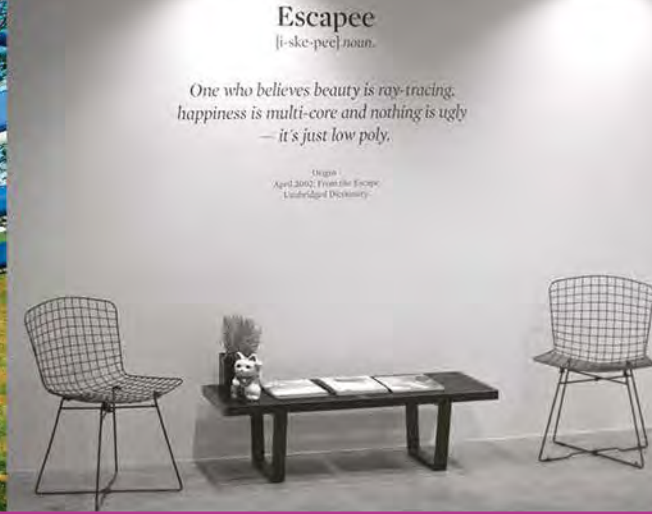
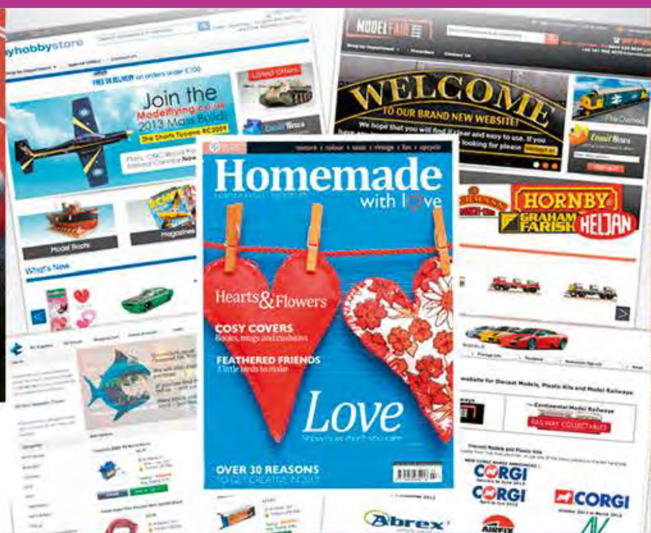
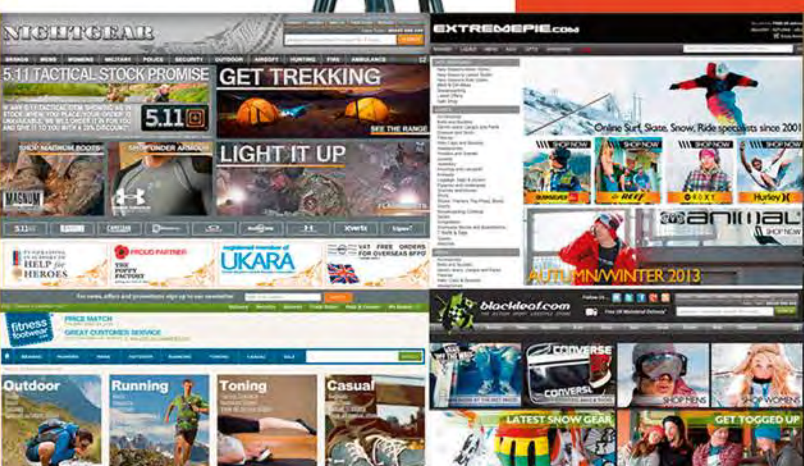


Chrysalis VCT plc

Reports & Accounts for the year ended 31 October 2012



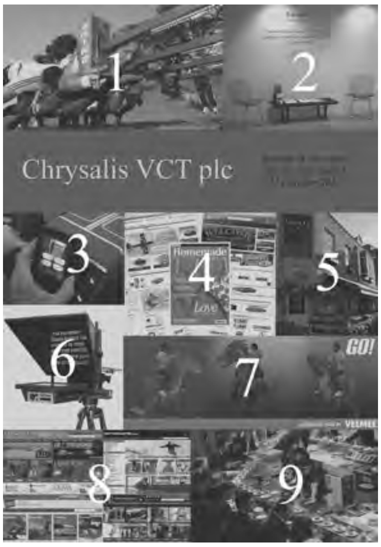


Nplus1 Singer Capital Markets Limited is Corporate Broker to the Company.

Shareholders, or intermediaries, wishing to sell or purchase of Chrysalis VCT plc shares will need to appoint a broker. To obtain the latest price, please contact Nplus1 Singer Capital Markets Limited:

Sam Greatrex 0203 205 7528

Nplus1Singer Capital Markets Limited
One Hanover Street | London | W1S 1YZ



Front cover pictures - a selection of Chrysalis VCT investments.

1. England rugby players practise on a scrum machine built by Rhino Sport & Leisure Ltd
2. Escape Studios operates one of the most successful and respected computer graphic academies in the world, in London
3. A seat control unit built for an aircraft by Wessex Advanced Switching Products Ltd
4. Magazines and e-commerce websites operated by MyTime Media Ltd, previously MyHobbyStore Group
5. The Fulham branch of Locale - an Italian restaurant chain with five London sites
6. Teleprompter produced by Autocue, market leaders in presentation systems
7. VEEMEE is a games developer and publisher specialising in virtual worlds and handheld devices
8. A selection of popular e-commerce sites from specialist online retailer, Internet Fusion
9. New City of London branch of Japanese restaurant business K10 City Sushi

