Annual Report and Accounts

for the year ended 30 September 2011

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 ongoing 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 total investments and cash, 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. However, in order to maintain compliance with HMRC rules and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager and the Administrator on a 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 2011

Ordinary Shares (formerly called S3 Shares until 8 March 2010)

As at	Net assets (£ million)	Net asset value per share (NAV) (p)	Total* dividends paid per share since launch (p)	NAV total return to shareholders since launch per share (p)	Share price (p)
Ordinary Shares					
30th September 2011	60.4	103.3	5.0	108.3	86.3
31st March 2011	64.6	109.5	5.0	114.5	97.5
30th September 2010	62.3	104.2	1.0	105.2	85.5
31st March 2010	58.0	94.6	1.0	95.6	73.0

*The Board has recommended a dividend of 5p per share for the year ended 30 September 2011. If approved by shareholders, this payment will bring total dividends paid since launch to 10p per share.

Unicorn AIM VCT plc Funds

Share class and year of fundraising	No. of shares held post merger	NAV at 30 September 2011 (£)	Dividends paid pre merger (£)	Dividends paid post-merger (£)	NAV total return (£)
Ordinary Shares (raised in 2011, issued at average price of 116p)	8,620	8,908	n/a	–	8,908*
Ordinary Shares (formerly S3 Shares raised in 2006/07)	10,000	10,334	100	400	10,834
Former Funds:					
Original Ordinary Shares (raised in 2001)	6,078	6,281	4,550	243	11,074
Original Ordinary Shares 2007/08 top-up (13,890 shares issued for £10,000 investment at 72p per share)	8,442	8,724	903	338	9,965
Series 2 Shares (raised in 2004)	7,750	8,009	2,125	310	10,444
Series 2 Shares 2007/08 top-up (10,870 shares issued for £10,000 investment at 92p per share)	8,424	8,705	489	337	9,531

Former Unicorn AIM VCT II plc Funds

Share class and year of fundraising	No. of shares held post merger	NAV at 30 September 2011 (£)	Dividends paid pre merger (£)	Dividends paid post-merger (£)	NAV total return (£)
Ordinary Shares (raised in 2005)	8,283	8,560	1,300	331	10,191
Ordinary Shares 2007/08 top-up (10,205 shares issued for £10,000 investment at 98p per share)	8,452	8,734	1,225	338	10,297
C Shares (raised in 2006)	7,267	7,510	245	291	8,046
C Shares 2007/08 top-up (11,235 shares issued for £10,000 investment at 89p per share)	8,165	8,438	169	326	8,933

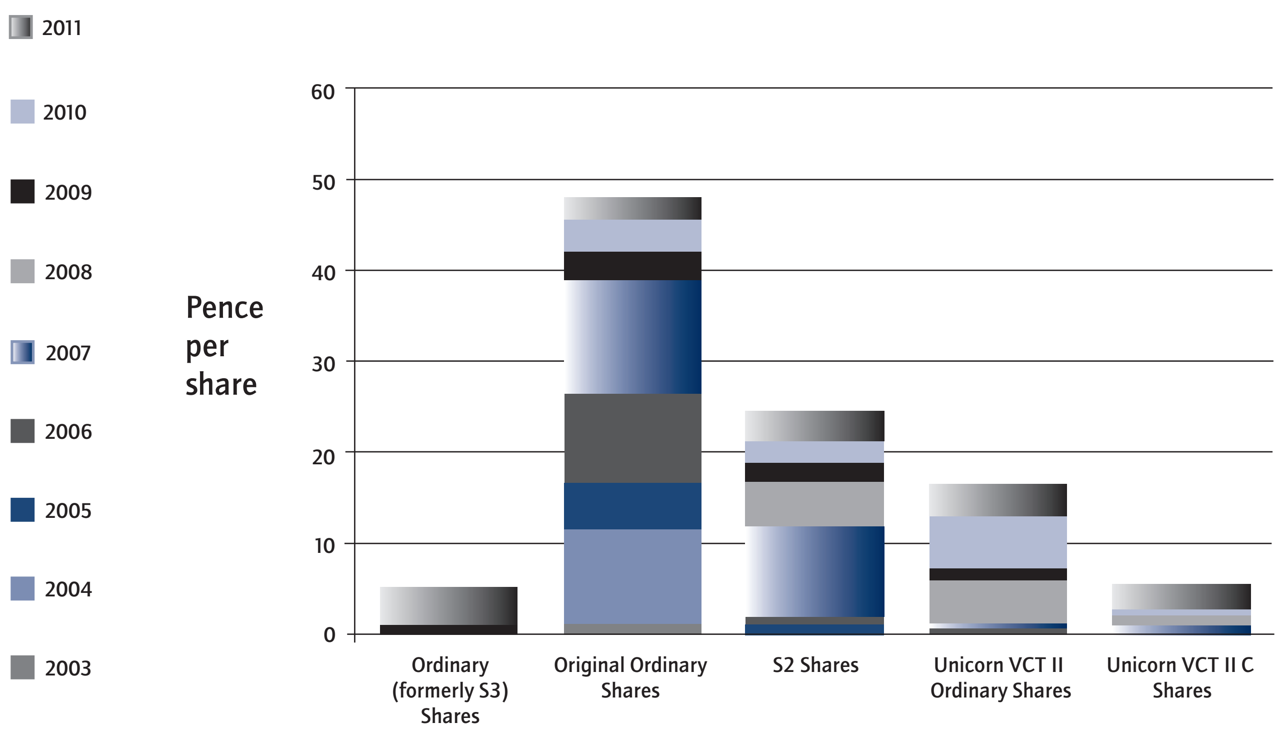
Most shareholders in the Company originally invested in one of the 5 former share classes of either the Company and/or Unicorn AIM VCT II plc. As a result of the merger of all 5 former share classes in March 2010, all shareholders now only hold Ordinary shares, (formerly called S3 shares). To enable such shareholders in each former share class to monitor the performance of their original investment, the tables above show the NAV total return at 30 September 2011 for a shareholder that invested £10,000 at £1 per share at the date of launch of a particular fundraising, excluding any initial income tax relief received.

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.

*This shortfall from the £10,000 initially invested is partly due to the costs of the Offer of 5.5%.

Dividend history

Dividend payment history for each pre-merger share class



Dividends paid

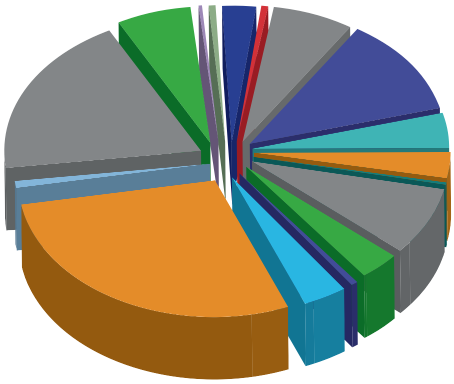
	Ordinary (formerly S3) Shares (p)	Original Ordinary Shares (p)	S2 Shares (p)	Unicorn VCT II Ordinary Shares (p)	Unicorn VCT II C Shares (p)
Calendar year paid					
2011 *	4.00	2.43*	3.10*	3.31 *	2.91 *
2010	–	3.50	2.50	6.00	0.45
2009	1.00	3.00	2.00	1.00	–
2008	–	–	5.00	5.00	1.00
2007	–	12.55	10.00	0.50	1.00
2006	–	10.00	1.00	0.50	–
2005	–	5.00	0.75	–	–
2004	–	10.45	–	–	–
2003	–	1.00	–	–	–
Totals paid to 30 September 2011	5.00	47.93	24.35	16.31	5.36

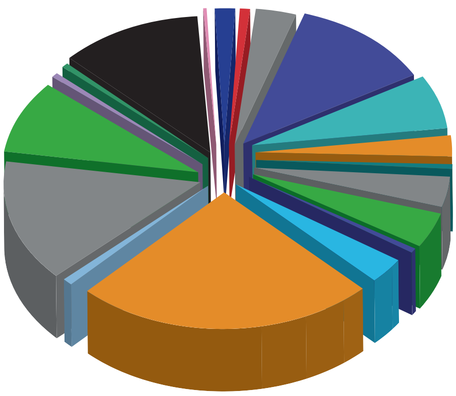
* The dividends in 2011 on the Ordinary (formerly S3) shares, are also shown for each of the former share classes, which have been calculated in proportion to the merger conversion ratios.

Key Data
As at 30 September 2011

Portfolio breakdown

Allocation of qualifying investments by market sector as at 30 September 2011





	2011 %	2010 %
Aerospace & defence	2.92	1.86
Electronic & electrical equipment	0.54	0.68
Farming & fishing	6.63	3.37
Financial Services	12.22	12.03
Food & drug retailers	4.06	6.50
Food producers	2.98	2.35
General retailers	0.04	0.07
Healthcare equipment & services	9.17	3.86
Industrial engineering	3.58	4.12
Industrial transportation	0.55	0.12
Media	3.44	3.27
Pharmaceutical & biotechnology	27.48	24.97
Real estate investment & services	0.70	0.83
Software & computer services	18.71	14.41
Support services	6.22	8.78
Technology hardware & equipment	0.44	0.14
Fixed Line Telecommunications	0.32	-
IT Services	-	0.58
Leisure and retail	-	11.86
Travel and leisure	-	0.20

Chairman's Statement

I am pleased to present the tenth Annual Report of the Company for the financial year ended 30 September 2011.

The period under review has been one of modest progress for your Company despite a progressively deteriorating economic outlook, the consequences of which were evident in very weak equity markets towards the end of the financial year.

Audited net asset value per share as at 30 September 2011 was 103.34 pence per share and the total return for the financial year, after adding back dividends paid, was 3.1%. During the same period the FTSE All-Share Index lost 4.4% on a total return basis, whilst the FTSE AIM All-Share Index declined by 9.8%.

The Company remains the largest AIM focused VCT in the market, with audited net assets as at 30 September 2011 of £60.45m.

As anticipated at the time of the merger with Unicorn AIM VCT II plc, which was completed in March 2010, the total running costs of the Company reduced during the period. Total cost savings amount to approximately £350,000 this year compared to the last full financial year for each VCT before they were merged. As a result, the total expense ratio remains low by industry standards at 2.69% of total assets.

The Board continues to buy back shares for cancellation from time to time. A total of 4.3m shares were purchased for cancellation during the course of the year at an average price of 97 pence per share. These shares were purchased at a discount to net assets of between 10% and 20%.

Dividend payments of 4 pence per share totalling £2.38m were made to shareholders in respect of the year ended 30 September 2011 on 14 January 2011.

During the year a total of £3.3m (net of expenses) was raised under an Offer for Subscription which closed on 30 June 2011. I would like to take this opportunity to welcome all new shareholders and to thank our existing shareholders for their continued support.

The year under review started positively for both the Company and for equity markets generally as corporate profitability improved and developed economies appeared to be generating economic growth, however modest. Between October 2010 and early May 2011, the FTSE All-Share Index appreciated by just over 10%, and the net asset value of the Company increased by a similar amount.

As summer progressed, however, concerns over the sustainability of global economic recovery began to re-emerge. The continuing sovereign debt crisis in the Eurozone, exceptionally high levels of borrowing in the US and signs of slowdown in emerging market economies have all contributed to a heightened sense of uncertainty. The problems caused by excessive levels of debt continue to affect all major global economies. The continued absence of a credible, coherent and politically acceptable financial rescue plan for the Greek economy is of particular concern and has been a notable contributor to the weak performance of equity markets in recent months.

At the time of writing, the threat that Greece might default on its sovereign debt obligations remains, despite several rounds of financial support from the European Central Bank and the International Monetary Fund. The almost inevitable consequence of such a default would be to trigger a domino effect amongst the other financially weak members of the European Union, which in turn could exacerbate the liquidity position of the major European banks.

Between the start of July and the end of September 2011, the FTSE All-Share Index lost more than 13% in value, whilst the FTSE AIM All-Share Index fell by over 18%, wiping out all the gains made in the previous three quarters of the period under review. The declines in Europe were even more extreme, with the main German and French stock indices down by more than 28%. It therefore gives me some comfort to report that the performance of the investment portfolio has been relatively resilient in the face of this market turmoil, with net assets falling by 9.2% over the same three month period.

