2002, he was managing director of Trifast plc which he led to a full listing in 1994. Although he retired from Trifast plc in 2002, he returned in March 2009 to become executive chairman. He recently retired as senior non-executive director of Dechra Pharmaceuticals plc, having served Dechra for 10 years.

Length of service as at 30 September 2010: Six months

Last re-elected to the Board: Appointed by the Board on 9 March 2010, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Remuneration 2009/10: £8,452.

Relevant relationships with the Investment Manager or other service providers: Shareholder of Unicorn Asset Management Limited, holding 0.38% of the Investment Manager's issued share capital.

Relevant relationships with investee companies: None.

Shared directorships with other Directors: None.

Shareholding in the Company: 16,223 Ordinary Shares.

James H Grossman

Status: **Independent, non-executive Director.**

Age: **71.**

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 a director of Canoel International Energy Limited, an oil exploration company based in Canada, whose shares are traded on TSX Venture Exchange (Toronto) and a director of Thalassa Holdings Limited, an oil related technology company, whose shares are traded on AIM.

Length of service as at 30 September 2010: One year, eight months

Last re-elected to the Board: 25 February 2010.

Committee memberships: Audit Committee.

Remuneration 2009/10: £15,000.

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

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

Shared directorships with other Directors: None.

Shareholding in the Company: None.

Other public company directorships (not disclosed above): FreshTL plc (quoted on PLUS).

Directors' Report

The Directors present the ninth Annual Report and Accounts of the Company for the year ended 30 September 2010.

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 7 – 25 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 5 – 6 and on the Key Data Sheet on pages 2 – 4.

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.

Merger with Unicorn AIM VCT II plc and consolidation of share capital

In January 2010, shareholders of the Company and Unicorn AIM VCT II plc ("VCT 2") were sent proposals outlining a merger of the two Unicorn VCTs to be implemented by consolidating the Company's share capital and VCT 2 being placed into members' voluntary liquidation and its assets and liabilities being purchased by the Company.

The merger was approved by shareholders of both companies at extraordinary general meetings held on 25 February 2010. The merger was effected by firstly converting the existing Ordinary and S2 Shares into S3 Shares in the Company and subsequently renaming the S3 Shares as new Ordinary Shares. Shareholders of Unicorn AIM VCT II plc were then issued new Ordinary Shares in exchange for the assets and liabilities of Unicorn AIM VCT II plc. The conversion ratios were calculated as at 8 March 2010 and were as follows:

Share class	Conversion ratio applied to each share class for entitlement to new Ordinary Shares
VCT I Ordinary Shares	0.60781764
VCT I Series 2 Shares	0.77503076
VCT I Series 3 Shares	1.00000000
VCT II Ordinary Shares	0.82830102
VCT II C Shares	0.72677686

Any fraction of shares arising from the calculations was rounded down to the nearest whole share.

Share capital

As noted under Merger with Unicorn AIM VCT II plc, the Company issued 26,879,525 new Ordinary Shares at a deemed issue price of 91.78 pence per share to shareholders of Unicorn AIM VCT II plc to acquire its assets and liabilities. No other shares were issued during the year.

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. Prior to the merger, the Company bought back 79,457 original Ordinary Shares (being £794 nominal value or 0.26% of the opening issued share capital of that class) at a cost of £35,000 and 18,106 former S2 Shares (being £181 nominal value or 0.13% of the opening issued share capital of that class) at a cost of £10,000.

Since the merger, the Company has bought back 1,577,778 shares (being £15,777 nominal value or 2.57% of the shares in issue following the merger) at a cost of £1,222,000 (including expenses).

As at 30 September 2010 the Company had 59,795,232 shares in issue, or £597,952 nominal value.

The Companies Act 2006 ("CA 2006") abolished the requirement for a company to have an authorised share capital. The Company's Articles of Association were updated to take account of this, and other changes resulting from CA 2006 and the merger of the Company with Unicorn AIM VCT II plc, and approved for adoption by shareholders at the Extraordinary General Meeting on 25 February 2010.

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, the shares in issue rank equally in all respects and are entitled to dividends paid out of the net income derived from the assets of the Company and, in the event of liquidation, any surplus arising from the assets.

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 for the year was £98,000 after taxation (2009: loss of £22,000), while the capital return was £8,156,000 (2009: loss of £287,000).

The following dividends were paid to the Company's shareholders and former Unicorn AIM VCT II plc shareholders during the year:

Share class	Type	Amount per share	Payment date
New Ordinary Shares (formerly S3 Shares)	N/A	Nil	N/A
Former Ordinary Shares	Interim	3.5 pence	29 January 2010
Former S2 Shares	Interim	2.5 pence	29 January 2010
Former VCT 2 Ordinary Shares*	Special dividend following completion of merger	6.0 pence	19 March 2010
Former VCT 2 C Shares*	Special dividend following completion of merger	0.45 pence	19 March 2010

* Note that these dividends relate to Unicorn AIM VCT II plc and were declared prior to the merger. Therefore, they are not shown as distributions in the Company's accounts. However, the cash outflow can be seen in the Cash Flow Statement on page 42.

The Directors are recommending a final dividend of 4.0 pence per share to Shareholders, payable on 14 January 2011 to shareholders on the register on 24 December 2010.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on pages 26 – 27 of this Annual Report.

Malcolm Diamond and Jeremy Hamer were appointed on 9 March 2010 following completion of the merger with VCT 2 and in accordance with the Company's Articles of Association and the AIC Code of Corporate Governance, will offer themselves for re-election at the forthcoming Annual General Meeting to be held on 7 January 2011. Having served for nine years and in accordance with the AIC Code, Peter Dicks will retire by rotation and offer himself for re-election at the forthcoming Annual General Meeting to be held on 7 January 2011.

The Directors' interests, including those of connected persons, in the issued capital of the Company as at 30 September 2010 were:

	30 September 2010	30 September 2009		
	New Ordinary Shares (formerly S3 Shares)	Ordinary Shares	S2 Shares	S3 Shares
Malcolm Diamond*	16,223	N/A	N/A	N/A
Peter Dicks	76,000	50,000	25,625	25,750
James Grossman	Nil	Nil	Nil	Nil
Jeremy Hamer*	20,250	N/A	N/A	N/A
Jocelin Harris**	26,678	10,000	–	20,600
David Royds***	–	20,000	25,562	25,750

* Appointed 9 March 2010
** Beneficial holder of shares via nominee
*** Resigned 9 March 2010

There have been no changes in the Directors' interests since 30 September 2010. 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. This agreement was amended on 9 March and 12 April 2010. Further information is available in Note 3 to the Accounts on page 45.

Matrix-Securities Limited was appointed as both Company Administrator and Company Secretary to the Company on 1 October 2001. This agreement was superseded by a revised Agreement on 9 March 2010 following completion of the merger.

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 36 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 gains 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 54 – 58.
- Economic risk – 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 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 23 November 2010 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 2010 the average credit period for trade creditors was 8 days (2009: 21 days).

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 10.30am on 7 January 2011 at One Vine Street, London W1J 0AH is set out on pages 62 – 64 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 Peter Dicks and elect Malcolm Diamond and Jeremy Hamer. Brief biographical details are published on pages 26 – 27 of this Annual Report. The Board believes that each Director brings valuable skill, experience and expertise to the Company and recommends to shareholders the resolutions relating to the re-election of the Directors.

Resolutions 1 to 9 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be passed and an explanation of resolutions 9 to 11 is set out below:

Resolution 9: Allotment of shares

This resolution will authorise the Directors to allot shares or grant rights to subscribe for shares in the Company generally, in accordance with section 551 of the Companies Act 2006 (as amended) (the "Act"), up to a nominal amount of £246,800 (being approximately 41% of the issued share capital of the Company as at the date hereof). This authority, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the Company to be held in 2012 and will be used for the purposes set out in Resolution 10.