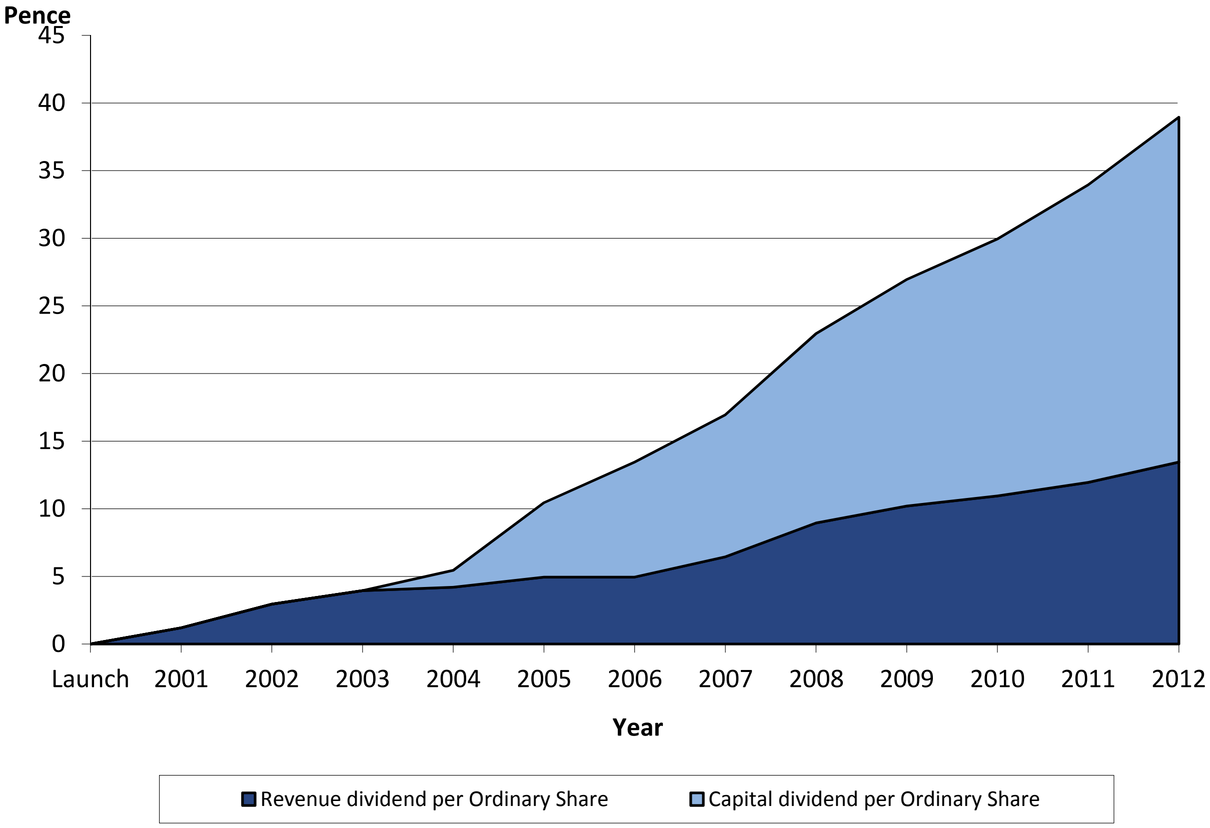
CONTENTS

FINANCIAL SUMMARY

	31 Oct 2012 pence	31 Oct 2011 pence
Ordinary Shares		
Net asset value per share ("NAV")	84.50	84.90
Cumulative dividends paid per share since launch *	35.70	31.45
Total Return	120.20	116.35
(Net asset value per share plus cumulative dividends)		
Dividends in respect of financial year		
Interim dividend per share	1.75	1.50
Final proposed dividend per share	3.25	2.50
	5.00	4.00

* Excludes final proposed dividend

Ordinary Share dividend history



The above chart includes all Ordinary Share dividends paid and proposed since the Company's launch. A full dividend history for the Company can be found at www.downing.co.uk.

Key dates

14 March 2013	Annual General Meeting ("AGM")
30 April 2013	Final dividend (payable to Shareholders on the register at 12 April 2013)
June 2013	Announcement of half-yearly report to 30 April 2013

INVESTMENT OBJECTIVES

The Company's principal investment objectives are to:

- achieve long term capital growth and generate income for its Shareholders principally from private equity and AIM investments; and
- maintain its VCT status.

The detailed investment policy adopted to achieve the investment objectives is set out in the Report of the Directors on pages 13 and 14.

DIRECTORS

Peter Harkness (Chairman) is a media entrepreneur who has significant experience working closely with institutional investors for over 25 years. He is chairman of the specialist publishing group MyTime Media and the e-commerce business MyHobbyStore (MyTime Media Holdings Limited is an investment of Chrysalis VCT plc). Recently he became chairman of a new scientific publisher, Texere Publishing, and is a non-executive director of the AIM-listed global data provider, Progressive Intelligence PLC. He is Vice-Chairman of the Trust which manages York's museums and City Art Gallery. He has been a Director of Chrysalis VCT plc since April 2005 and Chairman since September 2008.

Julie Baddeley is a non-executive director of Greggs plc and Harvey Nash Group plc and Chairman of Sustain, a privately owned carbon reduction company. She has been a director of the BOC Group, Camelot Group plc, Spice plc, the Yorkshire Building Society and executive director of the Woolwich where she was responsible for e-commerce and information technology. Earlier in her career she was partner in charge of a substantial part of Accenture's change management practice in Europe and was managing director of Sema Group plc's consulting group in the UK. She has been a Director of Chrysalis VCT plc since October 2000.

Martin Knight is chairman of Imperial Innovations Group plc, the AIM-quoted technology transfer company. He began his career with Morgan Grenfell & Co Ltd., becoming a director in 1982. He has advised and acted for a number of major public and private companies on project and corporate finance transactions and on financial and investment strategies. He is a Fellow of Imperial College, of which he was a Governor from 1992 to 2010. He is a director of Imperial College Healthcare Trust and of two other quoted companies, LMS Capital plc and Toumaz Limited, along with a number of unquoted companies. He is also a Trustee of the Royal Institution. He has been a Director of Chrysalis VCT plc since October 2008.

All Directors of the Company are non-executive.

CHAIRMAN'S STATEMENT

- **Significant increase in dividend to 5.0p for 2012**
- **Return for the year tops £1 million for the third year running**
- **4.5% increase in net asset value over last year**
- **Total return on 80p investment now at 120.2p**
- **Tax saving opportunity from S.R.R.P. launch**

There is a business axiom which says that the real test of a good business is not how well it performs in good times, but how successful it is when times are bad.

If they apply that test to Chrysalis ("the Fund"), I believe our shareholders should give the Fund high marks for the results we have achieved since the economic crisis set in – and I am pleased to announce we have delivered another very respectable set of numbers for the year ending October 2012.

5.0p of tax-free dividends for the year

As a result I am delighted to announce that our already strong dividend record will be further enhanced with the payment of a final dividend of 3.25p which takes the dividend for the full year to 5.0p, and taking the total dividends paid since launch to 38.95p.

This dividend exceeds the returns made during the financial year itself, but the Directors are confident that your portfolio is strong and set to deliver funds from exits and therefore this level of dividend is justified.

Portfolio

Following the worsening news from the High Street, shareholders will be pleased that our portfolio includes a new online retail business, Internet Fusion, which has developed a decent track record on the internet since it was founded a few years ago by a group of young businessmen. We have provided expansion capital for this profitable, growing company to increase its stock-holding capacity as it expands the retail sectors it covers. Existing portfolio company MyTime Media Holdings (formerly MyHobbyStore Holding) has this year significantly increased its e-commerce activities in the hobbies sector using funds we provided the previous year. A financial advantage for both these companies is that they can base their web operations away from high-cost retail premises – in Lincolnshire and Cambridgeshire respectively – to gain extra advantage over shop-based operators.

However, we remain resolutely generalist with our focus firmly on the quality and prospects of each business as well as the calibre of its management. Thus we are pleased to be backing emerging sushi restaurant concept K10 City Sushi, with proven management and based initially in the City of London.

At the year end, the Fund held a portfolio of 30 investments, valued at £19.7 million. The Fund made five investments during the period under review – three of which were in portfolio companies and two in new ones. It is an important tenet of our investment policy that we look on each investment as an on-going relationship and not just a one-off transaction. With bank lending still stuck in bottom gear, many smaller companies find it very difficult to secure debt to expand. Chrysalis is happy to step into this gap, where the transaction makes sense for both parties and follow-on investments have outnumbered new deals.