The uncertain economic environment combined with increasingly volatile market conditions meant that it was a quiet year for Initial Public Offerings with only 78 UK companies listing on AIM in the 12 month period to 30 September 2011, of which relatively few were VCT qualifying. This compares with a peak of almost 400 admissions during 2005. Our Investment Manager maintains a highly selective approach to new investments and participated in four VCT qualifying opportunities in the period. Of these new investments, two were in companies new to AIM, whilst the other two took the form of secondary placings. In addition to these new investments, four qualifying follow-on investments were made in companies in which the Company already held a stake.

In terms of disposals, M & A activity resulted in three qualifying companies being sold, and a partial disposal was made of Abcam through a series of secondary market trades.

The non-qualifying portfolio continued to develop during the year with the Investment Manager making ten new investments, three follow-on investments, seven outright disposals and a number of partial disposals. In addition, one non-qualifying company was sold, following its acquisition by a trade buyer.

Over the twelve months to 30 September 2011 there was a net gain on investments of £1.95 million and the total gain on ordinary activities after taxation was £1.41 million, the equivalent of 2.37 pence per share. The profit on the revenue account was £288,000. At the financial year end, the qualifying portfolio consisted of 55 holdings whilst the non-qualifying portfolio had grown to 33. The Company remains comfortably above one of the key thresholds required by HMRC, whereby 70% of total assets must be invested in VCT qualifying companies. At the financial year end, the Company held 77.4% (reflecting the tax value of investments as defined in the tax legislation), of its total investment assets in VCT qualifying companies.

Chairman's Statement

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 to 13.

The Board remains committed to a policy of maximising the stream of dividend distributions to shareholders from the income and capital gains generated by the portfolio. Since the original launch in 2001, shareholders have received in excess of £23m in tax free dividend distributions. The Board has now considered the payment of a final dividend for the financial year ended 30 September 2011. Despite the relatively modest income and capital gains made during the year, your Company retains significant distributable reserves and taking this into account, the Board is pleased to recommend a dividend of 5 pence per share.

Finally, it is worth noting that your Investment Manager has this year been recognised by the wider investment community, winning five investment performance awards across a range of funds, whilst being shortlisted for a further three. It is particularly pleasing to report that Unicorn Asset Management was named 'VCT Manager of the Year' at the 2011 Growth Company Awards, whilst Unicorn AIM VCT was awarded 'Best Venture Capital Trust' by What Investment Magazine. The awards were based on an assessment of net asset value performance over three and five year time periods respectively and are an encouraging endorsement of the Unicorn team's conservative, disciplined and long-term approach to investment management. I look forward to being able to report on further progress in due course, hopefully when the wider fears surrounding sovereign debt and global economic slowdown have begun to ease.

Peter Dicks
Chairman
15 December 2011

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 2011 totalled £60.4m, equivalent to 103.34 pence per share. This compares with an audited net asset per share of 104.15 pence as at 30 September 2010. After adding back dividends paid of 4 pence per share in the period, the total return amounted to 3.1%.

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 diversified both by sector and by number of investments held. The Company remains comfortably above the threshold required to retain VCT qualifying status (whereby 70% of total investment assets must be invested in VCT qualifying companies). Your Investment Manager will continue to adopt a highly selective approach to new investment opportunities.

Alternative Investment Market (AIM) review

UK equity markets, which had remained relatively resilient for much of the period under review, came under severe pressure during August and September as fears of another financial crisis eroded confidence. The FTSE AIM All-Share Index ended the twelve months to 30 September 2011 down by 9.8% on a total return basis, whilst the FTSE All-Share Index fell by 4.4% over the same period. Interestingly, the worst performing sector across both indices was the mining sector, which reacted negatively to a collapse in commodity prices. Precious metals, including silver and gold and base metals, such as nickel and lead all fell by around 20% from their peaks. These declines were triggered by fears of a sharp slowdown in economic growth in China combined with increasing fears that sovereign nations such as Greece, could default on their debt repayment obligations thus potentially triggering another banking crisis.

As noted in previous years, the performance of the AIM Index is closely linked to the performance of the Mining and Oil & Gas sectors, which account for over 40% of the Index by value. Unicorn AIM VCT has had minimal exposure to Mining & Resource companies, which in part explains the strong relative performance achieved during the financial year under review.

The number of companies listing on AIM remains at historically low levels, with only 55 UK and 17 International admissions in the first nine months of 2011. In total, these companies raised £531.5m in new money, which puts 2011 on course to be the worst year for new fundraising on AIM for almost a decade. There can be little doubt that this paucity of transactions is a reflection of wider economic concerns. Nonetheless, it has to be of concern that, due to a significant increase in delistings, there are now almost a third fewer companies listed on AIM than there were at the peak in 2007. On a positive note, average daily volumes and average daily value of trades have recovered quite sharply during 2011 (source: London Stock Exchange).

Qualifying investments

Despite a difficult end to the financial year, it is pleasing to report that the majority of our VCT qualifying companies remain in good health, both operationally and financially. Clearly, the outlook has become more uncertain in recent months and, as a result, management teams are expressing a cautious view on prospects. However, the fact that so many of these companies survived the financial crisis of 2008 and the subsequent recession bodes well for their future prospects. One of the few benefits that can result from a retrenchment in economic activity is that capable management teams can seize the opportunity to examine their cost base, focus on cash generation, improve productivity and refine their approach to customer service. For those businesses that are swift to respond to more challenging trading conditions the benefits can be considerable and are often manifested in improved profitability, stronger balance sheets, a more motivated workforce and greater loyalty from customers. It is for these reasons that many of the constituents of the qualifying portfolio performed relatively resiliently in what was a difficult year for quoted companies generally.

A review of the main positive contributors to performance in the VCT qualifying portfolio follows (bracketed figures represent the share price movement for the year under review on a bid price basis):-

Abcam (+5.7%) is a global leader in the manufacture and supply of therapeutic antibodies and protein research tools to the worldwide life science research market. This company continues to expand. Results for the financial year ended 30 June 2011 confirmed that growth has remained strong. Annual revenues increased by 17% to £83.3m, whilst pre-tax profits grew by 25% to £32.1m. This company remains strongly cash generative with net cash increasing to £55.6m (2010 - £40.2m) despite a £10m outflow to fund acquisitions and dividend payments. Abcam

Investment Manager's Review

shares rose by 5.7% during the period under review, once again significantly outperforming the AIM Index. As a result, the relative weighting of Abcam within the qualifying portfolio remains significant. In order to mitigate this stock specific risk, further partial disposals were made during the financial year. The net amount of these realisations was £855k and the realised capital gain was £615k, at an average price on disposal of over £4 per share. As at 30 September 2011, Abcam had a market capitalisation in excess of £660m.

Animalcare (+71.8%) is a leading UK supplier of veterinary medicines, identification and welfare products to the companion animal market. In the twelve months to 30 June 2011, this company grew turnover by 5%, which translated into a 21% increase in profit before tax of £3m. Although there is currently little or no growth in the veterinary medicines market in the UK, the Board of Animalcare believes that the business can continue to grow through product launches and increased market share. Animalcare has launched six new products since the beginning of July 2010 and is planning to launch a further four drugs during its current financial year.

Avingtrans (+17.6%) designs, manufactures and supplies critical components to the medical, energy, industrial and global aerospace sectors. Following a difficult year in 2010, this company is now witnessing improving demand across the majority of its markets. Global economic recovery combined with operational efficiency improvements have resulted in a much improved financial performance. The results for the twelve months to 31 May 2011 reflect this recovery with turnover up 27% to £36.3m and operating profit increasing almost threefold to £1.4m, highlighting the inherent operational gearing of the business. The Board has also reinstated the final dividend and confirmed its commitment to pursuing a progressive dividend policy.

Belgravium (+182.3%) designs and manufactures real-time data capture systems. In the six month period to 30 June 2011, turnover improved by 30.5% to £4.77m (2010 - £3.66m) generating a profit before tax of £321,000 compared to an effective break even position during the equivalent period in 2010. It is particularly pleasing to report a significant strengthening of the balance sheet with net cash of £638,000 versus a net debt position of £711,000 twelve months ago.

Cohort (+39.5%) is a technology group with three operating subsidiaries each of which is focused on providing specialist technical products or services, primarily to the defence market. In the financial year ended 30 April 2011, Cohort posted revenue of £65.1m and a profit before tax of £2.7m. Having suffered a number of significant operational issues during the past two years, the three operating businesses now appear to have solid prospects. The order book at this company's financial year end stood at £103.2m and this provides a solid platform for the current financial year, despite continuing uncertainty in the UK defence market. Cohort's businesses have strong market positions and the Group has a solid balance sheet with net cash of £6.7m as at 30 April 2011.

Dillistone (+62.2%) is a global supplier of executive recruitment software to the search and selection market. This company's core product is a software system known as Filefinder, which is specifically designed to support everything that an executive recruiter does. Filefinder is used by over 1,000 firms in more than 55 countries around the world. The recently reported interim results for the six months ended 30 June 2011, showed revenues up 16% to £2.3m and pre-tax profits up 8% at £551,000.

Idox (+89.4%) is a leading independent supplier of software and services to the UK public sector and other markets. In the six month period ended 30 April 2011, Idox delivered revenue growth of 21% to £18m whilst pre-tax profit declined 8% to £2m on higher amortisation and share option charges. This company's net cash position improved to £4.1m despite funding four acquisitions, increasing the dividend and paying off remaining debt early. The interim dividend was increased by 140%, reflecting the Board's confidence in the long term strength of the business.

Mattioli Woods (+10.9%) is a specialist pensions consultancy and wealth management business. Mattioli Woods recently recorded a sixth consecutive year of growth since listing on AIM in 2006. In the financial year ended 31 May 2011 revenues increased by 12.3% to £15.4m, whilst adjusted earnings per share grew by 14.1%. Assets under administration grew by 21.7% to £2.3bn and the dividend was increased by 13.8%.

Surgical Innovations (+186.4%), the designer and manufacturer of innovative medical devices for minimally invasive surgery, continues to make positive progress. In the first half of the financial year ended 30 June 2011 sales and profits were lower on a like-for-like basis primarily because of an anticipated reduction in business with an industrial customer. Demand for branded products was strong however, and significant investment in people, product development and infrastructure has therefore continued in anticipation of further growth in 2012. Current trading and customer demand across the business is reported as being encouraging, with strong demand for its branded products as well as a significant improvement in OEM sales.

Tangent Communications (+48.8%) is a market leading provider of technology and digital marketing services. For the financial year ended 28 February 2011 turnover increased by 23% to £22.4m, whilst underlying operating profit increased by 65% to £1.3m. Cash generated from operations also increased significantly to £1.8m representing 135% of underlying operating profit. Trading in the first half of this company's current financial year is reported to be in line with management expectations.

Tracsis (+26.6%) is a provider of operational planning software and consultancy services to the transport industry. In August, Tracsis reported that trading in the second half of its financial year to 31 July 2011 was ahead of market expectations and that the enlarged group anticipates delivering full year revenues and profits significantly ahead of forecast, including over £1m of revenue contribution from the acquired operations of MPEC Technology Limited completed on 1 June 2011.

Zetar (+21.8%) is a leading manufacturer of confectionery and natural snacks with a reputation for quality and product innovation. Financial results for the year ended 30 April 2011 demonstrated the resilience of the business despite a dramatic rise in commodity prices. The confectionery division achieved a record result reflecting an increase in sales and an improved mix of higher margin products allied to further cost efficiencies, whilst margins in the natural snacks division improved significantly in the second half as price increases were implemented. Overall, revenues were up marginally to £135m, whilst earnings per share increased by 9% to 35.8 pence. Management's confidence in the prospects for the business was reflected in the Board's decision to pay an inaugural dividend.