Resolutions 10 and 11 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting.

Resolution 10: Disapplication of pre-emption rights

Under section 561 of the Act, if the Directors wish to allot any new shares or sell treasury shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Resolution 10 will enable the Directors to allot equity securities for cash or sell treasury shares without first offering the securities to existing Shareholders in connection with:

(i) an offer for subscription up to an aggregate nominal value of £175,000; and

(ii) up to 10% of the issued share capital of the Company;

in each case, where the proceeds may in part be used to purchase the Company's shares.

The authority conferred under this resolution, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the Company to be held in 2012 and will provide the Board will the authority to issue shares in connection with the proposed offer for subscription referred to in the Chairman's Statement.

Resolution 11: Authority for the Company to purchase its own shares

It is proposed by Resolution 11 that the Directors be given authority to make market purchases of the Company's own shares. The authority is limited to an aggregate of 11,512,320 shares representing approximately 14.99% of the Company's expected issued share capital following the allotment of shares pursuant to the offer for subscription referred to above. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than five per cent above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding such purchase and (ii) the price stipulated by Article 5(i) of the Buy Back and Stabilisation Regulations. The minimum price that may be paid for a share is 1 pence, being the nominal value of the shares.

Purchases of shares will only be made on the London Stock Exchange and only in circumstances where the Board believes that they are in the best interests of the shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in assets per share. If the Company makes any purchases of its own shares the Board currently intends to cancel those shares.

The authority will expire on the conclusion of the Annual General Meeting of the Company to be held in 2012.

By order of the Board

for Matrix-Securities Limited
Secretary
23 November 2010

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 7 January 2011. 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 39.

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. Malcolm Diamond is a shareholder of the Investment Manager and under the Investment Management Agreement dated 9 March 2010 (and amended on 12 April 2010), the Investment Manager receives an annual management fee of 2% of the net asset value of the Company (excluding investments in OEICs). Under an Amended Incentive Agreement dated 12 April 2010, the Investment Manager may also receive an incentive fee, subject to the achievement of certain targets in the year ending 30 September 2011 and future financial years. For further details please see note 3 on page 45

It is intended that this policy will continue for the year ending 30 September 2011 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.

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. A Director will be subject to annual re-election once he has held office for a continuous period of nine years or more.

All of the Directors are non-executive and none of the Directors has a service contract with the Company. Part of the fees payable to Malcolm Diamond and Jeremy Hamer are paid via their consultancy companies and separate contracts have been entered into with these directors. Further details are provided below. 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 Directors bonuses or benefits in addition to their Directors' fees. Jocelin Harris and Jeremy Hamer are entitled to an additional fee due to their roles as Senior Independent Director and Audit Committee Chairman, respectively.

	Total Directors' fees	
	30 September 2010 £	30 September 2009 £
Peter Dicks	20,000	20,000
Jocelin Harris	17,500	17,500
David Royds[1]	6,563	15,000
James Grossman[2]	15,000	10,664
Malcolm Diamond[3]	8,452	–
Jeremy Hamer[3]	9,851	–

[1] resigned on 9 March 2010
[2] appointed 15 January 2009
[3] appointed 9 March 2010

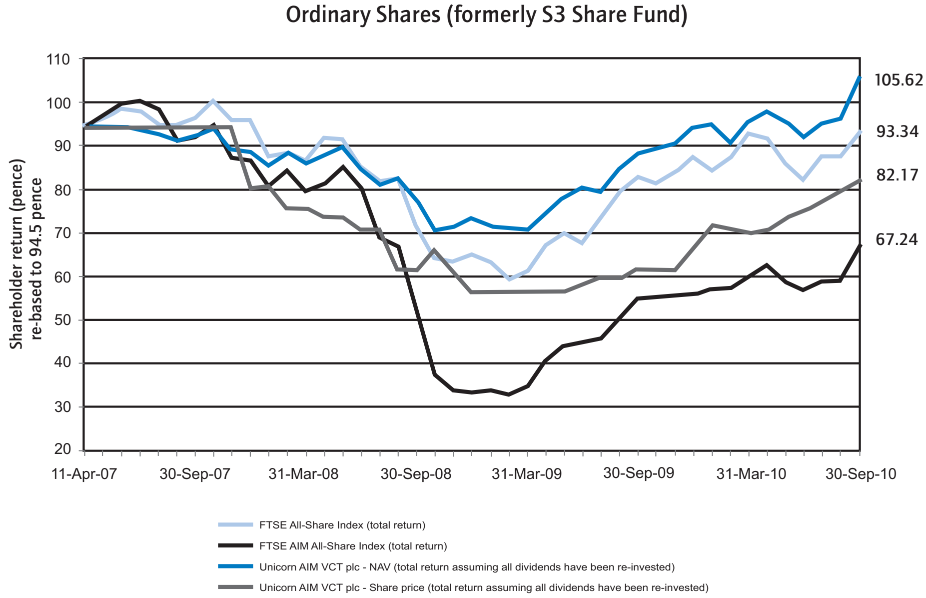
£5,639 of Malcolm Diamond's fee above was paid to his consultancy business Bluesky Partnership and £7,038 of Jeremy Hamer's fee was paid to his consultancy business Financial Decisions.

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 £77,366 (2009: £63,164). As noted in the merger documents, although the fees are greater than 2009 this remains an overall saving compared to the annual fees across the two companies of £135,000.

Total shareholder return

The following graph charts the total cumulative shareholder return of the Company since the new Ordinary Shares (formerly S3 Shares) were first admitted to the Official List of the UK Listing Authority 11 April 2007 (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 the Company 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
23 November 2010

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 2010. 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 five non-executive Directors. Each brings a range of relevant expertise, experience and judgement to the Board. Jocelin Harris is the Senior Independent Director and 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. Shareholders should initially contact the Company Secretary in the first instance. 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 26.

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.

The table below details the formal Board and Audit Committee meetings attended by the Directors during the year. Nine Board and five Audit Committee meetings were held during the year.

Director	Board	Audit Committee
Peter Dicks	9	5
Malcolm Diamond*	5	3
James H Grossman	9	5
Jeremy Hamer*	6	3
Jocelin Harris	9	5

* appointed 9 March 2010 and eligible to attend six Board meetings and three Audit Committee meetings.

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. The Board as a whole considers management engagement, nomination and remuneration matters rather than delegating these to committees, as the majority of 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. Malcolm Diamond does not participate in decisions regarding the Investment Manager. 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 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 considered appropriate, 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.

	Date of appointment	Last retirement by rotation/ re-election	Next retirement by rotation/ re-election due
Peter Dicks	1 October 2001	AGM 15 January 2009	AGM 2011
Malcolm Diamond	9 March 2010	-	AGM 2011
James H Grossman	15 January 2009	AGM 25 February 2010	AGM 2013
Jeremy Hamer	9 March 2010	-	AGM 2011
Jocelin Harris	25 April 2006	AGM 25 February 2010	AGM 2013

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. The Board does not believe that a director should be appointed for a finite period. Peter Dicks has now served the Company for nine years and the Board considers that he remains independent of the Investment Manager as he continues to offer independent, professional judgement and constructive challenge of the Investment Manager. In accordance with the AIC Code, however, Peter Dicks will offer himself for re-election annually.

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, with the exception of Malcolm Diamond, 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 has a beneficial interest in Mears Group plc through a pension fund. James Grossman has very small shareholdings in Abcam plc, Mears Group plc and Praesepe plc via a trust fund, holding less than 0.01% of the issued share capital of each company. Jeremy Hamer is a director and shareholder of the investee companies Access Intelligence plc and Avingtrans plc, holding 2.1% and 0.4% of their respective share capitals. He is also a former director and shareholder of Glisten plc, which was disposed of during the year. Malcolm Diamond holds 0.38% of the Investment Manager's (Unicorn Asset Management Limited) share capital.