Much of the year's activity for our investment managers has focussed on possible exits and we had expected some return of cash from the portfolio by the year end. Like everything in these curious times, the exit process is less predictable than in the past, but one exit is partly complete and will return funds during 2013.

I would like to thank the executives of our wholly-owned Fund Management subsidiary - Managing Director Chris Kay and Director Robert Wilson - for their hard work on the portfolio during the year.

Further commentary on portfolio activity, together with a detailed schedule of the investments can be found in the Investment Management report and Review of Investments.

Cash

We continue to be well funded. In fact, with the lower than usual level of new investment and the expected in-flow of funds from potential exits, the Board has decided that we can raid the till a little to pay out a dividend for the year in excess of our earnings. Shareholders continue to give us good support and we know they are dividend focussed, particularly when so many other investment classes are not producing such good yields. We believe we will be left with sufficient funds to continue to develop the business and produce good returns.

Our total dividend pay-out for the year will be £1.5 million. On top of this, we have bought in 421,276 shares during the year at cost of £208,000.

Share Realisation and Reinvestment Programme and top-up offer

In common with much of the VCT industry, Chrysalis is announcing a Share Realisation and Reinvestment Programme ("SRRP") which enables shareholders to take new shares in exchange for their existing holding. This requires no extra cash commitment from shareholders, but it does create a substantial tax credit on the transaction (30%) which can be off-set against tax on earnings. Attractively, our scheme offers two closing dates - one in this tax year and the other at the start of the next. Shareholders can choose which year to claim the tax credit, or can split their acceptance between the two years in any ratio which gives them the most personal advantage.

30% tax relief available on SRRP and top-up offer

You may wish to know that all Chrysalis' directors are planning to participate in this programme.

In conjunction with this, the Fund is also launching a top-up offer for 2.9 million shares, available to all shareholders and members of the public, again across the two tax years.

Both share issues will be at a price of approximately 103% of the most recently published net asset value on the 28 March 2013, the closing date of both offers.

The scheme is approved by HMRC. Full details are being mailed to all shareholders. Shares which you wish to process through the scheme need to be registered in your own name, rather than a nominee.

Management of the Fund

Shareholders will already be aware that our Fund Management operating costs are low compared with the VCT industry in general, at 1.6% of net assets. This is essentially due to the self-managed structure we employ. The Directors keep this policy under regular review, but we remain convinced that it not only represents exceptional value, but also gives shareholders access to a steady supply of good investments.

Our wholly-owned Fund Management subsidiary does not seek profits for itself and has no interests other than managing your investments efficiently and cost-effectively. It may not be the norm in the VCT sector, but it works for us – and delivers the result we want.

Fixed income securities

The Fund also holds a portfolio of fixed income securities, which were valued at £1.7 million at the year end and comprised mainly of gilt-edged securities. Additionally, £2.0 million is held in a fixed rate deposit bank account (shown as a current investment), which matured in December 2012.

Net asset value, results and dividend

It is pleasing to report that the Fund's net asset value ("NAV") per share at 31 October 2012 was 84.5p, an increase of 3.8p or 4.5% over the year (after adjusting for dividends paid during the year).

NAV up by 4.5%

The return on activities after taxation for the year was £1.0 million (2011: £1.3 million), comprising a revenue return of £383,000 and a capital return of £629,000.

The Company paid an interim dividend of 1.75p per share on 31 July 2012. Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 3.25p per share on 30 April 2013 to Shareholders on the register at 12 April 2013.

Share buybacks

The Fund has maintained its policy of making ad hoc share purchases occasionally during the year.

If shares are offered to the Fund via its brokers, Nplus1 Singer Capital Markets, a decision on whether to buy, and at what price, is taken on a case-by-case basis.

In the past share purchases by third parties in the market were negligible, but as the attractions of our dividend policy and the strength of the portfolio has become more widely known, more and more shares are being taken up by secondary investors . We welcome these new shareholders.

Due to the "close period" rules, which apply to Chrysalis as a listed investment trust, there are limited occasions on which the Fund can enter the market and buy shares. The Directors feel that, in general, our resources are better applied to the dividend payments – from which all shareholders benefit directly – than to share buy-backs. We will continue to consider ad hoc purchases when shares are offered, but we are pleased that the market is also providing liquidity for those who wish to sell.

During the year, the Fund repurchased 421,276 Ordinary Shares for an aggregate consideration of £208,000 and these shares were cancelled, thus enhancing the value of the remaining shares. Shareholders should also be advised that the three Board members purchased, in total, 45,000 shares in July 2012.

Directors

During the year the Fund has again had the benefit of wise and committed Directors and I have greatly appreciated the support and counsel of my colleagues Julie Baddeley and Martin Knight. At the forthcoming AGM I am delighted that Julie has agreed to stand again for election. I hope Shareholders recognise, as I certainly do, her considerable knowledge of both the Fund and of corporate governance in general and agree with me that it would be greatly to our advantage to retain her services.

Annual General Meeting

The forthcoming AGM will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10:00 am on 14 March 2013. Notice of the meeting is at the end of this document.

Immediately afterwards on the same day at the same venue there will be an additional General Meeting to approve the Share Realisation and Reinvestment Programme I mentioned previously.

Conclusion

Good progress has been made in the year and total return on an original 80p investment (after tax relief) is now 120.2p.

Total Return of 120.2p on 80p investment

For the coming year I can promise the same degree of enthusiasm and dedication from the Directors, Executives, support staff and advisers that the Fund has enjoyed previously. It would be very welcome if we experience a kinder business environment in the immediate future, but whatever the economy throws our way, I believe we are well placed to cope with it.

Peter Harkness
Chairman

31 January 2013

INVESTMENT MANAGEMENT REPORT

It is pleasing to report that despite operating in a very low growth economy our portfolio has performed sufficiently well such that total overall return for shareholders is over £1 million for the third consecutive year. All that profit, and more, (£1.4 million) has been returned to Shareholders during the year by way of dividends and share buybacks.

Five investments were made during the year totaling £1.15 million. One of which was a small (£50,000) attempted rescue into AerialCell which unfortunately did not survive and one was a participation in the demerger of Zappar Ltd from VEEMEE Ltd. So now we have a direct investment in a potentially very exciting technology company. We also provided £300,000 to Livvakt Ltd, the property developer, to enable it to continue to grow its business.

There were two new companies added to the portfolio. The first is K10 City Sushi which operates a successful Sushi restaurant in The City of London and has ambitious expansion plans. We have invested alongside Ian Neill who has had a glittering career in the sector and was described by The Times as the "godfather of casual dining." K10's second restaurant opens in February.

The second new company is Internet Fusion Ltd where we invested £700,000 to fund the expansion of this fast growing e-commerce distributor of leisure and sportswear products. Sales at the company grew by 50% over the year and are forecast to do the same during 2013.