Of the qualifying investments that fared less well during the year, the majority remain in sound financial health, despite operating in particularly challenging markets. A review of these investments follows:-

Access Intelligence (Ordinary Shares -47.4%) comprises a group of Software as a Service (Saas) businesses that delivers compliance solutions to the public and private sectors. This company's strategy has been to acquire growth businesses in targeted sectors and then build value through driving organic growth and increasing cross-selling opportunities. In the six month period to 31 May 2011, turnover declined marginally to £4.0m (2010 - £4.1m) whilst profits before tax fell to break-even levels. The principal cause of the decline in profitability relates to difficulties encountered at the acquired compliance training business, Cobent, where sales opportunities have proven slow to close in the prevailing economic environment. A new management team has been installed at Cobent and costs are being streamlined to bring them in line with current sales levels. In July 2011, Access Intelligence announced the disposal of another subsidiary, Solcara, realising cash proceeds of £2.5m. The disposal of this business was achieved on a multiple of 3.3x Solcara's revenues for the year ended 30 November 2010 and will therefore significantly increase Access Intelligence's reported cash balance of £2.7m once the transaction has completed. Importantly, Access Intelligence has also established a sizeable customer base from which it derives recurring revenues, currently representing 65% of annual turnover.

Crawshaw Group (-59.1%) operates a chain of retail butchers in the North of England. In its interim results for the six months to 31 July 2011, this company reported on a particularly challenging retail climate, where rising meat prices coupled with reduced levels of disposable income were conspiring to depress footfall and average spend. Despite an increase in the number of operating units, total revenues for the period were flat, whilst like for like sales were down by 4%. As a consequence, profit before tax declined to £68,000 from £233,000 during the equivalent period in 2010.

Green Compliance (-24.3%) is a provider of water, fire and pest control services to UK businesses nationwide. The business continues to develop positively and has recently delivered results that were in line with expectations. However, share price performance remains a disappointment. In the period under review the share price fell by almost a quarter. Following a share consolidation in August 2011, and the successful clearing of a large overhang of shares, the share price has stabilised.

Maxima Holdings (-63.1%) is an IT business systems and managed services company, which grew rapidly through acquisition after floating on AIM in November 2004. The business has struggled in recent years as management attempted a controlled migration of customers from legacy mainframe support to new, more focused and higher margin, managed services and solutions. Following the completion of a strategic review in September 2011, Maxima has undergone a change of management and successfully raised £2m via an issue of equity. The newly appointed Executive Chairman has also announced the sale of non-core operating units. This process is to be conducted over the coming months, following which it is to be hoped that Maxima will be well positioned to focus on providing next generation IT managed services and solution to new and existing customers.

SnackTime (Ordinary Shares -52.0%) is the third largest vending company in the UK following a series of acquisitions. In an update related to trading in the first six months of its financial year, this company reported that it was making good progress despite the impact of high input inflation, the increase in VAT and ongoing deterioration in consumer confidence. Snacktime has also successfully completed a major restructuring in the period, which has resulted in significant upfront exceptional costs. Savings from the restructuring of the operating division began to be evident toward the end of the six month period to 30 September 2011. These savings are expected to offset the impact of input price inflation following the large increases in commodity prices experienced over the last 12 months. The

Investment Manager's Review

combination of new customer contracts and further efficiencies means that the management of SnackTime expect to deliver margin improvements during the second half of the financial year.

Other qualifying holdings which struggled in share price terms include Pressure Technologies (-22.3%), Tristel (-23.1%) and Vianet, formerly Brulines (-22.5%). Each of these businesses remains fundamentally sound, with good long term prospects, capable management and strong balance sheets. The Investment Manager is confident that their market valuations will recover in due course.

New qualifying investments

At the financial year end the Company held over 77% of total investment assets in VCT qualifying businesses as calculated in accordance with HMRC tax valuation rules. New VCT qualifying investments are only made if the companies concerned meet the Investment Manager's clearly defined investment criteria. During the period, four VCT qualifying companies were introduced to the portfolio. These were:-

Accumuli (+31%) is a 'buy and build' company focused on acquiring businesses operating in the managed security services sector of the IT market. Following a period of restructuring and management change, this company successfully completed a fundraising in November 2010 and has since announced that it is to acquire three businesses, all operating in the fast growing IT security sector.

Hangar 8 (-8.0%) is one of Europe's largest operators of privately owned passenger jet aircraft. This company currently manages twenty-one jets on behalf of their owners and charters them out to third party customers. The size of Hangar 8's fleet today enables it to offer cost effective management fees and attractive levels of charter income for owners, whilst providing charter customers with a competitively priced service. This company listed on AIM in November 2010. Final results for the 14 month period ended 30 June 2011 showed strong growth in turnover, profitability and net cash.

Instem Life Science Systems (+27.1%) is a software company focused on the life sciences and biotechnology markets. Instem 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. This company was admitted to AIM in October 2010 following a successful placing of shares which raised £9m. Interim results for the six months to 30 June 2011 were in line with expectations and the outlook statement highlighted management's confidence in delivering further growth in the current financial year.

Omega Diagnostics (+21.08%) is an AIM-listed medical diagnostics company which raised £7.8m from institutional investors, including Unicorn AIM VCT, in November 2010. The proceeds of the placing have been used to fund the acquisition of a profitable European allergy testing business. The combined businesses now establish Omega as one of the UK's leading companies in the fast growing areas of food intolerance and allergy testing. This company is also a specialist in testing for infectious diseases such as Syphilis, TB, Dengue Fever and Malaria.

In addition, four qualifying follow-on investments were made during the period in ***Brady, Green Compliance, IS Pharma*** and ***Tristel.***

Non-qualifying, follow-on investments were made in ***Dillistone, HML Holdings*** and ***Tangent Communications.***

Realisations

There were a limited number of realisations in the year to 30 September 2011.

As previously reported, the disposal of ***Amber Taverns*** was concluded in October 2010. Amber Taverns is an unquoted operator of public houses in the North West of England which was acquired by a private equity firm following a competitive sales process. Total cash proceeds from this disposal amounted to more than £5.3m and were received in full in October 2010, generating a realised capital profit of £3.3m, the majority of which was recognised as an unrealised gain in the previous year's report and accounts.

The acquisition of ***Mount Engineering*** by ***Cooper Controls*** was also concluded early in the financial year realising net proceeds of £351,000 and a capital gain of £86,000.

Individual Restaurant Company was delisted in June 2011 following an offer by management to take the business private, generating cash proceeds of £69,000 and crystallising a capital loss of £496,000.

Shieldtech, the designer and manufacturer of body armour, was placed into administration in October 2010. The value of the holding had already been written down to zero in last year's Report & Accounts.

The portfolio's holding in ***Universe Group*** was sold to ***Brookwell,*** a portfolio realisation specialist, in exchange for an equivalent value of shares in Brookwell.

Non-qualifying portfolios

Following the merger with Unicorn AIM VCT II plc in March 2010, the combined assets of the Company remain diversified and the level of qualifying investment was comfortably above the threshold required by HMRC to retain VCT qualifying status at the financial year end. As a result, the process of developing the non-qualifying portfolio has continued. During the period, ten new non-qualifying companies were added to the portfolio. The total cost of these investments amounted to £3.4m. A brief description of the new holdings follows:-

ATH Resources	**Share price as at 30 September 2011**	**41p**
ATH Resources operates surface coal mines and is one of the largest producers of coal in the UK, providing coal principally to the electricity supply industry and also the industrial and house coal markets.		

Communisis	**Share price as at 30 September 2011**	**25p**
Communisis is a leading marketing services group, with increasing presence in the fast growing digital marketing segment. Communisis has successfully developed the capabilities necessary to deliver end to end marketing solutions for its clients thus helping them to efficiently deliver more effective and profitable communications.		

IQE	**Share price as at 30 September 2011**	**24p**
IQE is a leading global manufacturer and supplier of advanced semiconductor wafers with products that cover a diverse range of applications, such as computers, mobile phones and photovoltaic solar devices. The technology is supported by innovative outsourced foundry services that allows the Group to provide a 'one stop shop' for the wafer needs of the world's leading semiconductor manufacturers.		

Phoenix IT Group	**Share price as at 30 September 2011**	**191p**
The Phoenix IT Group provides managed IT Infrastructure support services, including systems management, communications, remote telephone support, project & consultancy services and business continuity.		

SSE (Scottish & Southern Energy)	**Share price as at 30 September 2011**	**1,287p**
SSE is involved in the generation, transmission, distribution and supply of electricity, in the production, storage, distribution and supply of gas and in other energy services. Since the year end, this holding has been sold.		

Specialist Energy Group	**Share price as at 30 September 2011**	**43p**
Specialist Energy Group is a niche engineering and manufacturing group. Its main operating subsidiary, Hayward Tyler, is the worldwide market leader in boiler circulating pumps and is focused on the energy sector. The Group supplies pumps to energy related companies operating in sectors such as conventional fossil fired power generation, nuclear power generation and oil & gas exploration.		

Investment Manager's Review

Stadium Group	Share price as at 30 September 2011	67p
Stadium Electronics is a specialist contract manufacturer focused on providing electronic and power products to OEMs in the security, medical, transportation and communications sectors. Stadium operates low cost manufacturing facilities in the UK and China.		

Staffline	Share price as at 30 September 2011	210p
Staffline provides and manages industrial workforces with a focus on supplying temporary labour to the food processing, manufacturing and logistics sectors.		

Tricorn	Share price as at 30 September 2011	26p
Tricorn is a manufacturer of specialist pipe and tubing assemblies supplying worldwide markets in the aerospace, energy, transportation and utilities sectors.		

VP (Vibroplant)	Share price as at 30 September 2011	229p
VP is a specialist equipment rental company, engaged in the rental and sale of products to the civil engineering, rail, oil and gas exploration, construction, outdoor events, and industrial markets.		

A number of the new non-qualifying investments have not performed as well as anticipated in the short term. The sharp sell-off in equity markets generally and in smaller quoted companies in particular during the final three months of the financial year has been primarily responsible for the weaker than expected performance from some of the new investments, rather than any particular stock specific issues. The strategy for the non-qualifying portfolio is to build revenue reserves by continuing to identify investment opportunities in companies that are sensibly valued and which have an established track record of paying dividends together with the aim of pursuing a progressive dividend policy. Your Manager remains confident in the long term prospects for these new investments. As at 30 September 2011 their aggregate carrying value amounted to £2.8m.

Within the non-qualifying portfolio, the contribution to performance from the investment in sub-funds of the Unicorn Investment Funds OEIC has remained strong.

All five sub-funds of the Unicorn Investment Funds OEIC performed well, with four out of five performing in the top decile of their respective asset classes over the twelve month period ended 30 September 2011. All of the sub-funds achieved positive total returns in the period, ranging from +1% in the Outstanding British Companies Fund to +12% from the Unicorn Free Spirit Fund. It is important to note that the Investment Manager's fees are based on the net asset value of the Company excluding the value of the investments in these OEIC Funds, as the Investment Manager earns fees from managing the OEIC funds separately, thus ensuring there is no double charging of fees.

Prospects

The issues surrounding excessive debt continue to weigh heavily on developed economies. It is likely that the debt reduction measures currently being implemented, although necessary, will slow the pace of economic recovery. In particular, the cutbacks in public sector spending are creating an almost inevitable increase in the unemployment numbers.

There appears to be a dawning realisation that the many and serious problems faced by most western economies cannot be solved easily or quickly. Investors in UK equity markets have been adapting to this new and harsh reality. In recent months, many soundly financed, well managed, quoted companies have seen their valuations tumble as it becomes increasingly likely that sustainable economic recovery will be elusive. However, as highlighted in previous years, many of the British companies quoted on UK equity markets now operate on a global scale. This geographic diversification provides some protection when the domestic economy is struggling, whilst also presenting opportunities to generate growth from emerging market economies. Many of the companies held in the qualifying and non-qualifying portfolios sell their products or services on a worldwide basis and are currently enjoying an added competitive advantage gained from the continuing relative weakness of Sterling.

The established policy of investing in conservatively managed, sustainably profitable businesses with strong balance sheets and healthy cashflows has contributed to the resilient performance delivered in the year under review. Your Investment Manager intends to retain this prudent investment approach since, in our opinion, it provides the most effective method of delivering superior returns over the longer term.