The Directors independent of each conflict considered the circumstances and agreed that all of the Directors remain independent of the Investment Manager, with the exception of Malcolm Diamond, as these relationships are not of a material size to their assets and other business activities nor to those of the Company. The Board considers that Mr Diamond's shareholding in the Investment Manager may affect his independence from the investment manager and therefore he does not participate in decisions regarding the Investment Manager, in particular its continued appointment. There are no other contracts or investments in which the Directors have declared an interest. Further details can be found in Note 23 of the Notes to the Accounts on page 59 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 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 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. During the year, the Board did not operate a formal system of performance evaluation. However, since the year end, it has introduced a formal system of performance evaluation of the Board and the Chairman. The Senior Independent Director evaluates all responses and provides feedback to the Board. The independent directors monitor the continuing independence of the Chairman and inform him of their discussions.

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.

Corporate Governance Statement

The Audit Committee comprises all of the Directors and Jeremy Hamer acts as Chairman. The Board is satisfied that Jeremy Hamer 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 Board are all independent from the Investment Manager, with the exception of Malcolm Diamond. 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. In particular, the terms of the Investment Manager's appointment have been thoroughly reviewed following the merger with Unicorn AIM VCT II plc and the issues raised by a number of shareholders concerning the term and incentive arrangements with the Investment Manager. The Board believes, however, that the continued appointment of the Investment Manager remains in shareholders' best interests. Their investment criteria remain appropriate in the current economic climate. Further, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review and the Investment Portfolio Summary on pages 7 – 25 and the Key Data sheet on pages 2 – 4. Details of the management fee and incentive fee payable to the Investment Manager are set out in note 3 to the accounts on page 45. 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 formal performance evaluation process led by the Senior Independent Director. The results of the evaluation are reported back to the Board.

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.

The main aspects of the internal controls which have been in place throughout the year in relation to financial reporting are:

- the valuations prepared by the Investment Manager are entered into the accounting system and reconciled by the Administrator;
- the Administrator cross-checks the monthly valuations of AIM companies to an independent data source;
- an independent review of the unquoted investment valuations is conducted quarterly by the Board and annually by the external auditors;
- bank and money-market fund reconciliations are carried out monthly by the Administrator;
- the Board has procedures in place for the approval of expenses and payments to third parties;
- the Directors review quarterly management accounts and underlying notes to those accounts, and other announcements as necessary;
- the Board reviews all financial information prior to publication.

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. 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 19 November 2010.

The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Directors' remuneration and appointment

As noted above, the remuneration and appointment 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 32 – 33.

Share capital and voting rights

Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report on pages 28 – 31.

Relations with Shareholders

Communication with Shareholders is considered 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 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. However, it was not possible to meet this requirement for the AGM in February 2010 due to the mailing of the merger documents with the Annual Report. The Board intends to meet this requirement in future.

Going concern

After due consideration, the Directors believe that the Company has adequate resources for the foreseeable future and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 30 September 2010, the Company held cash balances and investments in money market funds with a combined value of £724,000. The majority of the Company's investment portfolio also remains invested in fully listed and AIM quoted equities which may be realised, subject to the Company maintaining its VCT status. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no external loan finance in place and is therefore not exposed to any gearing covenants.

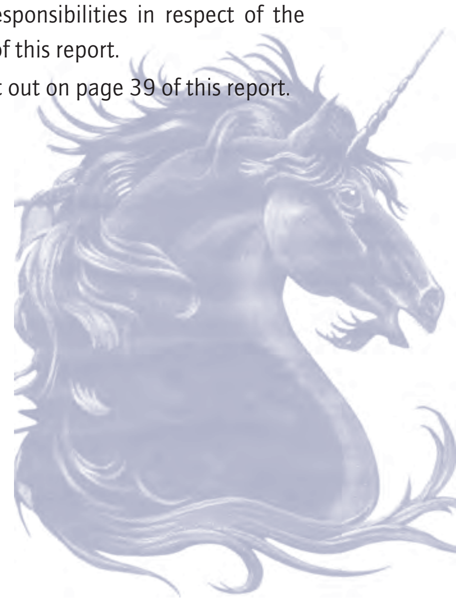
Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 38 of this report.

The Report of the Auditors is set out on page 39 of this report.

By order of the Board

for Matrix-Securities Limited
Secretary
23 November 2010



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 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP), give a true and fair view of the assets, liabilities, financial position and the profit or 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.

The names and functions of the Directors are stated on pages 26 – 27.

For and on behalf of the Board:

Peter Dicks

Chairman

23 November 2010

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 2010 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 2010 and of its profit 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 Rules 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:

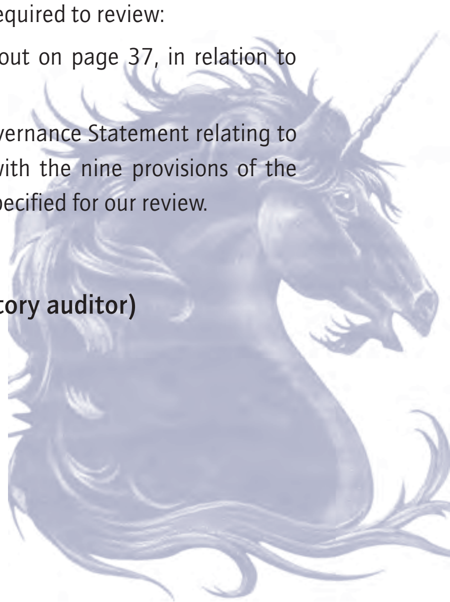
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- 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 37, 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 – London, UK
23 November 2010



Income Statement

for the year ended 30 September 2010

	Notes	30 September 2010 Revenue £'000	Capital £'000	Total £'000	30 September 2009 Revenue £'000	Capital £'000	Total £'000
Net unrealised gains/(losses) on investments	10	–	7,184	7,184	–	(166)	(166)
Net gains on realisation of investments	10	–	1,557	1,557	–	256	256
Income	2	930	–	930	580	–	580
Investment management fees	3	(195)	(585)	(780)	(126)	(377)	(503)
Other expenses	4	(539)	–	(539)	(476)	–	(476)
Merger costs	6	(98)	–	(98)	–	–	–
Profit/(loss) on ordinary activities before taxation		98	8,156	8,254	(22)	(287)	(309)
Tax on profit/(loss) on ordinary activities	7	–	–	–	–	–	–
Profit/(loss) on ordinary activities after taxation for the financial year		98	8,156	8,254	(22)	(287)	(309)
Basic and diluted earnings per share:							
Ordinary Shares							
(formerly S3 Fund Shares)	9	0.20p	16.57p	16.77p	0.10p	10.47p	10.57p
Ordinary Shares	9	–	–	–	0.04p	(3.15)p	(3.11)p
S2 Shares	9	–	–	–	(0.27)p	1.10p	0.83p

All revenue and capital items in the above statement derive from continuing operations of the Company up to 8 March 2010 and thereafter reflects that of the enlarged entity. This includes the assets and liabilities of Unicorn AIM VCT II plc that were transferred to the Company on 9 March 2010. No restatement has been made for comparable periods.

There were no other recognised gains or losses in the year.

The total column of this statement is the profit and loss account of the Company.

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

The notes on pages 43 to 60 form part of these financial statements.