Due to the continuing retrenchment by the clearing banks transactions seem few and far between and consequently we have not seen any exits this year with the only return of cash coming from some loan repayments. A number of portfolio companies have had serious sale discussions but lack of finance for the proposed purchaser has meant that an acceptable price has not been achieved. Two of our companies namely British International Holdings ("BIH") and Escape Studios have however successfully sold operating divisions towards the end of the financial year and we expect to be receiving some substantial cash sums when both their reorganizations are completed.

Turning to the operating performance of the portfolio it has generally been a good year. Our top 12 investments account for 90% of the value of the venture capital portfolio and of these 11 are trading profitably and 9 of those are showing year on year improvements. The only loss maker is BIH which as mentioned above is effectively winding itself up by selling off its various divisions. We reported last year that profits had declined at Wessex Advanced Switching Products, our biggest investment. I am pleased to be able to report that the company has reversed that trend and is confident about prospects for 2013.

The lack of exits, and the return of cash to our Shareholders, has meant that despite relatively low levels of investment our overall effective cash balance (including fixed interest investments) has fallen from £7.7 million to £5.4 million at the year end. The proposed final dividend will cost nearly another £1.0 million and as previously reported whilst it remains difficult for small and medium sized companies to obtain bank funding we consider it prudent to keep aside 20% (£3.9 million) of the value of our venture capital portfolio in order that we have sufficient resources to support our companies if required.

We do however anticipate some realisations this year although now more than ever no deal is certain until it is actually done and looking forward to this year we are cautiously optimistic that 2013 will be a better year for the economy than 2012. Hence hopefully the majority of our investee companies will continue to prosper. However the recent collapse of several high profile retail chains does show that trading is still tough.

Chrysalis VCT Management Limited

31 January 2013

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 October 2012:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments				
Wessex Advanced Switching Products Limited	704	2,563	346	10.2%
Locale Enterprises Limited	1,338	2,077	(13)	8.3%
British International Holdings Limited	908	1,919	(71)	7.6%
Precision Dental Laboratories Limited	1,910	1,843	206	7.4%
Knowledge Pool Group Limited	1,000	1,614	614	6.4%
Escape Studios Limited	750	1,605	2	6.4%
MyTime Media Holdings Limited (formerly MyHobbyStore Holding Limited)	750	1,482	246	5.9%
Ensign Communication Holdings Limited	292	1,296	(349)	5.2%
VEEMEE Limited	500	1,019	202	4.1%
Triaster Ltd	703	1,009	170	4.0%
	8,855	16,427	1,353	65.5%
Other venture capital investments				
Autocue Group Limited	500	731	231	2.9%
Internet Fusion Limited	700	700	-	2.8%
London Italian Restaurants Limited	1,000	547	(328)	2.2%
Livvakt Limited	550	412	(138)	1.7%
Life's Kitchen Limited	300	303	3	1.2%
Rhino Sport & Leisure Limited	166	149	74	0.6%
Zappar Limited	-	125	125	0.5%
Cashfac plc	-	101	51	0.4%
K10 City Sushi Limited	100	100	-	0.4%
The Mission Marketing Group plc *	150	35	16	0.1%
Best of the Best plc *	81	26	5	0.1%
Aerialcell Limited	350	25	(325)	0.1%
ILX Group plc *	100	16	(16)	0.1%
The Kellan Group plc *	320	9	(1)	-
Art VPS Limited	358	-	-	-
G-Crypt Limited	305	-	(152)	-
IX Group Limited	250	-	-	-
Kids Safteynet Limited	637	-	-	-
Planet Sport Holdings Limited	263	-	-	-
Real Time Logistic Solutions Limited	55	-	-	-
	6,185	3,279	(455)	13.1%
Fixed income securities				
United Kingdom 1% Gilt 07/09/2017	1,235	1,240	5	5.0%
United Kingdom 2.25% Gilt 07/03/2014	415	431	(5)	1.7%
S&W Investment Funds Cash Fund	10	10	-	-
	1,660	1,681	-	6.7%
	16,700	21,387	898	85.3%
Cash at bank and in hand		1,690		6.7%
Royal Bank of Scotland plc 3.41% 2012 deposit		2,000		8.0%
Total investments		25,077		100.0%

All investments are unquoted unless otherwise stated. * Quoted on AIM

Investment movements for the year ended 31 October 2012

Additions

	£'000
New investments	
Internet Fusion Limited	700
K10 City Sushi Limited	100
Follow-on investments	
Aerialcell Limited	50
Livvakt Limited	300
	1,150
Fixed income securities	
S&W Investment Funds Cash Fund	150
United Kingdom 1% Gilt 07/09/2017	1,235
	1,385
Total investments	2,535

Disposals

	Cost £'000	MV at 01/11/11* £'000	Proceeds £'000	Profit vs cost £'000	Realised gain/ (loss) £'000
Venture capital disposals					
Tender offer					
Best of the Best plc	16	4	16	-	12
Loan note redemptions					
Precision Dental Laboratories Limited	200	200	200	-	-
Triaster Limited	55	55	55	-	-
	271	259	271	-	12
Fixed income securities					
S&W Investment Funds Cash Fund	140	140	140	-	-
United Kingdom 2.25% Gilt 07/03/2014	1,412	1,486	1,474	62	(12)
United Kingdom 2.75% Gilt 22/01/2015	1,032	1,043	1,043	11	-
United Kingdom 2% Gilt 22/01/2016	929	994	1,010	81	16
	3,513	3,663	3,667	154	4
Total	3,784	3,922	3,938	154	16

* Adjusted for purchases in the year where applicable

Further details of the ten largest investments are as follows:

Wessex Advanced Switching Products Limited
www.waspswitches.co.uk

Cost at 31/10/2012:		£704,000	Valuation at 31/10/12:	£2,563,000
Cost at 31/10/2011:		£704,000	Valuation at 31/10/11:	£2,217,000
Investment comprises:				
Equity shares:		£704,000	Valuation method:	Earnings multiple
Audited accounts:	31/12/11	31/12/10	Dividend income:	£147,000
Turnover:	£8.1m	£8.3m		
Profit before tax:	£0.4m	£1.0m	Proportion of capital held:	29.7%
Net assets:	£3.3m	£3.3m	Diluted equity:	29.7%

Wessex Advanced Switching Products manufactures a range of rotary switches for military communications systems, membrane switches and touch screens for electronic control panels. It also designs and manufactures a range of passenger control units for the aerospace industry.

Locale Enterprises Limited
www.localerestaurants.com

Cost at 31/10/2012:		£1,338,000	Valuation at 31/10/12:	£2,077,000
Cost at 31/10/2011:		£1,338,000	Valuation at 31/10/11:	£2,090,000
Investment comprises:				
Equity shares:		£100,000	Valuation method:	Earnings multiple
5.85% loan note:		£750,000		
6.50% loan note:		£488,000		
Abbreviated audited accounts:	28/05/11	29/05/10	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£75,000
Profit before tax:	Not published		Proportion of capital held:	22.9%
Net assets:	£0.5m	£0.5m	Diluted equity:	22.9%

Locale Enterprises Limited operates four Italian restaurants which are located in affluent areas of South London, one being located at County Hall, central London.