Following recent market turmoil, the valuation of the smaller quoted company sector is looking increasingly attractive, even after factoring in probable downgrades to earnings forecasts in 2012 and beyond. However, the outlook for economic growth remains modest at best and the operating environment for many smaller quoted companies has become more challenging in recent months. We will therefore continue to invest selectively in this area as and when we are able to identify VCT qualifying companies that meet our strict investment criteria and which are available at compelling valuations. At the same time, we will aim to develop and broaden the quality of the non-qualifying portfolio, with the intention of meeting the objective of increasing the capital and revenue reserves available for distribution to shareholders over the longer term.

Chris Hutchinson
Unicorn Asset Management Limited
15 December 2011

Investment Portfolio Summary

	Date of first investment	Book cost[1] £'000	Original Cost[1] £'000	Valuation £'000	Valuation basis	Type of security
Qualifying investments						
AIM/PLUS quoted investments						
Abcam plc Manufacture and distribution of therapeutic antibodies to the pharmaceutical research market	Oct 2005	2,284	768	8,298	Bid price	Ordinary shares
Animalcare Group plc Manufacture & supply of veterinary medicines	Dec 2007	1,702	900	2,618	Bid price	Ordinary shares
Mattioli Woods plc Specialist pension consultancy and wealth management	Nov 2005	1,680	1,329	2,466	Bid price	Ordinary shares
Green Compliance plc Compliance services	Dec 2009	2,100	2,000	2,120	Bid price	Ordinary shares
Surgical Innovations Group plc Design and manufacture of medical devices	May 2007	331	643	2,022	Bid price	Ordinary shares
Anpario plc (formerly Kiotech International plc) Manufacture of natural animal feed additives	Nov 2006	1,766	1,630	1,937	Bid price	Ordinary shares
Instem Life Science Systems plc IT solutions for the early development healthcare market	Jan 2011	985	985	1,238	Bid price	Ordinary shares
Idox plc Information and knowledge management software	May 2007	530	398	1,166	Bid price	Ordinary shares
Tracsis plc Transport planning software and consultancy	Nov 2007	838	800	1,162	Bid price	Ordinary shares
Cohort plc Provision of technical services to clients in the defence and security sectors	Feb 2006	1,414	1,689	1,153	Bid price	Ordinary shares
Zetar plc Confectionery and snack foods group	Apr 2005	772	772	927	Bid price	Ordinary shares
SnackTime plc Operator of vending machines	Dec 2007	2,102	2,044	835	Bid price	Ordinary shares
Avingtrans plc Manufacture of precison engineered components	Oct 2004	996	996	780	Bid price	Ordinary shares
Tristel plc Manufacture of infection control products	Nov 2009	878	865	654	Bid price	Ordinary shares
Pressure Technologies plc Manufacture of high pressure steel cylinders	May 2007	980	700	635	Bid price	Ordinary shares
Sinclair IS Pharma plc (formerly IS Pharma plc) Pharmaceuticals company	Mar 2008	704	732	617	Bid price	Ordinary shares
Hasgrove plc Marketing and communications	Nov 2006	975	1,500	600	Bid price	Ordinary shares
Access Intelligence plc Compliance solutions software	Dec 2004	1,467	1,464	535	Bid price	Ordinary shares
Omega Diagnostics plc Medical diagnostics company	Dec 2010	500	500	521	Bid price	Ordinary shares
Accumuli plc Computer security services	Jan 2011	400	400	461	Bid price	Ordinary shares
Brulines Group plc Real time data monitoring systems	Oct 2006	584	584	442	Bid price	Ordinary shares
Maxima Holdings plc IT business systems and managed services	Nov 2004	2,251	2,500	436	Bid price	Ordinary shares
Vindon Healthcare plc Manufacture of environmental control products for the pharmaceutical and life sciences sector	May 2007	475	950	427	Bid price	Ordinary shares
Sanderson Group plc Software and IT services	Dec 2004	770	770	416	Bid price	Ordinary shares
EG Solutions plc Back office optimisation software	Jun 2005	406	500	365	Bid price	Ordinary shares

[1] The assets and liabilities of Unicorn AIM VCT II were acquired at their fair value in March 2010, forming part of Book cost. 'Original cost' shows the original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

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	1.3%	13.7%	30-Jun-11	83,270	32,110	73,930	1.3%	www.abcam.com
Farming & fishing	8.0%	4.3%	30-Jun-11	11,830	2,880	15,790	8.0%	www.animalcaregroup.co.uk
Financial services	5.6%	4.1%	31-May-11	15,360	4,550	22,100	5.6%	www.mattioli-woods.com
Financial services	9.7%	3.5%	31-Mar-11	18,210	(2,410)	14,760	9.7%	www.greencomplianceplc.com
Healthcare Equipment & Services	4.7%	3.3%	31-Dec-10	7,045	1,550	10,590	4.8%	www.sigroupplc.com
Pharmaceuticals and biotechnology	12.7%	3.2%	31-Dec-10	21,570	1,520	14,740	12.7%	www.anpario.com
Software and computer services	4.8%	2.0%	31-Dec-10	10,000	1,410	4,549	4.8%	www.instem.com
Software and computer services	1.5%	1.9%	31-Oct-10	31,270	4,940	31,010	1.5%	www.idoxplc.com
Software and computer services	7.8%	1.9%	31-Jul-10	2,647	580	4,692	7.8%	www.tracsis.com
Aerospace and Defence	3.2%	1.9%	30-Apr-11	65,140	2,700	48,250	3.2%	www.cohortplc.com
Food producers	2.9%	1.5%	30-Apr-11	135,000	5,640	46,290	2.9%	www.zetarplc.com
Food & drug retailers	8.5%	1.4%	31-Mar-11	17,330	(2,180)	18,540	8.5%	www.snacktimeuk.co.uk
Industrial Engineering	6.4%	1.3%	31-May-11	36,260	1,420	22,860	6.4%	www.avingtrans.plc.uk
Healthcare Equipment & Services	4.1%	1.1%	30-Jun-10	8,764	1,720	8,502	4.1%	www.tristel.com
Industrial Engineering	4.1%	1.1%	02-Oct-10	21,710	3,510	15,910	4.1%	www.pressuretechnologies.co.uk
Pharmaceuticals & biotechnology	0.7%	1.0%	30-Jun-10	32,900	(11,740)	165,644	0.7%	www.ispharma.plc.uk
Media	5.2%	1.0%	31-Dec-10	35,360	2,130	27,640	5.2%	www.hasgrove.com
Software and computer services	9.4%	0.9%	30-Nov-10	7,975	(1,550)	7,835	9.4%	www.accessintelligence.com
Healthcare Equipment & Services	4.9%	0.9%	31-Mar-11	7,902	100	12,970	5.0%	www.omegadiagnostics.com
Software and computer services	4.4%	0.8%	31-Mar-11	2,418	(730)	7,203	4.4%	www.accumuliplc.com
Support services	1.7%	0.7%	31-Mar-11	24,282	3,204	24,809	1.7%	www.brulines.com
Software and computer services	7.2%	0.7%	31-May-11	45,740	(8,970)	14,901	7.2%	www.maxima.co.uk
Healthcare Equipment & Services	5.3%	0.7%	31-Dec-10	5,933	1,000	7,288	5.3%	www.vindonhealthcare..com
Software and computer services	3.6%	0.7%	30-Sep-10	27,000	510	18,220	3.6%	www.sanderson.co.uk
Software and computer services	4.1%	0.6%	31-Jan-11	5,148	350	2,080	4.1%	www.eguk.co.uk

Investment Portfolio Summary

	Date of first investment	Book cost[1] £'000	Original Cost[1] £'000	Valuation £'000	Valuation basis	Type of security
HML Holdings plc Residential property management	Jul 2007	347	750	278	Bid price	Ordinary shares
Prologic plc Fashion retail software	Jul 2004	806	806	269	Bid price	Ordinary shares
Printing.com plc Franchised high street printing	Aug 2004	231	231	261	Bid price	Ordinary shares
Lees Foods plc Manufacture of confectionery products	Jun 2005	260	260	251	Bid price	Ordinary shares
Dods (Group) plc (formerly Huveaux plc) Political publishing group	Mar 2003	1,000	1,000	250	Bid price	Ordinary shares
Crawshaw Group plc Retail Butchers	Apr 2007	538	1,000	220	Bid price	Ordinary shares
Driver Group plc Provision of dispute resolution services	Apr 2006	552	750	216	Bid price	Ordinary shares
Datong Electronics plc Manufacture of advanced covert tracking and location systems for government defence and security agencies	Sep 2005	784	1,000	211	Bid price	Ordinary shares
Tangent Communications plc Digital marketing services	Dec 2007	163	500	192	Bid price	Ordinary shares
Dillistone Group plc Executive recruitment software	Jun 2006	106	106	191	Bid price	Ordinary shares
Hangar 8 plc Private jet operator	Nov 2010	250	250	177	Bid price	Ordinary shares
Belgravium Technologies plc Mobile computing services	Sep 2005	263	350	175	Bid price	Ordinary shares
Pilat Media Global plc Business management software for the media industry	Apr 2004	275	275	170	Bid price	Ordinary shares
Marwyn Management Partners plc (formerly Praesepe Group plc) Operator of adult gaming centres	Jul 2008	188	188	167	Bid price	Ordinary shares
PHSC plc Health and Safety consultancy and training	Mar 2007	153	450	144	Bid price	Ordinary shares
Brady plc Trading, risk management and settlement solutions	Dec 2010	112	112	133	Bid price	Ordinary shares
Keycom plc Managed communication services	Apr 2008	340	340	127	Bid price	Ordinary shares
Vitesse Media plc Media, events and research group	Nov 2007	160	400	96	Bid price	Ordinary shares
Brookwell D Shares Closed ended investment company	Apr 2007	105	105	74	Bid price	Ordinary shares
Augean plc Operation of hazardous waste landfill sites	Dec 2004	500	500	67	Bid price	Ordinary shares
ACM Shipping Group plc Ship Brokers	Dec 2006	49	42	40	Bid price	Ordinary shares
Discover Leisure plc (in administration) UK retailer of caravans and motor homes	Sep 2006	29	350	14	Bid price	Ordinary shares
Assetco plc Provision of equipment to the emergency services	Dec 2003	–	–	–	Bid price	Ordinary shares
		35,101	**36,184**	**36,554**		

[1] The assets and liabilities of Unicorn AIM VCT II were acquired at their fair value in March 2010, forming part of Book cost. 'Original cost' shows the original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

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
Real estate investment & services	8.8%	0.5%	31-Mar-11	9,391	310	5,512	9.0%	www.hmlholdings.com
Software and computer services	10.8%	0.4%	31-Mar-11	9,859	(7,790)	4,442	10.8%	www.prologic.net
Support services	1.6%	0.4%	31-Mar-11	17,020	1,310	6,498	1.6%	www.printing.com
Food producers	5.3%	0.4%	31-Dec-10	18,650	950	4,645	5.3%	www.leesofscotland.co.uk
Media	2.6%	0.4%	31-Dec-10	16,110	(720)	32,220	2.6%	www.dodsgroupplc.com
Food & drug retailers	8.5%	0.4%	31-Jan-11	19,060	570	9,928	8.5%	www.crawshawgroupplc.co.uk
Support services	3.9%	0.4%	30-Sep-10	16,420	(810)	6,305	3.9%	www.driver-group.com
Electronic and electrical equipment	5.6%	0.3%	30-Sep-10	16,870	(830)	9,909	5.6%	www.datong.co.uk
Support services	2.2%	0.3%	28-Feb-11	22,390	1,050	20,080	9.0%	www.tangentuk.com
Software and computer services	1.4%	0.3%	31-Dec-10	4,251	1,180	2,674	3.6%	www.dillistone.com
Industrial transportation	2.6%	0.3%	30-Apr-10	10,930	(930)	(1,105)	2.6%	www.hangar8.com
Technology Hardware & Equipment	2.5%	0.3%	31-Dec-10	8,200	430	10,020	2.5%	www.belgravium.com
Software and computer services	0.8%	0.3%	31-Dec-10	21,860	2,240	19,800	0.8%	www.pilatmedia.com
Financial services	0.4%	0.3%	26-Dec-10	38,091	(11,016)	74,192	0.4%	www.praesepeplc.com
Support services	8.2%	0.2%	31-Mar-11	4,814	330	5,273	8.2%	www.phscplc.co.uk
Software and computer services	0.3%	0.2%	31-Dec-10	11,120	620	22,600	0.7%	www.bradyplc.com
Fixed line telecommunications	2.8%	0.2%	30-Sep-10	6,138	97,000	7,930	2.8%	www.keycom.co.uk
Media	5.2%	0.2%	31-Jan-11	3,313	80	2,131	5.2%	www.vitessemedia.co.uk
Financial services	1.4%	0.1%	30-Jun-10	2,529	1,605	4,741	1.4%	www.brookwelllimited.com
Support services	0.3%	0.1%	31-Dec-10	34,120	540	45,190	1.1%	www.augeanplc.com
Industrial Transportation	0.1%	0.1%	31-Mar-11	29,260	5,300	19,880	1.2%	www.acmshipping.co.uk
General Retailers	1.6%	0.0%	31-Aug-10	52,250	(1,800)	8,502	1.6%	www.discover.co.uk
Support services	0.0%	0.0%	31-Mar-10	45,230	12,100	60,830	0.0%	www.assetco.co.uk
		60.3%						