Balance Sheet
as at 30 September 2010

Company number 04266437

	Notes	30 September 2010 £'000	£'000	30 September 2009 £'000	£'000
Fixed assets					
Investments at fair value	10		61,432		28,305
Current assets					
Debtors and prepayments	12	452		138	
Current investments	13	375		3,912	
Cash at bank	19	349		366	
		1,176		4,416	
Creditors: amounts falling due within one year	14	(329)		(583)	
Net current assets			847		3,833
Net assets			**62,279**		**32,138**
Capital					
Called up share capital	15		598		498
Capital redemption reserve	16		240		72
Share premium account	16		25,143		840
Revaluation reserve	16		5,955		(3,061)
Special distributable reserve	16		24,263		28,741
Profit and loss account	16		6,080		5,048
Equity shareholders' funds			**62,279**		**32,138**
Net asset value per share of 1 pence each:					
Ordinary Shares (formerly S3 Shares)	17		104.15p		56.26p
S2 Shares	17		–		74.63p
S3 Shares	17		–		87.18p

The financial statements on pages 40 to 60 were approved and authorised for issue by the Board and were signed on its behalf on 23 November 2010 by:

Peter Dicks

Chairman

The notes on pages 43 to 60 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds
for the year ended 30 September 2010

	Notes	30 September 2010 £'000	30 September 2009 £'000
As at 1 October 2009		32,138	34,123
Net share capital bought back in the year		(1,267)	(402)
Shares issued upon acquisition of assets and liabilities from Unicorn AIM VCT II plc	21	24,670	–
Stamp duty on shares issued	6	(98)	–
Profit/(loss) for the year		8,254	(309)
Dividends paid	8	(1,418)	(1,274)
Closing Shareholders' funds at 30 September 2010		62,279	32,138

Cash Flow Statement
for the year ended 30 September 2010

	Notes	30 September 2010 £'000	30 September 2010 £'000	30 September 2009 £'000	30 September 2009 £'000
Operating activities					
Investment income received		708		517	
VAT recovered and related interest		–		889	
Other income received		50		13	
Investment management fees paid		(743)		(504)	
Other cash payments		(655)		(438)	
Payment of merger costs of the company		(120)		–	
Net cash (outflow)/inflow from operating activities	18		(760)		477
Investing activities					
Purchase of investments	10	(8,128)		(1,502)	
Sale of investments	10	6,002		2,711	
			(2,126)		1,209
Equity dividends					
Equity dividends paid to Unicorn AIM VCT plc shareholders	8		(1,418)		(1,274)
Equity dividends paid in respect of dividends declared to Unicorn AIM VCT II plc shareholders but not paid before assets and liabilities were transferred to Unicorn AIM VCT plc			(1,353)		–
Net cash (outflow)/inflow before financing and liquid resource management			(5,657)		412
Financing					
Cash received on acquisition of net assets from Unicorn AIM VCT II plc		3,736		–	
Stamp duty on shares issued to acquire net assets of Unicorn AIM VCT II plc		(98)		–	
Payments to meet merger costs of Unicorn AIM VCT II plc		(170)		–	
Share capital bought back		(1,365)		(334)	
			2,103		(334)
Management of liquid resources					
Decrease in current investments	19		3,537		240
Net (decrease)/increase in cash	19		(17)		318

The notes on pages 43 to 60 form part of these financial statements.

Notes to the Accounts

for the year ended 30 September 2010

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 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("the SORP") issued by the Association of Investment Companies in January 2009.

The results for the year to 30 September 2010 reflect the activities of what were previously the Ordinary Share Fund, the S2 Share Fund and the S3 Share Fund of the Company, which were consolidated on 9 March 2010, for the whole period. In addition, these results include the transfer of the assets and liabilities of Unicorn AIM VCT II PLC to the Company, with effect from 9 March 2010. Results for the current year are reported for the one share class of the enlarged VCT now in issue, namely Ordinary Shares. These were formerly the S3 Shares of the Company, redesignated new Ordinary Shares on 9 March 2010. Further details are contained in note 21 below.

The comparatives reported in these financial statements reflect the activities of what were previously the Ordinary Share Fund, the S2 Share Fund and the S3 Share Fund of the Company and are therefore as previously reported.

As a result of the Directors' decision to distribute capital profits by way of a dividend, the Company revoked its investment company status as defined under section 266(3) of the Companies Act 1985, on 17 August 2004.

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 profit attributable to shareholders 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

All investments held by the Company are classified as "fair value through profit and loss", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in September 2009, which have not materially changed the results reported last year. This classification is followed 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 on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

All unquoted 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) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) 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) Capital reserves

(i) Realised (included within the Profit and Loss Account reserve)

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments; and
- 75% of the management fee expense, together with the related tax effect to this reserve in accordance with the policies.

(ii) Revaluation reserve (Unrealised capital reserve)

Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit and loss, all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

(iii) Special distributable reserve

The cost of share buybacks are charged to this reserve. In addition, any realised losses on the sale of investments, and 75% of the management fee expense, and the related tax effect, are transferred from the Profit and Loss Account reserve to this reserve.

f) 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.

g) 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 as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years 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.

A deferred tax asset is recognised only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilised.

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

h) 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

	2010 £'000	2009 £'000
Interest receivable		
– from bank deposits	–	2
– from VAT recoverable	–	98
	–	100
Income from investments		
– from equities	595	332
– from loan stocks	194	30
– from money-market funds and Unicorn managed OEICs	85	118
	874	480
Other income	56	–
Total income	930	580
Total income comprises		
Dividends	680	450
Interest	194	130
Other income	56	–
	930	580
Income from investments comprises		
Listed UK securities	131	45
Listed Overseas securities	15	92
Unlisted UK securities	728	343
	874	480

Other Income of £56,000 above is the contribution of Unicorn Asset Management Limited towards the Company's share of the costs of the consolidation of the Company's Share classes and the acquisition of the assets and liabilities of Unicorn AIM VCT II plc. £100,000 was payable in total split between the Company and Unicorn AIM VCT II plc by reference to the relative net asset values at the date of the merger (see note 21).£50,000 remains outstanding within other debtors in note12, which is due to be paid on 8 March 2011.

3 Investment Manager's fees

	Revenue 2010 £'000	Capital 2010 £'000	Total 2010 £'000	Revenue 2009 £'000	Capital 2009 £'000	Total 2009 £'000
Unicorn Asset Management Limited	195	585	780	126	377	503

Unicorn Asset Management Limited was appointed as Investment Manager to the Company to advise the Company on investments in qualifying and non-qualifying companies, under an original agreement dated 1 October 2001. Following the share class consolidation and merger with Unicorn AIM VCT II plc on 9 March 2010 ("Merger"), a deed of amendment was entered into by the Company so that the terms of the original Agreement would apply to the new Ordinary Shares arising from the Merger.

Under a further amendment dated 12 April 2010, Unicorn Asset Management Limited's term of appointment was amended from a minimum period of three to two years from 9 March 2010, to be terminable after 12 months' notice.

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 subject to repayment to the extent that there is an excess of the annual costs of the Company incurred in the ordinary course of business over 3.6% of the closing net assets of the Company at the year end. Any amount payable will be paid by the Manager within 5 business days of the approval of the annual accounts for the relevant year end, or set off against the next quarterly fee instalment payable to the Manager following such approval. There was no excess of expenses for this year.

Under an Amended Incentive Agreement with Unicorn Asset Management Limited dated 12 April 2010 (which replaces all previous incentive agreements), the Investment Manager is entitled to a performance incentive fee of 20% of any cash distributions (by dividend or otherwise) paid to shareholders in excess of 6 pence per Ordinary Share paid in any accounting period ("target return")

Notes to the Accounts
for the year ended 30 September 2010

and subject to the maintenance of a net asset value (NAV) per share of 125p or more, as calculated in the annual report and accounts for the year relating to such payments. The target return will apply for accounting periods starting after 1 October 2010. In the event that the target return of 6 pence per share is not paid in a particular accounting period, the shortfall of such distributions will be carried forward to subsequent accounting periods and any incentive fee will not be payable until this shortfall is met. No incentive fee is payable for the year ended 30 September 2010.