British International Holdings Limited

Cost at 31/10/2012:		£908,000	Valuation at 31/10/12:	£1,919,000
Cost at 31/10/2011:		£908,000	Valuation at 31/10/11:	£1,991,000
Investment comprises:				
Equity shares:		£170,000	Valuation method:	Breakup basis
9.0% loan note:		£580,000		
12.0% loan note:		£158,000		
Audited accounts:	31/12/10	31/12/09	Dividend income:	£Nil
Turnover:	£19m	£16m	Loan note income:	£19,000
Profit/(loss) before tax:	£1.5m	(£0.4m)	Proportion of capital held:	7.5%
Net assets:	£4.0m	£3.0m	Diluted equity:	7.5%

British International provides a range of helicopter services to a range of commercial and military clients. On 16 October 2012 the company sold its heliport at Penzance and ceased services to the Isles of Scilly on 30 October 2012. The company has a long standing relationship with the Ministry of Defence providing helicopter support to the Falkland Island garrison as well as to the Royal Navy in Plymouth.

REVIEW OF INVESTMENTS (continued)

Precision Dental Laboratories Group Limited
www.precisiondentalstudio.co.uk

Cost at 31/10/2012:		£1,910,000	Valuation at 31/10/12:	£1,843,000
Cost at 31/10/2011:		£2,110,000	Valuation at 31/10/11:	£1,837,000
Investment comprises:				
Equity shares:		£1,110,000	Valuation method:	Earnings multiple
5.0% loan note:		£800,000		
Abbreviated audited accounts:	30/09/11	30/09/10	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£47,000
Profit before tax:	Not published		Proportion of capital held:	37.0%
Net assets:	£0.9m	£1.4m	Diluted equity:	36.5%

Precision Dental is one of the UK's leading dental laboratory groups, manufacturing a full range of dental products.

Knowledge Pool Group Limited
www.knowledgepool.com

Cost at 31/10/2012:		£1,000,000	Valuation at 31/10/12:	£1,614,000
Cost at 31/10/2011:		£1,000,000	Valuation at 31/10/11:	£1,000,000
Investment comprises:				
Equity shares:		£165,000	Valuation method:	Earnings multiple
6.0% Loan note:		£835,000		
Audited accounts:	30/09/11	30/09/10	Dividend income:	£Nil
Turnover:	£22m	£20m	Loan note income:	£50,000
Profit before tax:	£0.2m	£0.1m	Proportion of capital held:	3.0%
Net assets:	£1.0m	£0.3m	Diluted equity:	2.9%

KnowledgePool essentially operates as an outsourced training coordinator for major PLCs such as Aviva.

Escape Studios Limited
www.escapestudios.co.uk

Cost at 31/10/2012:		£750,000	Valuation at 31/10/12:	£1,605,000
Cost at 31/10/2011:		£750,000	Valuation at 31/10/11:	£1,603,000
Investment comprises:				
Equity shares:		£200,000	Valuation method:	Earnings multiple
10.0% loan note:		£300,000		
6.0% loan note:		£250,000		
Audited accounts:	31/03/12	31/03/11	Dividend income:	£Nil
Turnover:	£12.8m	£14.2m	Loan note income:	£45,000
(Loss)/profit before tax:	(£0.5m)	£0.2m	Proportion of capital held:	20.1%
Net assets:	£0.3m	£0.8m	Diluted equity:	19.1%

Escape is one of the leading computer graphics academies in Europe. It provides classroom and online learning courses for people seeking to enter the computer graphics industry. In December 2012, the company sold its technology business which supplies hardware and software to the computer graphics industry. This will allow the company to concentrate on the development of its learning business.

MyTime Media Holdings Limited (formerly MyHobbyStore Holding Limited)
www.myhobbystore.co.uk

Cost at 31/10/2012:	£750,000	Valuation at 31/10/12:	£1,482,000
Cost at 31/10/2011:	£750,000	Valuation at 31/10/11:	£1,236,000
Investment comprises:			
Equity shares:	£75,000	Valuation method:	Earnings multiple
10.0% Loan note:	£675,000		

Audited accounts:	31/12/11	31/12/10	Dividend income:	£Nil
Turnover:	£6.7m	£1.0m	Loan note income:	£67,000
Loss before tax:	(£0.1m)	(£0.1m)	Proportion of capital held:	25.0%
Net assets:	£0.3m	£0.3m	Diluted equity:	25.0%

The company publishes a range of niche hobby magazines, both in paper and digital formats. It also has an e-commerce business which provides a wide range of hobby products.

Ensign Communications Holdings Limited
www.ensign-net.co.uk

Cost at 31/10/2012:	£292,000	Valuation at 31/10/12:	£1,296,000
Cost at 31/10/2011:	£292,000	Valuation at 31/10/11:	£1,644,000
Investment comprises:			
Equity shares:	£292,000	Valuation method:	Earnings multiple

Abbreviated audited accounts:	31/12/11	31/12/10*	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£Nil
Profit before tax:	Not published		Proportion of capital held:	41.3%
Net assets:	£0.5	£1.5m	Diluted equity:	41.3%

Ensign provides Wi-Fi and mobile computing solutions to a wide range of companies. Services provided include enterprise wireless LAN design, installation and support. *The comparative results shown above are for the Company's subsidiary company.

VEEMEE Limited
www.veemee.com

Cost at 31/10/2012:	£500,000	Valuation at 31/10/12:	£1,019,000
Cost at 31/10/2011:	£500,000	Valuation at 31/10/11:	£817,000
Investment comprises:			
Equity shares:	£50,000	Valuation method:	Earnings multiple
6.0% Loan note:	£450,000		

Abbreviated unaudited accounts:	31/03/12	31/03/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£27,000
Profit before tax:	Not published		Proportion of capital held:	25.0%
Net assets:	£0.4m	£0.3m	Diluted equity:	23.3%

VEEMEE is a games developer and publisher specialising in original IP and branded content for virtual worlds and handheld devices with a focus on the PlayStation platform.

Triaster Ltd
www.triaster.co.uk

Cost at 31/10/2012:	£703,000	Valuation at 31/10/12:	£1,009,000
Cost at 31/10/2011:	£758,000	Valuation at 31/10/11:	£894,000
Investment comprises:			
Equity shares:	£72,000	Valuation method:	Earnings multiple
6.0% Loan note:	£631,000		