Investment Portfolio Summary

	Date of first investment	Book cost[1] £'000	Original Cost[1] £'000	Valuation £'000	Valuation basis	Type of security
Fully listed investments						
Mears Group plc Social housing and domiciliary care	Mar 2008	1,068	1,068	1,107	Bid price	Ordinary shares
Chime Communications plc Public relations, advertising and marketing	Nov 2009	347	332	335	Bid price	Ordinary shares
		1,415	**1,400**	**1,442**		
Unlisted investments						
Access Intelligence plc – Loan stock[2] Compliance solutions software	Jun 2009	750	750	750	Cost	Loan stock
SnackTime plc – Loan stock[3] Operator of vending machines	Dec 2008	550	550	550	Cost	Loan stock
Optimisa plc Marketing services group	Oct 2007	–	403	75	Indicative offer	Ordinary shares
Synarbor plc Public sector recruitment services	Apr 2004	1,000	1,000	29	Cost (Reviewed for impairment)	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
Hexagon Human Capital plc (in liquidation) Recruitment	Feb 2007	682	1,680	–	Full provision	Ordinary shares
Relax Group plc (in liquidation) Personal debt management services	May 2006	400	400	–	Full provision	Ordinary shares
		4,457	**6,358**	**1,404**		
Total qualifying investments		**40,973**	**43,942**	**39,400**		

1 The assets and liabilities of Unicorn AIM VCT II were acquired at their fair value in March 2010, forming part of Book cost. 'Original cost' shows the original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

2 Income recognised for the period was £45,000

3 Income recognised for the period was £44,000

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
Support services	0.9%	1.8%	31-Dec-10	523,900	16,350	141,600	0.9%	www.mearsgroup.co.uk
Media	0.2%	0.6%	31-Dec-10	299,800	21,240	136,200	0.2%	www.chime.plc.uk
		2.4%						
Software and computer services	N/A	1.2%	30-Nov-10	7,975	(1,550)	7,835	N/A	www.accessintelligence.com
Food & drug retailers	N/A	0.9%	31-Mar-11	17,330	(2,180)	18,540	N/A	www.snacktimeuk.co.uk
Media	0.0%	0.1%	31-Dec-10	12,850	1,410	9,450	0.0%	www.optimisaplc.com
Support services	0.0%	0.0%	31-Dec-10	43,358	(3,369)	21,612	0.0%	www.synarbor.com
Electronic & electrical equipment	0.0%	0.0%	30-Sep-10	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%	
Financial services	0.0%	0.0%					0.0%	
		2.2%						
		64.9%						

Investment Portfolio Summary

	Date of first investment	Book cost[1] £'000	Original Cost[1] £'000	Valuation £'000	Valuation basis	Type of security
Non-qualifying investments						
OEIC	Dec 2001	6,763	6,749	9,234	Bid price	B Shares
Fully listed equities	N/A	5,240	5,240	4,997	Bid price	Ordinary shares
AIM quoted equities	N/A	5,873	6,127	5,832	Bid price	Ordinary shares
Unlisted equities	N/A	5	5	–	Full provision	Ordinary shares
Money market funds+	Dec 2002	779	779	779	Bid price	Participating shares
Invu plc – Loan stock[2] Document management software	Aug 2009	200	200	100	Cost (Reviewed for impairment)	Loan stock
Total non-qualifying investments		18,860	19,100	20,942		
Total investments		59,833	63,042	60,342		
Other assets				827		
Current liabilities				(722)		
Net assets				60,447		
5 Largest non-qualifying investments						
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	3,430	3,408	4,759	Bid price	B shares
Unicorn Mastertrust Fund (OEIC)	Jun 2004	1,228	1,228	1,709	Bid price	B shares
Unicorn Free Spirit Fund (OEIC)	Dec 2001	828	828	1,184	Bid price	B shares
Mears Group plc	May 2007	1,148	1,148	1,184	Bid price	Ordinary shares
Scapa Group plc	Sep 2010	355	355	860	Bid price	Ordinary shares

+ Disclosed within Current Investments under Current assets in the Balance Sheet

1 The assets and liabilities of Unicorn AIM VCT II were acquired at their fair value in March 2010, forming part of Book cost. 'Original cost' shows the original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

2 Income recognised for the period was £14,000

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	15.3%					N/A	www.unicornam.com
	N/A	8.3%					N/A	
	N/A	9.6%					N/A	
	N/A	0.0%					N/A	
	N/A	1.3%					N/A	
Software and computer services	N/A	0.2%	31-Jan-11	2,488	(650)	(3,653)	N/A	www.invu.net
		34.7%						
		99.6%						
		1.5%						
		(1.1)%						
		100.0%						
	64.6%	7.9%					64.6%	www.unicornam.com
	34.5%	2.8%					34.5%	www.unicornam.com
	22.2%	2.0%					22.2%	www.unicornam.com
	0.9%	2.0%					0.9%	www.mearsgroup.com
	1.4%	1.4%					1.4%	www.scapa.com

Board of Directors

Peter Dicks

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

Age: **69.**

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, Foresight 4 VCT plc and Foresight 5 VCT plc.

Length of service as at 30 September 2011: Ten years.

Last re-elected to the Board: January 2011, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Remuneration 2010/11: £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 the Chairman.

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.

Malcolm Diamond MBE

Status: **Non-executive Director.**

Age: **63.**

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: One year, six months

Last re-elected to the Board: 7 January 2011.

Committee memberships: Audit Committee.

Remuneration 2010/11: £15,000.

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: **72.**

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 American Arbitration Association, the International Chamber of Commerce and the domain name dispute panel of the World Intellectual Property Organisation. He is 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: Two years, eight months

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

Committee memberships: Audit Committee.

Remuneration 2010/11: £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 and Surgical Innovations plc.

Shared directorships with other Directors: None.

Shareholding in the Company: 5,000.

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

Jeremy Hamer

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

Age: **59.**

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 2011: One year, six months.

Last re-elected to the Board: 7 January 2011.

Committee memberships: Audit Committee (Chairman).

Remuneration 2010/11: £17,500.

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, each an investee company.

Shared directorships with other Directors: None.

Shareholding in the Company: 28,870 Ordinary Shares.

Other public company directorships (not disclosed above): Rose Bowl plc and SQS plc.

Jocelin Harris

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

Age: **66.**

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 2011: Five years, five months

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

Committee memberships: Audit Committee.

Remuneration 2010/11: £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: Chairman of Foresight VCT 2 plc of which Peter Dicks is also a director.

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

Directors' Report

The Directors present the tenth Annual Report and Accounts of the Company for the year ended 30 September 2011 ("Annual Report").

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 to 21 of this Annual 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 to 6 and in the Key Data on pages 2 to 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

The Company launched an Offer for Subscription on 14 December 2010 to raise up to £15 million and it closed on 30 June 2011 having raised £3.3 million. 3,005,330 Ordinary Shares were issued at an average issue price of 116 pence per share raising net funds of £3,308,575.

The Board believes that it is in the best interests of the Company and its Shareholders to make occasional market purchases of its shares at a suitable discount, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and reduce any prevailing discount to NAV in the current market price that might otherwise prevail.

During the year, the Company bought back 4,307,888 shares (being £43,078 nominal value or 7.2% of the opening number of 59,795,232 shares in issue at a cost of £4,173,336 (including expenses).

As at 30 September 2011 the Company had 58,492,674 shares in issue, or £584,927 nominal value.

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 £288,000 after taxation (2010: £98,000), while the capital return was £1,122,000 (2010: £8,156,000).

A capital dividend of 4 pence per share was paid to Shareholders on 14 January 2011.

The Directors are recommending a final dividend of 5.0 pence per share (income: 0.75p; capital: 4.25p) to Shareholders, payable on 10 February 2012 to shareholders on the register on 6 January 2012.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on pages 22 and 23 of this Annual Report.

Having served for ten 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 2 February 2012.

The Directors' interests, including those of connected persons, in the issued capital of the Company as at 30 September 2011 were:

	30 September 2011	30 September 2010
	New Ordinary Shares	New Ordinary Shares (formerly S3 Shares)
Malcolm Diamond	16,223	16,223
Peter Dicks	76,000	76,000
James Grossman	5,000*	Nil
Jeremy Hamer	28,870	20,250
Jocelin Harris*	26,678	26,678

* Beneficial holder of shares via nominee

There have been no changes in the Directors' interests since 30 September 2011. 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 2010 and again on 12 April 2010. Further information is available in Note 3 to the Accounts on pages 41 and 42.

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 with Unicorn Aim VCT II plc.

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

Auditor

PKF (UK) LLP was re-appointed as the auditor of the Company during the year and has expressed its 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.

Auditor's right to information

So far as the Directors are aware, there is no relevant audit information of which the auditor is 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 auditor is 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 32 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, UK Listing Authority Rules and United Kingdom Accounting Standards. 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 required to retain their tax reliefs. Should the Company lose its VCT status, shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gain received if they dispose of their shares. Inappropriate accounting policies or failure to comply with

Directors' Report

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 could lead to the misappropriation or insecurity of assets.
- Fraud and dishonesty risks – Fraud may occur involving company assets perpetrated by a third party, the Investment Manager or other service provider.
- 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 19 on pages 49 to 53.
- Economic risk – Events such as 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 15 December 2011 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 2011 the average credit period for trade creditors was 2 days (2010: 8 days).

Directors and Officers liability insurance

The Company maintains a Directors' and Officers' liability insurance policy. The policy does not provide cover for fraudulent or dishonest actions by the Directors.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 12 noon on 2 February 2012 at One Vine Street, London W1J 0AH is set out on pages 56 to 59 of this Annual Report. A proxy form is included with Shareholders' copies of this Annual Report.

The notice of the meeting includes a resolution to re-appoint Peter Dicks as a Director of the Company. Brief biographical details are published on pages 22 to 23 of this Annual Report. The Board believes that Peter Dicks brings valuable skill, experience and expertise to the Company.

In addition to the ordinary business there is some special business pursuant to resolutions 7 to 10, which is explained below. Resolutions 1 to 7 will be proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour to be passsed. Resolutions 8 to 10 will be proposed as special resolutions requiring 75% of the votes cast at the meeting to be in favour to be passed. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Resolution 7: Allotment of shares

This resolution will authorise the Directors to allot shares or grant rights to subscribe for or to invest in shares in the Company generally, in accordance with section 551 of the Companies Act 2006 (the "Act"), up to a nominal amount of £175,478 (being approximately 30% 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 2013.

Resolution 8: 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 8 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 the allotment and issue of equity securities up to an aggregate nominal value of £175,478.

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 2013 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 Letter.

Resolution 9: Authority for the Company to purchase its own shares

It is proposed by Resolution 9 that the Company be given authority to make market purchases of the Company's own shares. The authority is limited to an aggregate of 8,768,052 shares being purchased representing approximately 14.99% of the Company's issued share capital at the date hereof. 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 thereof.

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 net asset value per share and earnings per share. If the Company makes any purchases of its own shares under Resolutions 9 or 10 the Board currently intends to cancel those 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 2013.