4 Other expenses

	2010 £'000	2009 £'000
Directors' remuneration (including NIC) – see note 5	84	68
IFA trail commission	127	79
Administration services	182	195
Broker's fees	15	8
Custody fees	15	13
Auditors' fees – audit (note)	21	19
– other services supplied relating to taxation	5	3
– other services supplied pursuant to legislation	3	2
Tax monitoring fees	16	10
Professional fees	9	2
Directors' insurance	12	10
Registrar's fees	25	16
Printing	16	26
Sundry	9	25
	539	476

Note: The total audit fee for the year is £23,500, including VAT of which £2,938 relates to the audit work of the merger, and has therefore been included within merger costs (see note 6).

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.

5 Directors' remuneration

	2010 £'000	2009 £'000
Directors' emoluments		
Peter Dicks	20	20
Jocelin Harris	18	18
David Royds (resigned 9 March 2010)	7	15
James Grossman	15	11
Malcolm Diamond (appointed 9 March 2010)	8	–
Jeremy Hamer (appointed 9 March 2010)	10	–
	78	64
Employer's NIC and VAT	6	4
	84	68

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.

6 Merger costs

At the time of the consolidation of Unicorn AIM VCT plc and Unicorn AIM VCT II plc, the prospectus estimated that total costs to combine the Company with Unicorn AIM VCT II plc would be £410,000. The actual costs were £395,000 before the contribution of £100,000 receivable from the Manager. £190,000 of this was borne by Unicorn AIM VCT II plc, while £196,000 was borne by the Company. £98,000 of this sum was stamp duty charged to the share premium account in note 16, £98,000 is disclosed as merger costs in the Income Statement and the balance of £9,000 relates to run-off insurance chargeable in a future period and is held within prepayments in note 12. Further details of the merger can be found in note 21.

7 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2010 £	2009 £
Current and total tax charge (note 7b)	–	–

b) Factors affecting tax charge for the year

	2010 £'000	2009 £'000
Pofit/(loss) on ordinary activities before tax	8,254	(309)
Pofit/(loss) on ordinary activities multiplied by standard small company rate of corporation tax in the UK of 21% (2009: 21%)	1,733	(65)
Non-taxable UK dividend income	(122)	(70)
Non-taxable unrealised (gains)/losses	(1,509)	35
Non-taxable realised gains	(327)	(54)
Transaction costs charged to capital	–	(1)
Allowable expense not charged to revenue	123	79
Losses carried forward	102	76
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(123)	–
Additional losses carried forward to future years	123	–
Actual current charge – capital	–	–
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 £1,647,000 (30 September 2009: £1,422,000).

Notes to the Accounts
for the year ended 30 September 2010

8 Dividends

	2010 Ordinary Share Total £'000	2009 Ordinary Fund £'000	2009 S2 Fund £'000	2009 S3 Fund £'000	2009 Total £'000
Amounts recognised as distributions to equity holders in the year:					
Ordinary Share (formerly S3 Fund)					
Final capital dividend for the year ended 30 September 2008 of 1p per S3 Share paid on 29th January 2009	–	–	–	50	50
Ordinary Fund (up until 9 March 2010)					
Interim capital dividend for the year ended 30 September 2009 of 3.5p per Ordinary Share paid on 29th January 2010	1,058	–	–	–	–
Final capital dividend for the year ended 30 September 2008 of 3p per Ordinary Share paid on 29th January 2009	–	929	–	–	929
S2 Fund					
Interim capital dividend for the year ended 30 September 2009 of 2.5p per S2 Share paid on 29th January 2010	360	–	–	–	–
Final capital dividend for the year ended 30 September 2008 of 2p per S2 Share paid on 29th January 2009	–	–	295	–	295
	1,418	929	295	50	1,274

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.

	2010 £'000	2009 £'000
Company		
Revenue available for distribution by way of dividends for the year	98	(22)
Proposed final dividend for the year ended 30 September 2010 (2009: £nil)	Nil	–
Ordinary Fund:		
Revenue available for distribution by way of dividends for the year	N/A	13
Proposed final dividend for the year ended 30 September 2010 (2009: £nil)	N/A	–
S2 Fund:		
Revenue available for distribution by way of dividends for the year	N/A	(40)
Proposed final dividend for the year ended 30 September 2010 (2009: £nil)	N/A	–
S3 Fund:		
Revenue available for distribution by way of dividends for the year	N/A	5
Proposed final dividend for the year ended 30 September 2010 (2009: £nil)	N/A	–

9 Basic and diluted earnings and return per share

	2010 Ordinary Share Total (formerly S3 Fund) £'000	2009 Ordinary Fund £'000	2009 S2 Fund £'000	2009 S3 Fund £'000	2009 Total £'000
Total earnings after taxation:	8,254	(955)	122	524	(309)
Basic and diluted earnings per share (note a)	**16.77p**	**(3.11)p**	**0.83p**	**10.57p**	
Net revenue/(loss) from ordinary activities after taxation	98	13	(40)	5	(22)
Revenue earnings per share (note b)	**0.20p**	**0.04p**	**(0.27)p**	**0.10p**	
Net unrealised capital gains/(losses)	7,184	(883)	166	551	(166)
Net realised capital gains	1,557	143	113	–	256
Capital expenses	(585)	(228)	(117)	(32)	(377)
Total capital return	8,156	(968)	162	519	(287)
Capital earnings per share (note c)	**16.57p**	**(3.15)p**	**1.10p**	**10.47p**	
Weighted average number of shares in issue in the year*	49,209,889	30,725,568	14,744,906	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.

* The weighted average number of shares in issue for the year to 30 September 2010 is calculated by using the total of weighted average numbers of shares for each of the Company's three share classes up to the date of the merger on 8 March 2010 multiplied by the conversion ratios in note 21 and then adding the weighted average number of Ordinary Shares for the merged entity for the remaining period to 30 September 2010.

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.

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for the year ended 30 September 2010

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 £'000
Book 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)
Valuation at 30 September 2009	2,713	18,692	376	700	910	4,914	28,305
Purchases at cost	3,962	5,215	–	–	–	3	9,180
Assets acquired from Unicorn AIM VCT II plc	966	16,931	201	350	1,040	2,985	22,473
Sale proceeds	(871)	(6,444)	–	–	–	–	(7,315)
Realised (losses)/gains	(96)	1,701	–	–	–	–	1,605
Reclassified at valuation	220	(379)	159	–	–	–	–
Increase in unrealised gains in the year	355	2,269	2,173	549	157	1,681	7,184
Closing valuation at 30 September 2010	7,249	37,985	2,909	1,599	2,107	9,583	61,432
Book cost at 30 September 2010	6,626	37,589	5,838	1,050	1,950	7,735	60,788
Unrealised gains/(losses) at 30 September 2010	623	1,636	1,142	549	157	1,848	5,955
Permanent impairment in value of investments (see note)	–	(1,240)	(4,071)	–	–	–	(5,311)
	7,249	37,985	2,909	1,599	2,107	9,583	61,432

Transaction costs on the purchase and disposal of investments of £48,000 were incurred in the year. These are excluded from realised gains shown above of £1,605,000, but were included in arriving at gains on realisation of investments disclosed in the Income Statement of £1,557,000.

Note: These investments now permanently impaired of £4,071,000 had been traded on AiM originally. By the time they became permanently impaired, they had de-listed from AiM and they are therefore classified as unlisted ordinary shares.

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 £261,000. This is explained by the settlement of a £270,000 addition in Kiotech International outstanding at the previous year-end, OEIC Mastertrust dividends received as an increase in the value of the units of £3,000, an investment which part settled after the year end of £22,000, and a disposal which settled after the year end of £16,000.