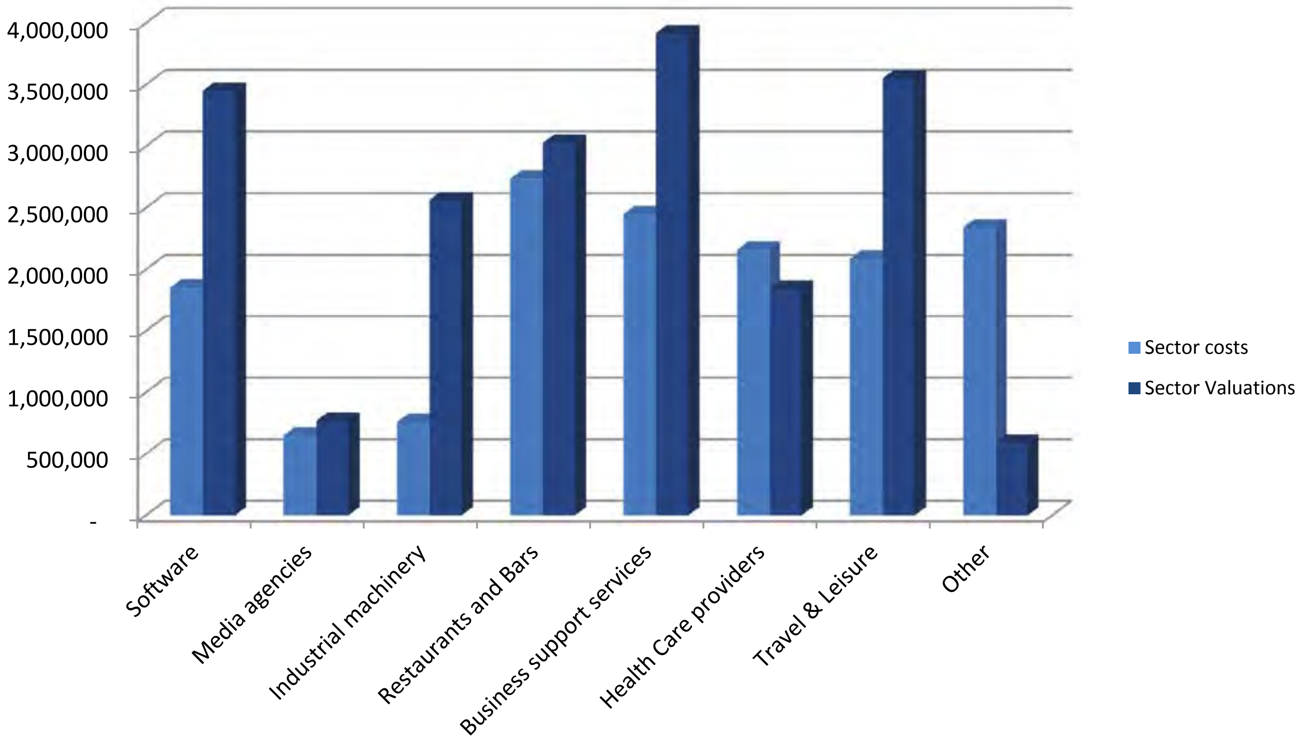
Abbreviated audited accounts:	31/03/12	31/03/11	Dividend income:	£Nil
Turnover:	Not published		Loan note income:	£51,000
Profit before tax:	Not published		Proportion of capital held:	31.3%
Net liabilities:	(£0.5m)	(£0.5 m)	Diluted equity:	31.3%

Triaster is a developer of easy to use process-mapping software and has developed an add-on product to Microsoft Visio called Process Navigator.

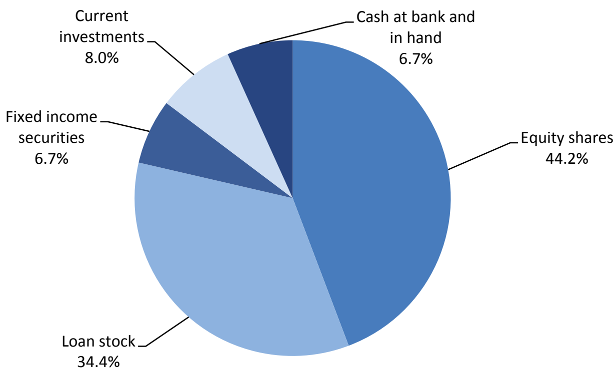
REVIEW OF INVESTMENTS (continued)

Note:
The proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

Analysis of investments by commercial sector
The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 October 2012) is as follows:



Analysis of investments by nature of instrument
The following chart summarises the Company's investment portfolio by the nature of instrument held (by value at 31 October 2012) as follows:



Portfolio balance
At 31 October 2012, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of investment (by value, according to HMRC rules)	Actual	Target
		Minimum
VCT qualifying investments	78.3%	70.0%
Non-qualifying investments		Maximum
(including cash at bank)	21.7%	30.0%
Total	100.0%	100.0%

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Accounts of the Company for the year ended 31 October 2012.

Principal activity and status

The Directors initially obtained approval for the Company to act as a venture capital trust from HM Revenue & Customs ("HMRC") and have continued to meet the standards set out by HMRC.

The Company revoked its status as an investment company in 2004, however, the Directors consider that the Company has continued to conduct its affairs in a manner to enable it to continue to comply with Part 6 of the Income Tax Act 2007 (the Venture Capital Trust Regulations).

Business review and developments

At the year end, the investment portfolio had risen in value by £898,000. Net gains arising on disposals in the portfolio amounted to £16,000.

In addition, the revenue income arising from the portfolio investments met the total running costs of the Company, with a £98,000 excess of income over total expenditure.

The Company's business and developments during the year are reviewed further within the Chairman's Statement, Investment Management Report and the Review of Investments.

Share capital

During the year the Company repurchased 421,276 Ordinary Shares of 1p each for an aggregate consideration of £208,000 being an average price of 49.1p per share and representing 1.4% of the issued Ordinary Share capital held at 1 November 2011. These shares were subsequently cancelled.

The total number of Ordinary Shares of 1p each in issue at 31 October 2012 was 29,791,021. There are no other share classes in issue.

Results and dividends

	£'000	Pence per share
Return for the year	1,012	3.30
Dividends paid in the year		
31 March 2012	753	2.50
31 July 2012	523	1.75
	1,276	4.25

Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 3.25p per share on 30 April 2013 to Shareholders on the register at 12 April 2013.

Performance incentive fees

The Board has an incentive scheme under which additional fees are paid to Chrysalis VCT Management Limited based on achieving exits from investments. The exit fees are calculated as the greater of 1% of the cash proceeds of any exit or 5% of the gain to the Company after all exit costs for investments made after 30 April 2004 or 2.5% of the gain in respect of investments made prior to 30 April 2004. Incentive fees arising in the year amounted to £1,000 (2011: £27,000).

Investment policy

The Company's investment policy covers several areas as follows:

1. Venture capital investments;
2. Fixed income securities; and
3. Venture capital trust regulations.

Venture capital investments

The Company holds a portfolio of venture capital investments, predominantly comprising unquoted companies, but also including a proportion of investments in companies trading on AIM.

The Company will hold over 70% of its investments in a portfolio of VCT-qualifying companies each of which, in the opinion of the Directors, have, or are expected to have:

- a strong management team and board;
- good opportunities for growth in value; and
- realistic prospects of achieving a stock market flotation or being sold within three to five years.

Fixed income securities

The Company holds a portfolio consisting of 'A' rated bonds issued by the UK Government, major companies and institutions with a minimum credit rating of A minus (Standard & Poor's rated) or A3 (Moody's rated) at the time of investment.