Resolution 10: Authority for the Company to purchase its own shares in connection with an enhanced buyback facility

Resolution 10 seeks a similar authority to Resolution 9, namely to obtain authority for the Company to make market purchases of its own shares, but in this case at a price equivalent to a 1% discount to the most recently published net asset value per share prior to the day of purchase (this being both the minimum and maximum price which may be paid for a share). This authority may be used to implement an enhanced buy back facility. The authority will lapse on the conclusion of the Annual General Meeting of the Company to be held in 2013.

An enhanced buy back facility, if implemented, would enable participating shareholders' existing shares to be repurchased by the Company with the net proceeds from the buyback being wholly re-invested in new shares under an offer for subscription. Among the potential benefits to qualifying shareholders of an enhanced buy back facility is the ability to obtain income tax relief available on VCT shares in relation to the new shares issued under an offer.

By order of the Board

For Matrix-Securities Limited
Company Secretary
15 December 2011

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 2 February 2012. The Company's independent auditor is required to give its opinion on the specified information provided on Directors' emoluments and this is explained further in their report to Shareholders on page 35.

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' remuneration, 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 remuneration to performance. Malcolm Diamond is a shareholder in the Investment Manager with a holding of 0.38%. 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 ended 30 September 2011 and future financial years. No incentive fee was earned by the manager in 2011. For further details please see note 3 on pages 41 and 42 of this Annual Report.

It is intended that this policy will continue for the year ending 30 September 2012 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 (up to 31 March 2011) 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. Copies of the letters appointing the Directors are made available for inspection to each General Meeting of the Company and on application to the Company Secretary. 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.

Pensions (audited information)

None of the Directors receive pension benefits from the Company.

Share options and long-term incentive schemes (audited information)

The Company has not granted any Director any options over the share capital of the Company.

Directors' emoluments (audited information)

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below. The Company does not have any schemes in place to pay any of the Director's bonuses or benefits in addition to their Directors' fees. 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 2011 £	30 September 2010 £
Peter Dicks	20,000	20,000
Jeremy Hamer[1]	17,500	9,851
Jocelin Harris	17,500	17,500
Malcolm Diamond[1]	15,000	8,452
James Grossman	15,000	15,000
David Royds[2]	–	6,563

[1] appointed on 9 March 2010
[2] resigned 9 March 2010

£5,000 of Malcolm Diamond's fee above was paid to his consultancy business Bluesky Partnership and £12,500 of

Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited.

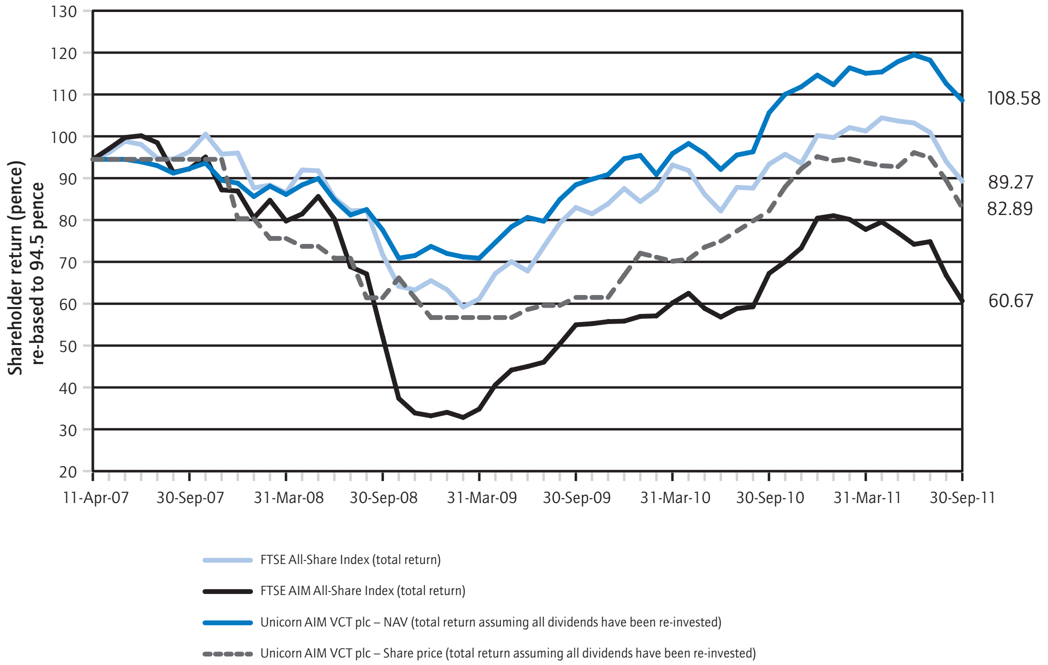
The Directors received no further emoluments in respect of their services but made claims for expenses during the year of £566. Aggregate fees in respect of qualifying services for all directors amounted to £85,000 (2010: £77,366). Fees are higher than in 2010 due to two appointments part way through the 2010 year as a result of the merger with Unicorn AIM VCT II plc in March 2010. As noted in the documents for the March 2010 merger, although these fees are greater than in 2010, this sum represents an overall saving, compared to the annual fees of £135,000 previously earned before the merger across the two companies.

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 on 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 the broad equity market against which investors can measure the performance of the Company and are thus considered the most appropriate benchmarks. 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

Ordinary Shares (formerly S3 Share Fund)



By order of the Board

For Matrix-Securities Limited
Secretary
15 December 2011

Corporate Governance Statement

The Directors of Unicorn AIM VCT plc have continued to adopt the Association of Investment Companies Code of Corporate Governance (the "AIC Code"), for the financial year ended 30 September 2011. The AIC Code addresses all principles set out in Section 1 of the UK Corporate Governance 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 UK Corporate Governance 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 has been prepared in accordance with 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 than against the UK Corporate Governance Code.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Corporate Governance Code except where noted below. There are certain areas of the UK Corporate Governance 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, and the annual statutory audit 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 UK Corporate Governance 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.

Details of the Chairman's other significant time commitments are disclosed on page 22 of this Annual Report.

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. Six Board and four Audit Committee meetings were held during the year.

Director	Board	Audit Committee
Peter Dicks	6*	4
Malcolm Diamond	4	3
James H Grossman	5	4
Jeremy Hamer	5	4
Jocelin Harris	6*	4

* includes a Board sub-committee meeting to approve the accounts.

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, the London Stock Exchange and UK Accounting Standards; 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. 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 7 January 2011	AGM 2012
Malcolm Diamond	9 March 2010	AGM 7 January 2011	AGM 2014
James H Grossman	15 January 2009	AGM 25 February 2010	AGM 2013
Jeremy Hamer	9 March 2010	AGM 7 January 2011	AGM 2014
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 ten 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 one other investee company, Keycom 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 and Surgical Innovations 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 2.6% and 0.4% of their respective share capitals. **Malcolm Diamond** holds 0.38% of the Investment Manager's (Unicorn Asset Management Limited) share capital.

The Directors, who were 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 21 of the Notes to the Accounts on page 54 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 conflicts identified above have been authorised by the Board in accordance with these procedures. 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.

Appointment letters for new directors include an assessment of the expected time commitment for each Board position and new directors are asked to give an indication of their other significant time commitments. The Board has adopted a formal process of recruitment for the appointment of new directors including, as appropriate, the use of advertising and recruitment consultants as well as drawing on Board members' extensive range of business contacts to attract the optimum number of high quality candidates. The Board will consider diversity, including gender. The selection process involves interviews with the Board and meetings with representatives of members of the Investment Manager. New directors are provided with an induction pack and an induction session is arranged in conjunction with the Board, the Investment Manager and the Administrator as part of its assessment of each candidate's eligibility for the position, alongside the extent of relevant experience and expertise.

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 Chairman fully meets the independence criteria as set out in the AIC Code. The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Board. The Board also carried out a performance evaluation of the Directors and the Chairman on 24 November 2011 for the year under review and considered performance in relation to specific headings such as, balance of skills, experience, independence and knowledge of the Company on the Board, including gender, how the board works together as a unit, and other factors relevant to its effectiveness. The Senior Independent Director

Corporate Governance Statement

evaluates all responses and provides feedback to the Board. It concluded that the composition and performance of the Board was effective. 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.

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 were 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 that the continued appointment of the Investment Manager remains in shareholders' best interests and their investment criteria remain appropriate. Furthermore, 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 to 21 and the Key Data sheet on pages 2 to 4. Details of the management fee and incentive fee payable to the Investment Manager are set out in Note 3 to the accounts on pages 41 and 42. 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 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. Controls are in place to ensure the effective segregation of these two tasks;
- 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 monthly investment reports, quarterly management accounts and underlying notes to those accounts, and other announcements as necessary;
- the information contained in the Annual Report and other financial reports is reviewed separately by the Audit Committee prior to consideration by the Board; and
- the Board reviews all financial information prior to publication.

The auditor reviews the accounting processes in place at the Administrator and Investment Manager as part of the annual audit and reports any concerns to the Audit Committee. The Audit Committee reviews the independence of the auditor 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.

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 24 November 2011. 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 28 and 29.

Share capital and voting rights

Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report on pages 24 to 27.

Powers of the Directors

In addition to the powers granted to the Directors by Company law and the Articles of Association, the Directors maintain shareholder authorities to issue a limited number of shares disapply pre-emption rights and purchase the Company's own shares. Further details can be found in the Directors' Report.

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, the Chairman of the Audit Committee and the Investment Manager 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. Shareholders wishing to contact the Board should direct their communications to the Company Secretary and any queries will be passed to the relevant Director or the Board as a whole.

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 2011, the Company held cash balances and investments in money market funds with a combined value of £1,429,000. 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 Directors' Responsibilities Statement in respect of the accounts is set out on page 34 of this report.

The Report of the Auditor is set out on page 35 of this report.

The Board regularly reviews and monitors the external auditor's independence and objectivity, and as part of this, it reviews the nature and extent of other services supplied by the auditors to ensure that independence is maintained. The Audit Committee concluded that it was in the interests of the Company to purchase the non-audit services from the auditors due to their greater knowledge of the Company and hence efficiency. The Committee believe that audit independence has been maintained as the fees involved were relatively small compared to those for the audit, the work was undertaken by separate teams and did not involve undertaking any management role in preparing the information reported in the accounts.

By order of the Board

for Matrix-Securities Limited

Secretary

15 December 2011

Directors' Responsibilities Statement

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to 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:

(a) that the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) that 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 22 and 23.

Independent Auditor's 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 2011 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement, 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 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 set out on pages 30 to 33 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; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 33, 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 UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the board on Directors' remuneration.

Timothy Drew (Senior statutory auditor)
for and on behalf of *PKF (UK) LLP, Statutory auditor*
London, UK

15 December 2011

Income Statement

for the year ended 30 September 2011

	Notes	30 September 2011 Revenue £'000	Capital £'000	Total £'000	30 September 2010 Revenue £'000	Capital £'000	Total £'000
Net unrealised gains on investments	9	–	781	781	–	7,184	7,184
Net gains on realisation of investments	9	–	1,170	1,170	–	1,557	1,557
Income	2	1,103	–	1,103	930	–	930
Investment management fees	3	(276)	(829)	(1,105)	(195)	(585)	(780)
Other expenses	4	(539)	–	(539)	(539)	–	(539)
Merger costs		–	–	–	(98)	–	(98)
Profit on ordinary activities before taxation		288	1,122	1,410	98	8,156	8,254
Tax on profit on ordinary activities	6	–	–	–	–	–	–
Profit on ordinary activities after taxation for the financial year		288	1,122	1,410	98	8,156	8,254
Basic and diluted earnings per share:							
Ordinary Shares	8	0.48p	1.89p	2.37p	0.20p	16.57p	16.77p

All revenue and capital items in the above statement derive from continuing operations of the Company .

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, which were consolidated on 9 March 2010, for the whole period. In addition, these comparative results include the transfer of the assets and liabilities of Unicorn AIM VCT II PLC to the Company, with effect from 9 March 2010.

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 as stated above and at historical cost.

The notes on pages 39 to 54 form part of these financial statements.