11 Significant interests

At 30 September 2010 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	1,576	450	2,026	32.70%
Shieldtech (formerly Base Group plc) Limited	1,240	–	1,240	15.20%
Kiotech International plc	1,766	–	1,766	12.90%
Green Compliance plc	1,850	–	1,850	11.00%
Prologic Plc	806	–	806	10.80%
Tracsis plc	838	–	838	9.60%
HML Holdings plc	347	–	347	8.80%
Crawshaw Group plc	539	–	539	8.50%
SnackTime plc	2,102	550	2,652	8.50%
Access Intelligence Plc	1,467	750	2,217	8.30%
PHSC plc	153	–	153	8.20%
Animalcare Group plc (formerly Ritchie plc)	1,702	–	1,702	8.00%
Universe Group plc	229	–	229	8.00%
Maxima Holdings Plc	2,252	–	2,252	7.20%
Avingtrans plc	997	–	997	6.50%
Mattioli Woods plc	1,682	–	1,682	5.80%
Datong Electronics plc	784	–	784	5.60%
Lees Foods plc	260	–	260	5.40%
Vindon Healthcare plc	475	–	475	5.30%
Hasgrove plc	975	–	975	5.20%
Vitesse Media plc	160	–	160	5.20%
Surgical Innovations Group plc	358	–	358	4.90%
eg solutions plc	406	–	406	4.10%
Pressure Technologies plc	980	–	980	4.10%
Driver Group plc	553	–	553	3.90%
Dillistone Group plc	276	–	276	3.60%
Sanderson Group plc	770	–	770	3.60%
Tangent Communications plc	205	–	205	3.30%
Cohort plc	1,415	–	1,415	3.20%
Tristel plc	547	–	547	3.20%

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

The Company holds 71.5% of the B shares issued by Unicorn Smaller Companies Fund and 34.7% of the Unicorn Mastertrust Fund, 20.7% of the B shares issued by the Unicorn Free Spirit Fund, 10.6% of the B shares issued by the Unicorn Outstanding British Companies Fund and 37.8% of the Unicorn UK Income Fund at the year-end. Unicorn Smaller Companies Fund and 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 18 – 25 of this Report.

12 Debtors

	2010 £'000	2009 £'000
Amounts due within one year:		
Other debtors	67	–
Prepayments and accrued income	385	138
	452	138

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for the year ended 30 September 2010

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. £375,000 (30 September 2009: £3,911,000) of this sum is subject to same day access while £Nil (30 September 2009: £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

	2010 £'000	2009 £'000
Trade creditors	58	52
Other creditors	27	375
Accruals	244	156
	329	583

15 Called up share capital

	2010 £'000	2009 £'000
Allotted, called-up and fully paid:		
Ordinary Shares (formerly S3 Shares) of 1p each: 59,795,232 (2009: 4,958,036)	598	50
Ordinary Shares of 1p each: Nil (2009: 30,297,471)	–	303
S2 Shares of 1p each: Nil (2009: 14,430,227)	–	145
	598	498

During the year and prior to the merger, the Company purchased 79,457 – £1,000 nominal value (2009: 682,875 – £7,000 nominal value) of its own Ordinary Shares for cash at the prevailing market price for a total cost of £35,000 (2009: £223,000) and 18,106 – £181 nominal value (2009: 334,511 – £3,000 nominal value) of its S2 Shares for cash at the prevailing market price for a total cost of £10,000 (2009: £179,000).

Following the merger, the Company purchased 1,577,778 – £16,000 nominal value of its own Ordinary Shares for cash at the prevailing market price for a total cost of £1,222,000.

The Companies Act 2006 ("CA06") abolished the requirement for a company to have an authorised share capital. The Company's Articles of Association were updated to take account of this, and other changes resulting from CA06 and the merger of the Company with Unicorn AIM VCT II plc, and approved for adoption by shareholders at the EGM on 25 February 2010.

On 9 March 2010, the Company redesignated 29,535,449 S3 shares arising from the conversion of former Ordinary and S2 Shares into Ordinary Shares that also occurred on 9 March 2010. The Company also allotted 26,879,525 Ordinary Shares – formerly S3 Fund, to acquire the assets and liabilities of Unicorn AIM VCT II plc (2009: nil). It did not allot any Ordinary or S2 Shares in either 2010 or 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
At 1 October 2009	498	72	840	(3,061)	28,741	5,048	32,138
Shares issued/(bought back)	(17)	17	–	–	(1,267)	–	(1,267)
Transfer to special distributable reserve	–	–	–	–	(3,211)	3,211	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	1,557	1,557
Realisation of previously unrealised depreciation	–	–	–	1,832	–	(1,832)	–
Net increases in unrealised valuations in the year	–	–	–	7,184	–	–	7,184
Adjustment for conversion of Unicorn AIM VCT plc Ordinary and S2 Shares into S3 Shares	(151)	151	–	–	–	–	–
Shares issued on 9 March 2010 to acquire net assets of:							
Unicorn AIM VCT II plc – Ordinary Share Fund	178	–	16,260	–	–	–	16,438
Unicorn AIM VCT II plc – C Share Fund	90	–	8,141	–	–	–	8,231
Stamp duty on shares issued	–	–	(98)	–	–	–	(98)
Dividends paid	–	–	–	–	–	(1,418)	(1,418)
Loss for the year	–	–	–	–	–	(486)	(486)
At 30 September 2010	598	240	25,143	5,955	24,263	6,080	62,279

* Included within these reserves is an amount of £36,298,000 (2009: £30,728,000) 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 is to fund market purchases of the Company'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 £3,211,000 to the Profit and Loss Account from the special distributable reserve is the transfer of realised losses for the year.

17 Net asset values

	2010 Ordinary Shares Total £'000	2009 Ordinary Fund £'000	2009 S2 Fund £'000	2009 S3 Fund £'000	2009 Total £'000
Net Assets	62,279	17,047	10,769	4,322	32,138
Number of shares in issue	59,795,232	30,297,471	14,430,227	4,958,036	
Net asset value per share	**104.15p**	**56.26p**	**74.63p**	**87.18p**	

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

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before taxation	8,254	(309)
Net gains on realisations of investments	(1,557)	(256)
Net unrealised (gains)/losses on investments	(7,184)	166
Transaction costs	(49)	(5)
Decrease in debtors	7	742
Increase/(decrease) in creditors and accruals	(231)	139
Net cash (outflow)/inflow from operating activities	(760)	477

19 Analysis of changes in net funds

	Cash £'000	Liquid resources £'000	Total £'000
At 30 September 2009	366	3,912	4,278
Cash flows	(17)	(3,537)	(3,554)
At 30 September 2010	349	375	724

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.

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 2010:

	2010 (Book Value) £'000	2010 (Fair Value) £'000	2009 (Book Value) £'000	2009 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment Portfolio	61,432	61,432	28,305	28,305
Current investments	375	375	3,912	3,912
Loans and receivables				
Accrued income	355	355	117	117
Other debtors	67	67	–	–
Cash at bank	349	349	366	366
Liabilities at amortised cost or equivalent				
Other creditors	(329)	(329)	(583)	(583)
Total for financial instruments	62,249	62,249	32,117	32,117
Non-financial assets	30	30	21	21
Total net assets	62,279	62,279	32,138	32,138

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 (61% of net assets), or within the OEIC funds managed by Unicorn Asset Management Limited (15% of net assets), unquoted investments (11% of net assets) and fully listed shares (12% 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 £61,432,000 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, it 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:

	2010 £'000	2009 £'000
Loan stock investments	2,107	910
Money market funds	375	3,912
Accrued income and other debtors	422	117
Cash at bank	349	366
	3,253	5,305

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

	2010 £'000	2009 £'000
Repayable within		
0 to 1 year	707	–
1 to 2 years	–	–
2 to 3 years	–	–
3 to 4 years	1,400	–
4 to 5 years	–	910
Total	2,107	910

Liquidity risk: The Company's investments in the equity, non-equity stocks and loan stocks of unlisted and AIM listed companies and its OEIC holdings 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 66% invested in fully listed companies, and as such, are more exposed to overall market risk.