Investment policy (continued)

Venture capital trust regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70.0% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);

2. In respect of funds raised before 5 April 2011, at least 30.0% of the Company's qualifying investments (by value) are held in "eligible shares" ("eligible shares" generally being ordinary share capital). For funds raised after 5 April 2011 this is increased to 70%;

3. At least 10.0% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);

4. No investment constitutes more than 15.0% of the Company's portfolio (by value at time of investment);

5. The Company's income for each financial year is derived wholly or mainly from shares and securities;

6. The Company distributes sufficient Revenue dividends to ensure that not more than 15.0% of the income from shares and securities in any one year is retained; and

7. Prior to 5 April 2012, the maximum unit size of £1 million in each VCT qualifying investment (per tax year). Post 5 April 2012, the maximum size is £5 million (per tax year).

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow not more than 15.0% of the aggregate of:

- the nominal capital of the Company being issued and paid up; or
- the amounts standing to credit of the reserves of the Company;

as shown within the latest audited balance sheet of the Company but after:

- making such adjustments as appropriate to take account of share buybacks or other variation of issued share capital;
- excluding amounts set aside for future taxation; and
- deducting therefrom (1) amounts equal to any distribution by the Company out of profits earned prior to the date of the latest audited balance sheet, (2) goodwill and other intangible assets, and (3) any debit balances on profit and loss account.

At 31 October 2012, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £3.8 million. There are no plans to utilise this ability at the current time.

Environmental and social policy

The Company seeks to conduct its affairs responsibly. Where appropriate, the Board and the Managers take environmental and social factors into consideration when making investment decisions.

Investment management fees

Chrysalis VCT Management Limited, the Company's wholly owned subsidiary, provides investment management services to the Company for a fee of 1.65% of net assets per annum, reducing to 1.35% when net assets exceed £34 million. As the Group is self-managed there is no formal contract or notice period in place.

The Board is satisfied with the performance of the Company under the current management arrangement and believes that it is in the Shareholders' best interest to continue as a self-managed VCT.

Administration management fees

Downing LLP provides administration services to the Company for a fee of £55,000 per annum (plus VAT). The agreement may be terminated by either the Board or Downing serving on the other not less than six months' notice of termination.

Fixed interest investment management

Smith & Williamson Investment Management Limited provided investment management services to the Company in respect of fixed income securities for a fee of 0.15% per annum (plus VAT) of the amount invested in fixed income securities.

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares of 1p each in the Company at each year end and the date of this report were as follows:

	2012	2011
Peter Harkness	144,462	119,462
Julie Baddeley	91,517	81,517
Martin Knight	110,652	100,652

Julie Baddeley is due to retire as a result of holding a place on the Board for over nine years and, being eligible, offers herself for re-election. The Board believes that all the non-executive directors continue to provide a valuable contribution to the Company and remain committed to their roles. They also have considerable experience in other areas, as shown in their biographies on page 2, and therefore recommend that Shareholders support the resolutions to re-elect Julie Baddeley at the forthcoming AGM.

Each of the Directors, with the exception of Martin Knight, entered into an agreement for services dated 30 January 2006, which is terminable on 12 months' notice by either side. Martin Knight has entered into an agreement for services dated 20 October 2008 which is terminable on 12 months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires and their powers are bound by the Company's Articles of Association. Appointments of new Directors to the Board are considered by all existing Directors as, and when, required.

The Company provides Directors' and Officers' liability insurance, giving appropriate cover for legal action brought against its Directors, and has also agreed to indemnify Directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third party indemnity provision for the purpose of the Companies Act, is for the benefit of all of the Company's current Directors.

VCT compliance

The Company has retained PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, reporting directly to the Board. PwC work closely with the Chrysalis VCT Management Services Ltd and Administration Manager ("the Managers") undertaking reviews of the VCT compliance status of new investment opportunities; providing regular compliance updates on the Company's existing portfolio of investments and providing advice on VCT compliance issues as and when they arise.

A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 14.

Compliance with the main VCT regulations as at 31 October 2012 and for the year then ended is summarised as follows:

1. 70.0% of its investments in qualifying companies;	78.3%
2. At least 30.0% of the Company's qualifying investments (by value) are held in "eligible shares";	48.5%
3. At least 10.0% of each investment in a qualifying company is held in "eligible shares";	Complied
4. No investment constitutes more than 15.0% of the Company's portfolio;	Complied
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;	90.3%
6. For the year ended 31 October 2012, no more than 15.0% of the income from shares and securities is retained (after taking into account paid and proposed revenue dividends in respect of the year under review); and	Compliant
7. A maximum unit size of £1 million in each VCT qualifying investment for the period to 5 April 2012; £5million thereafter.	Complied

Creditor payment policy

The Company's payment policy is to pay creditors within thirty days of receipt of an invoice except where other terms have been agreed. The Company did not have any trade creditors at the year end (2011: none).

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's level of success in meeting its investment policy (as shown on pages 13 and 14). The Board believes the Company's key performance indicators, for comparison purposes against similar VCTs, are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see page 1).

Principal risks and uncertainties

The principal financial risks faced by the Company, which include interest rate, investment, credit and liquidity risks, are summarised within note 18 of the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and therefore faces a number of related risks.

A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing rules of the Financial Services Authority and the Companies Act, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. They receive quarterly reports from the Managers, which monitor the compliance of these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

Substantial interests

As at 31 October 2012, and the date of this report, the Company was not aware of any beneficial interests exceeding three per cent of the issued Ordinary Share capital.

Auditor

A resolution to re-appoint PKF (UK) LLP as the Company's Auditor will be proposed at the forthcoming AGM.

Annual General Meeting

The forthcoming AGM will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10:00 am on 14 March 2013. The Notice of the AGM is at the end of this document.

Directors' responsibilities statement

The Directors are responsible for preparing the Report of the Directors, 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.

Directors' responsibilities statement (continued)

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.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 2, confirms that, to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report within the Chairman's Statement, Investment Management Report, the Review of Investments and the Report of the Directors, 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.

Electronic publication

The financial statements are published on www.chrysalisvct.co.uk (maintained by Chrysalis VCT Management Limited) and on www.downing.co.uk (maintained by the Administration Manager). Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code, June 2010 (www.frc.org.uk), is shown on pages 20 to 23.

Statement as to disclosure of information to the Auditor

The Directors in office at the date of this report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have 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 it has been communicated to the Auditor.

By order of the Board

Grant Whitehouse
Secretary of Chrysalis VCT plc
Company number: 4095791
Registered Office:
10 Lower Grosvenor Place
London SW1W 0EN

31 January 2013

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Section 420 to 422 of the Companies Act 2006. A resolution to approve this report will be put to Shareholders at the AGM to be held on 14 March 2013.

Directors' remuneration policy

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

(i) The Directors shall be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £90,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally. The provisions of this Article shall not apply to the remuneration of any Managing Director or Executive Director which shall be determined pursuant to the separate provisions within the Articles of Association.

(ii) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending Meetings of the Board or of Committees of the Board or General Meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

Directors' remuneration, as shown in the following table, is set at a level designed to reflect the time commitment and high level of responsibility borne by non-executive Directors of a self-managed fund, where all investment decisions are made by the Board and where the non-executive Directors are more closely involved with the investee companies than other similar VCTs.