Balance Sheet
as at 30 September 2011

Company number 04266437

	Notes	30 September 2011 £'000	£'000	30 September 2010 £'000	£'000
Non-current assets					
Investments at fair value	9		59,563		61,432
Current assets					
Debtors and prepayments	11	177		452	
Current investments	12	779		375	
Cash at bank	18	650		349	
		1,606		1,176	
Creditors: amounts falling due within one year	13	(722)		(329)	
Net current assets			884		847
Net assets			**60,447**		**62,279**
Capital					
Called up share capital	14		585		598
Capital redemption reserve	15		283		240
Share premium account	15		28,422		25,143
Revaluation reserve	15		2,685		5,955
Special distributable reserve	15		18,838		24,263
Profit and loss account	15		9,634		6,080
Equity shareholders' funds			**60,447**		**62,279**
Net asset value per share of 1 pence each:					
Ordinary Shares	16		103.34p		104.15p

The financial statements on pages 36 to 54 were approved and authorised for issue by the Board and were signed on its behalf on 15 December 2011 by:

Peter Dicks
Chairman

The notes on pages 39 to 54 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2011

	Notes	30 September 2011 £'000	30 September 2010 £'000
Opening Shareholders' funds at 1 October 2010		62,279	32,138
Net share capital bought back in the year	14	(4,173)	(1,267)
Net share capital raised	14	3,309	–
Profit for the year		1,410	8,254
Dividends paid	7	(2,378)	(1,418)
Shares issued upon acquisition of assets and liabilities from Unicorn AIM VCT II plc		–	24,670
Stamp duty on shares issued		–	(98)
Closing Shareholders' funds at 30 September 2011		60,447	62,279

Cash Flow Statement

for the year ended 30 September 2011

	Notes	30 September 2011 £'000	30 September 2011 £'000	30 September 2010 £'000	30 September 2010 £'000
Operating activities					
Investment income received		1,306		708	
Other income received		50		50	
Investment management fees paid		(1,106)		(743)	
Other cash payments		(781)		(655)	
Payment of merger costs of the company		–		(120)	
Net cash outflow from operating activities	17		(531)		(760)
Investing activities					
Purchase of investments	9	(7,834)		(8,128)	
Sale of investments	9	11,817		6,002	
			3,983		(2,126)
Equity dividends					
Equity dividends paid to Unicorn AIM VCT plc shareholders	7		(2,378)		(1,418)
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 inflow/(outflow) before financing and liquid resource management			1,074		(5,657)
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 raised		3,309		–	
Share capital bought back		(3,678)		(1,365)	
			(369)		2,103
Management of liquid resources					
(Increase)/decrease in current investments	18		(404)		3,537
Net increase/(decrease) in cash	18		301		(17)

The notes on pages 39 to 54 form part of these financial statements.

Notes to the Accounts
for the year ended 30 September 2011

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 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, which were consolidated on 9 March 2010, for the whole period. In addition, these comparative results include the transfer of the assets and liabilities of Unicorn AIM VCT II PLC to the Company, with effect from 9 March 2010.

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. 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.

Notes to the Accounts
for the year ended 30 September 2011

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 12, regarded as available for investment, rather than to meet the Company's running expenses, as at the year-end.

2 Income

	2011 £'000	2010 £'000
Interest receivable		
– from bank deposits	–	–
	–	–
Income from investments		
– from equities	906	595
– from loan stocks	106	194
– from money-market funds and Unicorn managed OEICs	91	85
	1,103	874
Other income	–	56
Total income	1,103	930
Total income comprises		
Dividends	997	680
Interest	106	194
Other income	–	56
	1,103	930
Income from investments comprises		
Listed UK securities	222	131
Listed Overseas securities	6	15
Aim and unlisted UK securities	875	728
	1,103	874

3 Investment Manager's fees

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Unicorn Asset Management Limited	276	829	1,105	195	585	780*

* - Excluded from the comparative figure and from the financial statements as a whole are Unicorn Asset Management Limited's investment management fees charged to Unicorn AIM VCT II plc for the period prior to the merger on 9 March 2010. Including these fees would have made the comparative figure £982,000.

Unicorn Asset Management Limited ("UAML" or "UAM") 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, UAML'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.

UAML 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 UAML. The annual management fee charged to the VCT is calculated and payable quarterly in advance. In the year ended 30 September 2011, UAML also earned fees of £124,000 directly from the OEICs (2010: £94,000), being OEIC management fees calculated on the value of the VCT's holdings in each OEIC on a daily basis. This management fee is 1.25% per annum of the OEIC value for each of Unicorn Smaller Companies OEIC, Unicorn Free Spirit OEIC, Unicorn Mastertrust OEIC and Unicorn UK Income OEIC, with 1% per annum charged on the value of Unicorn Outstanding British Companies OEIC.

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 repayable 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 UAML 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 – "the target return" 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 2011.

4 Other expenses

	2011 £'000	2010 £'000
Directors' remuneration (including NIC)	91	84
IFA trail commission	136	127
Administration services	172	182
Broker's fees	14	15
Custody fees	9	15
Auditors' fees – audit	21	21
– taxation services (note)	1	5
– other services (note)	3	3
Tax monitoring fees	2	16
Professional fees	–	9
Directors' insurance	15	12
Registrar's fees	20	25
Printing	23	16
Sundry	32	9
	539	539

The Directors consider the auditor was 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

	2011 £'000	2010 £'000
Directors' emoluments		
Peter Dicks	20	20
Jocelin Harris	17.5	18
James Grossman	15	15
Malcolm Diamond (appointed 9 March 2010)	15	8
Jeremy Hamer (appointed 9 March 2010)	17.5	10
David Royds (resigned 9 March 2010)	–	7
	85	78
Employer's NIC and VAT	6	6
	91	84

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 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2011 £	2010 £
Current and total tax charge (note 6b)	–	–

b) Factors affecting tax charge for the year

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	1,410	8,254
Profit on ordinary activities multiplied by standard small profits rate of corporation tax in the UK of 20.5% (2010: 21%)	289	1,733
Non-taxable UK dividend income	(203)	(122)
Non-taxable unrealised (gains)/losses	(160)	(1,509)
Non-taxable realised gains	(240)	(327)
Allowable expense not charged to revenue	170	123
Disallowable expenses	2	–
Losses carried forward	142	102
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(170)	(123)
Additional losses carried forward to future years	170	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 £1,878,000 (30 September 2010: £1,647,000).

Notes to the Accounts
for the year ended 30 September 2011

7 Dividends

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the year:		
Ordinary Share		
Final capital dividend of 4p per share for the year ended 30 September 2010 paid on 14 January 2011	2,378	–
Ordinary Fund (up until 9 March 2010)		
Interim capital dividend of 3.5p per Ordinary Share for the year ended 30 September 2009 paid on 29th January 2010	–	1,058
S2 Fund		
Interim capital dividend of 2.5p per S2 Share for the year ended 30 September 2009 paid on 29 January 2010	–	360
	2,378	1,418

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.

	2011 £'000	2010 £'000
Revenue available for distribution by way of dividends for the year	288	98
Proposed final income dividend of 0.75p (2010: £nil) for the year ended 30 September 2011	439	–

8 Basic and diluted earnings and return per share

	2011 £'000	2010 £'000
Total earnings after taxation:	1,410	8,254
Basic and diluted earnings per share (note a)	**2.37p**	**16.77p**
Net revenue from ordinary activities after taxation	288	98
Revenue earnings per share (note b)	**0.48p**	**0.20p**
Net unrealised capital gains	781	7,184
Net realised capital gains	1,170	1,557
Capital expenses (net of taxation)	(829)	(585)
Total capital return	1,122	8,156
Capital earnings per share (note c)	**1.89p**	**16.57p**
Weighted average number of shares in issue in the year	59,414,982	49,209,889

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

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

9 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 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	–	(1,240)	(4,071)	–	–	–	(5,311)
Valuation at 30 September 2010	7,249	37,985	2,909	1,599	2,107	9,583	61,432
Purchases at cost	1,583	6,440	–	–	–	2	8,025
Sale proceeds	(2,634)	(2,893)	(3,001)	(1,603)	(707)	(1,174)	(12,012)
Realised gains	529	541	122	4	–	141	1,337
(Decrease)/Increase in unrealised appreciation	(288)	313	74	–	–	682	781
Closing valuation at 30 September 2011	6,439	42,386	104	–	1,400	9,234	59,563
Book cost at 30 September 2011	6,656	40,974	3,162	–	1,500	6,763	59,055
Unrealised gains/(losses) at 30 September 2011	(217)	1,427	(896)	–	(100)	2,471	2,685
Permanent impairment in value of investments	–	(15)	(2,162)	–	–	–	(2,177)
Closing valuation at 30 September 2011	6,439	42,386	104	–	1,400	9,234	59,563

Transaction costs on the purchase and disposal of investments of £167,000 were incurred in the year. These are excluded from realised gains shown above of £1,337,000, but were included in arriving at gains on realisation of investments disclosed in the Income Statement of £1,170,000.

Note: these investments now permanently impaired of £2,162,000 had been traded on AiM originally. By the time they became permanently impaired, they had delisted 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 £4,000. This is explained by the settlement of a £22,000 addition and a £16,000 disposal in the current year which related to the previous year.

Notes to the Accounts

for the year ended 30 September 2011

10 Significant interests

At 30 September 2011 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
Anpario plc (formerly Kiotech International plc)	1,766	–	1,766	12.7%
Prologic Plc	806	–	806	10.8%
Green Compliance plc	2,100	–	2,100	9.7%
Access Intelligence Plc	1,467	750	2,217	9.4%
Tangent Communications plc	618	–	618	9.0%
HML Holdings plc	352	–	352	9.0%
SnackTime plc	2,102	550	2,652	8.5%
Crawshaw group plc	539	–	539	8.5%
PHSC plc	153	–	153	8.2%
Animalcare Group plc (formerly Ritchie plc)	1,703	–	1,703	8.0%
Tracsis plc	838	–	838	7.8%
Maxima Holdings Plc	2,252	–	2,252	7.2%
Avingtrans plc	997	–	997	6.4%
Datong Electronics plc	784	–	784	5.6%
Mattioli Woods plc	1,682	–	1,682	5.6%
Lees Foods Plc	260	–	260	5.3%
Vindon Healthcare plc	475	–	475	5.3%
Hasgrove plc	975	–	975	5.2%
Vitesse Media plc	160	–	160	5.2%
Omega Diagnostics Group plc	518	–	518	5.0%
Surgical Innovations plc	358	–	358	4.8%
Instem Life Science Systems plc	985	–	985	4.8%
Accumuli plc	400	–	400	4.4%
EG Solutions plc	406	–	406	4.1%
Tristel plc	878	–	878	4.1%
Pressure Technologies plc	980	–	980	4.1%
Driver Group plc	553	–	553	3.9%
Dillistone Group plc	302	–	302	3.6%
Sanderson Group plc	770	–	770	3.6%
Cohort plc	1,415	–	1,415	3.2%
Specialist Energy Group plc	705	–	705	3.1%

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

At 30 September 2011, the Company held 64.6% of the B shares issued by Unicorn Smaller Companies Fund, 34.5% of the Unicorn Mastertrust Fund, 22.2% of the B shares issued by the Unicorn Free Spirit Fund, 1.9% of the B shares issued by the Unicorn Outstanding British Companies Fund and 2.5% 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 total percentage of equity held in the Company's investments by funds managed by UAML is disclosed in the Investment Portfolio Summary on pages 14 to 21 of this Report.

11 Debtors

	2011 £'000	2010 £'000
Amounts due within one year:		
Other debtors	3	67
Prepayments and accrued income	174	385
	177	452

12 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. All of these funds of £779,000 (30 September 2010: £375,000) are subject to same day access. These sums are regarded as monies held pending investment.

13 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	500	58
Other creditors	6	27
Accruals	216	244
	722	329

14 Called up share capital

	2011 £'000	2010 £'000
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 58,492,674 (2010: 59,795,232)	585	598

The Company made purchases of 4,307,888 (a total of £43,000 nominal value) of its own Ordinary Shares for cash at prevailing market prices for a total cost of £4,173,336.

During the year, 3,005,330 shares were allotted under the Offer for Subscription at an average price of 1.163 pence per share raising net funds of £3,308,575.