The Unicorn Free Spirit Fund's portfolio contains stocks where 57% by value is in AIM listed stocks, and 43% is in fully listed stocks with average market capitalisation of £125 million; the Unicorn UK Smaller Companies Fund contains 59% by value on AIM and 41% in fully listed stocks with average market capitalisation of £135 million; the Unicorn UK Income Fund contains 18% in AIM and 82% in fully listed stocks with average market capitalisation of £268 million; the Unicorn Mastertrust Fund contains 7% in AIM and 93% in fully listed stocks with average market capitalisation of £149 million while the Outstanding British Companies Fund contains 23% on AIM and 77% in fully listed stocks with average market capitalisation of £3,414 million.

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

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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 2010 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	48,143	–	–	48,143	N/A	N/A
Unicorn OEICs	9,583	–	–	9,583	N/A	N/A
Preference shares	–	1,599	–	1,599	8.00	–
Loan stocks	–	2,107	–	2,107	5.96	2.36
Money market funds	–	–	375	375	0.85	–
Cash	–	–	349	349		
Debtors	422	–	–	422		
Creditors	(329)	–	–	(329)		
Total for financial instruments	57,819	3,706	724	62,249		
Other non financial assets	30	–	–	30		
Total net assets	**57,849**	**3,706**	**724**	**62,279**		

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	N/A	N/A
Unicorn OEICs	4,914	–	–	4,914	N/A	N/A
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		
Creditors	(583)	–	–	(583)		
Total for financial instruments	26,229	1,610	4,278	32,117		
Other non financial assets	21	–	–	21		
Total net assets	**26,250**	**1,610**	**4,278**	**34,138**		

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 Sheet disclosed at the front of this Annual Report gives shareholders further analysis in percentages of the Company's investments by asset class and market sector, and page 55 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 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 would not be the case in reality.

	2010 £ Profit and net assets	2009 £ Profit and net assets
If overall share prices fell by 20% (2009: 20%), with all other variables held constant – decrease	(12,286)	(5,661)
Decrease in earnings, and net asset value, per Ordinary share (formerly S3 shares) (in pence)	(20.55)p	(13.99)p
Decrease in earnings, and net asset value, per Ordinary share (in pence)	–	(9.46)p
Decrease in earnings, and net asset value, per S2 share (in pence)	–	(14.57)p
If overall share prices increase by 20% (2009: 20%), with all other variables held constant – increase	12,286	5,661
Increase in earnings, and net asset value, per Ordinary share (formerly S3 shares) (in pence)	20.55p	13.99p
Increase in earnings, and net asset value, per Ordinary share (in pence)	–	9.46p
Increase in earnings, and net asset value, per S2 share (in pence)	–	14.57p
If interest rates were 1% lower (2009: 1%), with all other variables held constant – decrease	(3)	(31)
Decrease in earnings, and net asset value, per Ordinary share (formerly S3 shares) (in pence)	(0.00)p	(0.14)p
Decrease in earnings, and net asset value, per Ordinary share (in pence)	–	(0.07)p
Decrease in earnings, and net asset value, per S2 share (in pence)	–	(0.02)p
If interest rates were 1% higher (2009: 1%), with all other variables held constant – increase	3	31
Increase in earnings, and net asset value, per Ordinary share (formerly S3 shares) (in pence)	0.00p	0.14p
Increase in earnings, and net asset value, per Ordinary share (in pence)	–	0.07p
Increase in earnings, and net asset value, per S2 share (in pence)	–	0.02p

Fair value hierarchy

The table below sets out fair value measurements using FRS29 fair value hierarchy. The Company has one class of assets, being at fair value through profit and loss.

Financial assets at fair value through profit and loss **At 30 September 2010**	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	45,234	–	2,909	48,143
Preference shares	–	–	1,599	1,599
Loan stock investments	–	–	2,107	2,107
Open ended Investment Companies	9,583	–	–	9,583
Money market funds	375	–	–	375
Total	55,192	–	6,615	61,807

There are currently no financial liabilities at fair value through profit and loss.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies in note 1.

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There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out on below:

	Equity investments £'000	Preference shares £'000	Loan stock investments £'000	Total £'000
Opening balance at 1 October 2009	376	700	910	1,986
Purchases	–	–	–	–
Assets acquired from Unicorn AIM VCT II plc	201	350	1,040	1,591
Sales	–	–	–	–
Transfers into Level 3	159	–	–	159
Transfers out of Level 3	–	–	–	–
Total (losses)/gains included in (losses)/gains on investments in the Income Statement:				
– on assets sold	–	–	–	–
– on assets held at the year end	2,173	549	157	2,879
Closing balance at 30 September 2010	2,909	1,599	2,107	6,615

Transfers into Level 3 relate to investments for which listing has been suspended during the year. Transfers out of Level 3 relate to investments which have obtained stock exchange listing during the year, having previously been unquoted.

As detailed in the accounting policies note, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a suitable price-earnings ratio taken from a comparable sector on the quoted market. These ratios are correlated to the share prices and so any change in share prices will have a significant effect on the fair value measurements of the investments classified as Level 3 investments.

Level 3 unquoted equity and loan stock investments are valued in accordance with the IPEVCV guidelines as follows:

	30 September 2010 £	30 September 2009 £
Investment methodology		
Cost (reviewed for impairment)	1,400	1,610
Asset value supporting security held	–	–
Recent investment price	29	–
Earnings multiple	–	376
Realisation proceeds	5,186	–
	6,615	1,986

The unquoted equity investments had the following movements between valuation methodologies between 30 September 2009 and 30 September 2010:

Change in investment methodology (2009 to 2010)	Carrying value as at 30 September 2010 £	Explanatory note
Earnings multiple to realisation proceeds	5,186	More appropriate basis for determining fair value

The valuation methodology chosen is the most appropriate for that investment, with regard to the September 2009 IPEVCV guidelines. As this investment was sold just after the year end, the directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 30 September 2010.

FRS 29 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The directors are of the view that there are no alternative assumptions that will have a significant effect on the current valuation of the portfolio.

21 Consolidation of Ordinary and S2 share classes and transfer of assets and liabilities of Unicorn AIM VCT II plc – "Merger"

On 9 March 2010, the shares of the Ordinary Fund and S2 Fund of the Company were consolidated with the S3 Fund Shares, by being converted into S3 Fund shares on a relative net asset value basis. 15,094,686 Ordinary and S2 Shares were left over from this conversion process, and re-designated as Deferred Shares. These Deferred Shares were bought back by the Company for an aggregate amount of 1p. The resultant 34,493,485 S3 Shares in issue, being 4,958,036 already in issue plus 29,535,449 created by both conversions, were then re-designated as new Ordinary Shares. Following this consolidation and redesignation, the assets and liabilities of Unicorn AIM VCT II plc were transferred to the Company in exchange for the issue of a further 26,879,525 Ordinary Shares in the Company, at a total value of £24,670,000. Subsequently and on the same day, Unicorn AIM VCT II plc was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986.

The net asset values (NAV) of each Fund used for the purposes of conversion at the calculation date of 8 March 2010, and the resultant conversion ratios into S3 Fund or Ordinary Shares were:

	NAV per share	Conversion ratio applied to old shares to obtain new number of Unicorn AIM VCT plc – S3 Fund/Ordinary Shares
Unicorn AIM VCT plc		
Ordinary Fund	**55.79p**	0.60781764
S2 Fund	**71.13p**	0.77503076
S3 Fund	**91.78p**	1.00000000
Unicorn AIM VCT II plc		
Ordinary Fund	**76.02p**	0.82830102
C Share Fund	**66.70p**	0.72677686

22 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 the stream of 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.

23 Related party transactions

Under the terms of the previous agreement dated 1 October 2001, and the amended agreement dated 9 March 2010, 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 3. Unicorn Asset Management also received a fee of £nil for acting as promoter to the company (2009: £nil).