Notes to the Accounts

for the year ended 30 September 2011

15 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 2010	598	240	25,143	5,955	24,263	6,080	62,279
Shares repurchased for cancellation	(43)	43	–	–	(4,173)	–	(4,173)
Shares issued under Offer for Subscription	30	–	3,467	–	–	–	3,497
Expenses of share issue	–	–	(188)	–	–	–	(188)
Transfer to special distributable reserve	–	–	–	–	(1,252)	1,252	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	1,170	1,170
Realisation of previously unrealised depreciation	–	–	–	(4,051)	–	4,051	–
Net increases in unrealised valuations in the year	–	–	–	781	–	–	781
Dividends paid	–	–	–	–	–	(2,378)	(2,378)
Loss for the year	–	–	–	–	–	(541)	(541)
At 30 September 2011	585	283	28,422	2,685	18,838	9,634	60,447

* Included within these reserves is an amount of £28,472,000 (2010: £30,343,000) which is considered distributable. The Special distributable 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 £1,252,000 to the Profit and Loss Account from the special distributable reserve is the transfer of realised losses for the year.

The profit for the year is £1,410,000 as shown in the Income Statement from which the increase in unrealised valuations of £781,000 and gains on disposal of investments of £1,170,000 above have been deducted, to arrive at the loss of £541,000.

16 Net asset value

	2011 £'000	2010 £'000
Net Assets	60,447	62,279
Number of shares in issue	58,492,674	59,795,232
Net asset value per share	**103.34p**	**104.15p**

17 Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	1,410	8,254
Net unrealised gains on investments	(781)	(7,184)
Net gains on realisations of investments	(1,170)	(1,557)
Transaction costs	(167)	(49)
Decrease in debtors	297	7
Decrease in creditors and accruals	(120)	(231)
Net cash outflow from operating activities	(531)	(760)

18 Analysis of changes in net funds

	Cash £'000	Liquid resources £'000	Total £'000
At 30 September 2010	349	375	724
Cash flows	301	404	705
At 30 September 2011	650	779	1,429

19 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 2011:

	2011 (Book Value) £'000	2011 (Fair Value) £'000	2010 (Book Value) £'000	2010 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment Portfolio	59,563	59,563	61,432	61,432
Current investments	779	779	375	375
Loans and receivables				
Accrued income	151	151	355	355
Other debtors	3	3	67	67
Cash at bank	650	650	349	349
Liabilities at amortised cost or equivalent				
Other creditors	(722)	(722)	(329)	(329)
Total for financial instruments	60,424	60,424	62,249	62,249
Non-financial assets	23	23	30	30
Total net assets	60,447	60,447	62,279	62,279

The investment portfolio principally consists of fully listed and AIM quoted investments and collective OEIC investment funds managed by UAML, valued at their bid price which represents fair value. Current investments are Dublin and UK 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 (70% of net assets), or within the OEIC funds managed by UAML (15% of net assets), unquoted investments (2% of net assets) and fully listed shares (11% 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.

Notes to the Accounts
for the year ended 30 September 2011

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.

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 at 30 September 2011 was:

	2011 £'000	2010 £'000
Loan stock investments	1,400	2,107
Money market funds	779	375
Accrued income and other debtors	151	422
Cash at bank	650	349
	2,980	3,253

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

	2011 £'000	2010 £'000
Repayable or converting within		
0 to 1 year	–	707
1 to 2 years	–	–
2 to 3 years	1,400	–
3 to 4 years	–	1,400
4 to 5 years	–	–
Total	1,400	2,107

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 UAML are diversified across a number of holdings with 76% of its total assets by value invested in fully listed companies, and as such, are exposed to overall market risk.

As at 30 September 2011, the Unicorn Free Spirit Fund held 56% of its total assets by value in AIM listed stocks and 41% in fully listed stocks with an average market capitalisation of £240 million; the Unicorn UK Smaller Companies Fund held 45% by value in AIM and 46% in fully listed stocks with an average market capitalisation of £143 million; the Unicorn UK Income Fund held 16% by value in AIM and 77% in fully listed stocks with an average market capitalisation of £225 million; the Unicorn Mastertrust Fund held 3% by value in AIM and 91% in fully listed stocks with an average market capitalisation of £198 million, whilst the Outstanding British Companies Fund held 19% by value in AIM and 74% in fully listed stocks with an average market capitalisation of £3,611 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.

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 in respect of these 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 2011 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	48,929	–	–	48,929	N/A	N/A
Unicorn OEICs	9,234	–	–	9,234	N/A	N/A
Preference shares	–	–	–	–	–	–
Loan stocks	–	1,400	–	1,400	7.36	2.54
Money market funds	–	–	779	779	0.65	–
Cash	–	–	650	650		
Debtors	154	–	–	154		
Creditors	(722)	–	–	(722)		
Total for financial instruments	57,595	1,400	1,429	60,424		
Other non financial assets	23	–	–	23		
Total net assets	**57,618**	**1,400**	**1,429**	**60,447**		

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**		

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.

Notes to the Accounts
for the year ended 30 September 2011

For this purpose the investments in the OEICS managed by UAM 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 each Fund's investments by asset class and market sector, and page 50 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.

	2011 £'000 Profit and net assets	2010 £'000 Profit and net assets
If overall share prices fell by 20% (2010: 20%), with all other variables held constant – decrease	(11,913)	(12,286)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(20.37)p	(20.55)p
If overall share prices increase by 20% (2010: 20%), with all other variables held constant – increase	11,913	12,286
Increase in earnings, and net asset value, per Ordinary share (in pence)	20.37p	20.55p
If interest rates were 1% lower (2010: 1%), with all other variables held constant – decrease	(11)	(3)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(0.02)p	(0.00)p
If interest rates were 1% higher (2010: 1%), with all other variables held constant – increase	11	3
Increase in earnings, and net asset value, per Ordinary share (in pence)	0.02p	0.00p

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 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	48,825	–	104	48,929
Loan stock investments	–	–	1,400	1,400
Open ended Investment Companies	9,234	–	–	9,234
Money market funds	779	–	–	779
Total	58,838	–	1,504	60,342

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.

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 2010	2,909	1,599	2,107	6,615
Purchases	–	–	–	–
Sales	(3,001)	(1,603)	(707)	(5,311)
Transfers into Level 3	–	–	–	–
Transfers out of Level 3	–	–	–	–
Total (losses)/gains included in (losses)/gains on investments in the Income Statement:				
– on assets sold	122	4	–	126
– on assets held at the year end	74	–	–	74
Closing balance at 30 September 2011	104	–	1,400	1,504

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 a 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 2011 £	30 September 2010 £
Investment methodology		
Cost (reviewed for impairment)	1,400	1,400
Asset value supporting security held	–	–
Recent investment price/indicative offer	104	29
Earnings multiple	–	–
Realisation proceeds	–	5,186
	1,504	6,615

The valuation methodology chosen is the most appropriate for that investment, with regard to the September 2009 IPEVCV guidelines.

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 reasonably possible alternative assumptions that will have a significant effect on the current valuation of the portfolio.

Notes to the Accounts
for the year ended 30 September 2011

20 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.

21 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 UAML to be the Investment Manager. The fee arrangements for these services and the fees payable are set out in note 3. UAML also received a fee of £188,000 for acting as promoter to the company (2010: £nil).

22 Segmental analysis

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

23 Commitments

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

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 prices of the Company. The share price is also quoted in the Financial Times.

Net asset value per share

The Company's unaudited NAV per share as at 30 November 2011 was 98.4 pence. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 5 pence per share. Subject to Shareholder approval, the dividend will be paid on 10 February 2012 to Shareholders on the Register on 6 January 2012.

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 2157) or by writing to them at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Alternatively you may visit their website, www.capitaregistrars.com/shareholders.

Financial calendar

December 2011	Annual Report for the year ended 30 September 2011 to be circulated to Shareholders
6 January 2012	Record date for Shareholders to be eligible for final dividend
2 February 2012	Annual General Meeting
10 February 2012	Payment date for final dividend subject to shareholder approval at the Annual General Meeting
May 2012	Preliminary announcement of Half-Yearly Results
June 2012	Half-Yearly Report for the six months ended 31 March 2012 to be circulated to Shareholderss
30 September 2012	Year-end
December 2012	Preliminary announcement of final results for the year ended 30 September 2012

Annual General Meeting

The tenth Annual General Meeting (AGM) of the Company will be held on Thursday, 2 February 2012 at 12.00 noon at the offices of Matrix Group Limited, One Vine Street, London W1J 0AH. Shareholders may arrive 15 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 56 to 59 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 12.00 noon on 31 January 2012.

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 vct@unicornam.com.

Electronic copies of this report and other published information can be found via the Company's website, www.unicornaimvct.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 tenth annual general meeting of Unicorn AIM VCT plc ("the Company") will be held at 12.00 noon on Thursday, 2 February 2012 at the offices of 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 7 will be proposed as ordinary resolutions and resolutions 8 to 10 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 2011 ("Annual Report"), together with the Auditors' report thereon.

2. To approve the directors' remuneration report for the year ended 30 September 2011 as set out in the Annual Report.

3. To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as auditors to the Company until the conclusion of the next annual general meeting.

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 approve the payment of a final dividend in respect of the year ended 30 September 2011 of 5.0 pence per ordinary share of 1 pence each, payable on 10 February 2012 to shareholders on the register on 6 January 2012.

7. 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 in the Company ("Rights") up to an aggregate nominal value of £175,478 (being approximately 30 per cent of the issued share capital of the Company as at the date hereof), provided that the authority conferred by this resolution 7 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 2013 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.

8. 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 7 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 2013, and provided further that this power shall be limited to the allotment and issue of equity securities up to an aggregate nominal value of £175,478.

9. That, in substitution for any existing authorities, the Company be and hereby is empowered pursuant to section 701 of the Act 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 8,768,052 (representing approximately 14.99 per cent. of the Company's issued share capital at the date hereof);

   (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 on which 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 2013; 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.

10. That, in addition to the authority conferred by resolution 9 set out in this notice, the Company be and hereby is empowered pursuant to section 701 of the Act 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 5,849,267 (representing approximately 10 per cent. of the Company's issued share capital at the date hereof);

    (ii) the price to be paid per share shall be equal to 1 per cent. below the last published net asset value per share prior to the date of purchase (rounded down to two decimal places), such price being, for the purposes of section 701(3)(b) of the Act, both the maximum and minimum price that may be paid for the shares so purchased;

    (iii) the authority confirmed 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 2013; and

    (iv) 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

15 December 2011

NOTES:

(i) To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), a person must be registered in the Register of Members of the Company at 12 noon on 31 January 2012 (or, in the event of any adjournment, the time and date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

(ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

(iii) 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.

(iv) The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 to 3 above does not apply to Nominated Persons (as defined below). The rights described in these paragraphs can only be exercised by members of the Company.

(v) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement.

NOTICE of the ANNUAL GENERAL MEETING

(vi) If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

(vii) 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.

(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) Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy.

(x) 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.

(xi) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 31 January 2012. 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.

(xii) 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.

(xiii) As at 14 December 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital compromise 58,492,674 Shares. Each Share carries one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at 14 December 2011 was 58,492,674.

(xiv) 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 12.00 noon on 31 January 2012 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 12.00 noon on 31 January 2012 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.

(xv) The Register of Directors' Interests and Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and 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.

(xvi) 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.

(xvii) Under section 527 of the 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 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 Act. Where the Company is required to place a statement on a website under section 527 of the 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 .

(xviii) At the meeting shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act 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.

(xix) 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)
Malcolm Diamond
James H Grossman
Jeremy Hamer
Jocelin Harris

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
Charterhouse Square
London EC1M 6AU

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

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

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

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

Custodian
BNY Mellon
One Canada Square
London
E14 5AL

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

Solicitors
Martineau
No 1 Colmore Square
Birmingham
B4 6AA

Unicorn Asset Management Limited
First Floor Office, Preacher's Court, The Charterhouse
Charterhouse Square, London EC1M 6AU
0207 253 0889
www.unicornam.com

unicorn
ASSET MANAGEMENT

Printed by
Fraser Hamilton Associates
Tel: 0208 493 0123