David Royds was a director of the company until 9 March 2010. He is a director and shareholder of Matrix Group Limited, which owns Matrix-Securities Limited and has significant 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 provided administration services to the Company for a fee of £182,000 (2009: £195,000) as disclosed in note 4 to these accounts. £42,000 (2009: £49,000) was due to MSL at the end of the year. On 9 March 2010, the annual fee for these services was amended to £144,500 per annum.

The Company has invested £363,000 in a liquidity fund managed by PRCM, and earned income of £7,000 from this fund in the year to 30 September 2010 (2009: £16,000). MCC are the Company's brokers and £15,000 in fees has been charged for the year (2009: £8,000).

Nine share buybacks (2009: seven) were undertaken by MCC on the Company's instruction totalling £1.27m (2009: £402,000). £nil (2009: £97,000) was owed to MCC at the year-end.

Notes to the Accounts
for the year ended 30 September 2010

24 Segmental analysis
The operations of the Company are wholly in the United Kingdom.

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

26 Post balance sheet events
On 11 October 2010, £985,000 was invested in Instem Life Science Systems plc.

On 12 October 2010, the sale of the entire holdings in Amber Taverns Limited was completed realising net proceeds of £5.34m and this amount has been reflected in the value of the investment portfolio in these financial statements. This sum includes £84,000 of fees passed over by Unicorn Asset Management, who had received these fees under the terms of the Investment Agreement entered into at the time of the follow-on investment in Amber Taverns Limited.

One of the Company's investments, Shieldtech, appointed administrators after the year-end and de-listed from AiM. This investment was therefore permanently impaired in these accounts.

Shareholder Information

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

Net asset value per share

The Company's NAV per share as at 31 October 2010 was 108.52 pence. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 4 pence per share. The dividend will be paid on 14 January 2011 to Shareholders on the Register on 24 December 2010.

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 2010	Annual Report for the year ended 30 September 2010 to be circulated to Shareholders
24 December 2010	Record date for Shareholders to be eligible for final dividend
7 January 2011	Annual General Meeting
14 January 2011	Payment date for final dividend subject to shareholder approval at the Annual General Meeting
May 2011	Preliminary announcement of Half-Yearly Results
June 2011	Half-Yearly Report for the six months ended 31 March 2011 to be circulated to Shareholderss
30 September 2011	Year-end
December 2011	Preliminary announcement of final results for the year ended 30 September 2011

Annual General Meeting

The ninth Annual General Meeting (AGM) of the Company will be held on 7 January 2011 at 10.30am at the offices of Matrix Group Limited, One Vine Street, London W1J 0AH. Shareholders may 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 62 – 64 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 10.30am on 5 January 2011.

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.

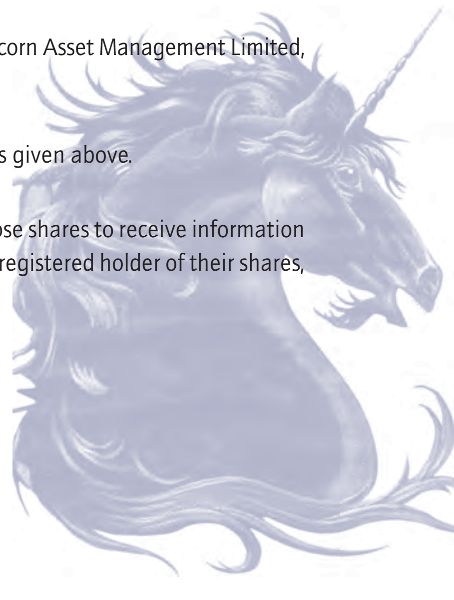
For enquiries concerning the performance of the Company, please contact the Investment Manager, Unicorn Asset Management Limited, on 020 7253 0889 or by e-mail on info@unicornam.com.

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 ninth Annual General Meeting of Unicorn AIM VCT plc ("the Company") will be held at 10.30am on 7 January 2011 at Matrix Group Limited, One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:-

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 30 September 2010, together with the Auditors' report thereon.

2. To approve the Directors' Remuneration Report for the year ended 30 September 2010 as set out in the Annual Report and Accounts of the Company for the year ended 30 September 2010.

3. To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as auditors.

4. To authorise the directors to determine PKF (UK) LLP's remuneration as auditors of the Company.

5. To re-elect Peter Dicks as a Director of the Company.

6. To elect Malcolm Diamond as a Director of the Company.

7. To elect Jeremy Hamer as a Director of the Company.

8. To approve the payment of a final dividend in respect of the year ended 30 September 2010 of 4.0 pence per ordinary share of 1 pence each, payable on 14 January 2011 to shareholders on the register on 24 December 2010.

9. That, in substitution for any existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1 pence each in the Company ("Shares") and to grant rights to subscribe for or convert any security into Shares ("Rights") up to an aggregate nominal value of £246,800, provided that the authority conferred by this Resolution 9 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in 2012 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry.

10. That, in substitution for any existing authorities, the Directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash, pursuant to the authority given pursuant to Resolution 9 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in 2012, and provided further that this power shall be limited to:-

    (i) the allotment and issue of Shares with an aggregate nominal value representing up to £175,000 in connection with an offer for subscription; and

    (ii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, 10 per cent of the issued Share capital of the Company from time to time

    where the proceeds may be used, in whole or in part, to purchase the Company's Shares.

11. That, in substitution for any existing authorities, the Company be and hereby is empowered to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own Shares on such terms and in such manner as the Directors of the Company may determine (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:

    (i) the aggregate number of Shares which may be purchased shall not exceed 11,512,320 Shares;

    (ii) the minimum price which may be paid for a Share is 1 pence (the nominal value thereof);

    (iii) the maximum price which may be paid for a Share is an amount equal to the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day the Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);

(iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the conclusion of the annual general meeting of the Company to be held in 2012; and

(v) the Company may make a contract or contracts to purchase its own Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Vine Street
London W1J 0AH

23 November 2010

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 between 8.30 am and 5.30 pm Monday to Friday, calls cost 10p per minute (including VAT) plus network extras – if calling from overseas please dial +44 208 639 3399 (international rates will apply)) to request additional copies of the proxy form. Different charges may apply to calls from mobile telephones and call may be recorded and randomly monitored for security and training purposes. For legal reasons Capita Registrars will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

(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 later than 10.30am on 5 January 2011 or 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) 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.

(v) Completion and return of the form of proxy or CREST proxy instruction will not prevent you from attending and voting in person at the meeting.

(vi) 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.

(vii) 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

NOTICE of the ANNUAL GENERAL MEETING

must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.30am on 5 January 2011. 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.

(viii) 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.

(ix) As at 23 November 2010, the Company's issued share capital comprised 59,795,232 Shares. Each share carries one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at 23 November 2010 was 59,795,232.

(x) 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 5 January 2011 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 5 January 2011 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.

(xi) 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 agreements with Jeremy Hamer's and Malcolm Diamond's consultancy businesses will also be available for inspection.

(xii) 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.

(xiii) Under section 527 of the 2006 Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

(xiv) 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.

(xv) Further information, including the information required by section 311A of the 2006 Act, regarding the meeting is available on the Company's website, www.unicornaimvct.com.

Corporate Information

Directors
Peter Dicks (Chairman)
Jocelin Harris
David Royds (resigned 9 March 2010)
James H Grossman
Malcolm Diamond (appointed 9 March 2010)
Jeremy Hamer (appointed 9 March 2010)

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

Company Registration Number : 04266437

Investment Manager
Unicorn Asset Management Limited
First Floor Office
Preacher's Court
The Charterhouse
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London EC1M 6AU

Auditors
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Farringdon Place
20 Farringdon Road
London
EC1M 3AP

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

VCT Tax Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

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

Solicitors
Martineau
No 1 Colmore Square
Birmingham
B4 6AA

Stockbroker
Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

Bankers
National Westminster Bank plc
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