The Company has a Remuneration Committee who reviews the remuneration levels received by the Board on an annual basis.

Agreement for services

Each of the Directors, with the exception of Martin Knight, has entered into an agreement for services, dated 30 January 2006, which is terminable on 12 months' notice by either side. Martin Knight has entered into an agreement for services, dated 20 October 2008, which is terminable on 12 months' notice by either side. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires.

Directors' remuneration (audited)

Following approval at the AGM of the revised Articles of Association, the Directors' remuneration was increased from 1 April 2012. The total remuneration for Directors for the Company and its subsidiary for the year under review were as follows:

	2012	**2011**
	£	**£**
Peter Harkness	41,875	37,500
Julie Baddeley	20,937	18,750
Martin Knight	20,937	18,750
	83,749	75,000

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

2012/2013 remuneration

At the date of this report the remuneration levels for the forthcoming year are expected to remain unchanged at the following levels.

	£
Peter Harkness	45,000
Julie Baddeley	22,500
Martin Knight	22,500
	90,000

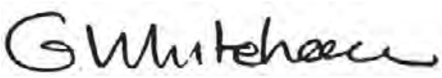
Performance graph

The Board believes that NAV Total Return provides Shareholders with a fairer reflection of the Company's long term value than the Company's share price, due to the long term nature of an investment in Venture Capital Trust shares.

The following graph charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) ("NAV Total Return") and total return of the Company's Share Price ("Share Price Total Return") over the past five years, each of which has been rebased to 100 pence.

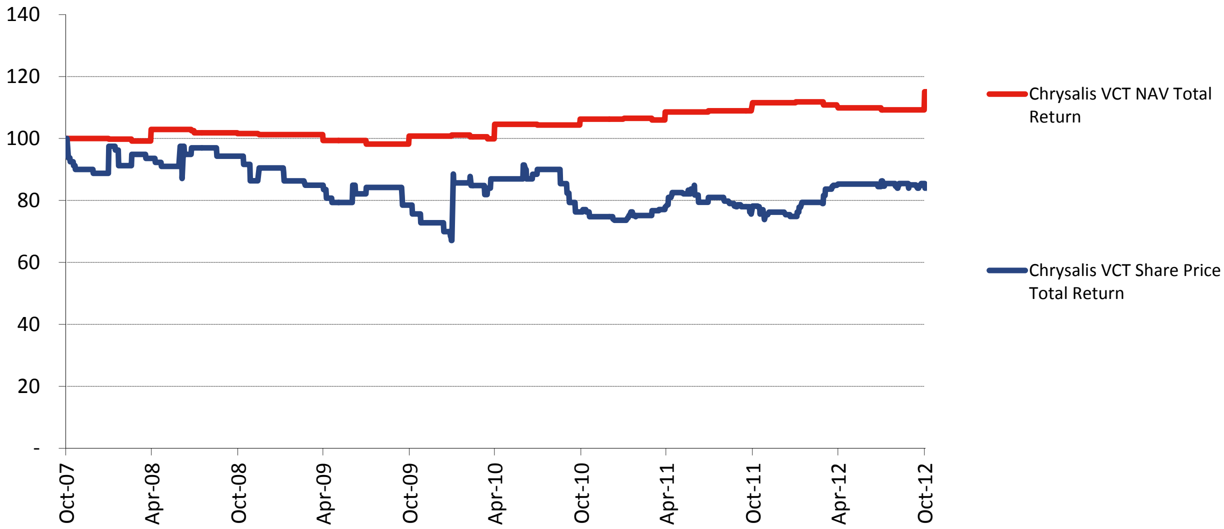
The Company has not presented a broad equity market index within the graph as a comparison because the Company has been unable to agree an acceptable price with an index publisher for the use of this data. The Board therefore considers it to be in the best interests of Shareholders that this information is omitted.

By order of the Board



Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

31 January 2013



CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code, being the principles of good governance and the code of best practice, as set out in Section 1 of the UK Corporate Governance Code maintained by the Financial Reporting Council.

The Board

The Company has a diverse Board comprising three non-executive Directors, two of whom (Peter Harkness and Martin Knight) are deemed to be independent. The Chairman is Peter Harkness and the senior independent director is Martin Knight. Biographical details of all Board members (including significant commitments of the Chairman) are shown on page 2.

In accordance with the Articles of Association, Directors are subject to re-election at the first AGM after their appointment and by rotation thereafter. Peter Harkness retired by rotation and was re-elected at the 2012 AGM. Julie Baddeley is retiring at the forthcoming AGM as a result of being a Director of the Company for more than nine years, and is offering herself for re-election.

Full Board meetings take place quarterly and additional meetings are held as required to address specific issues including considering recommendations from the Chrysalis VCT Management regarding the existing portfolio, making all decisions concerning the acquisition or disposal of investments, and it reviews, periodically, the terms of engagement of all third party advisers (including the Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

The Board has also established procedures whereby Directors wishing to do so, in the furtherance of their duties, may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

Share capital

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM. A resolution will be put to Shareholders to renew this authority at the forthcoming AGM.

The capital structure of the Company is disclosed on page 13.

Committees to the Board

As the Company has a small Board of non-executive Directors, all the Directors sit on all committees. The Chairman of the Audit Committee is Martin Knight, and the Chairman of the Nomination and Remuneration Committees is Julie Baddeley. All committees have defined terms of reference and duties, which are available from www.downing.co.uk.

Formal Board and Committee meetings

The following table sets out the Directors' attendance at the formal Board and Committee meetings held during the year.

	Board meetings (4 held)	**Committee meetings Audit (2 held)**	**Nom. (1 held)**	**Rem. (1 held)**
Peter Harkness	4	2	1	1
Julie Baddeley	4	2	1	1
Martin Knight	3	2	-	-

Note:
Nom. refers to Nomination Committee; and
Rem. refers to Remuneration Committee.

The Board also meets as and when required during the year to discuss other matters arising.

Audit Committee

The Audit Committee is responsible for reviewing the half-yearly and annual accounts before they are presented to the Board, the terms of appointment of the Auditor, together with their remuneration, as well as undertaking a full review of the effectiveness of the Company's internal control and risk management systems.

Audit Committee (continued)

Any non-audit services provided by the Auditor are reviewed and approved by the Committee prior to being undertaken (such services being undertaken by a separate department to the Auditor), to ensure that Auditor objectivity and independence is safeguarded. In addition the Auditor confirms their independent status on an annual basis.

During the year the Committee discharged its responsibilities by obtaining assurance from their own evaluation of the annual and half-yearly reports; the audit feedback documentation and; from correspondence and discussions with the engagement partner of PKF (UK) LLP. Based on the assurance obtained, the Committee has recommended, to Shareholders and the Board, that PKF (UK) LLP are re-appointed as Auditor at the forthcoming AGM.

During the year, in addition to the audit, PKF (UK) LLP provided corporation tax compliance services on behalf of the VCT. The Committee considers that PKF (UK) LLP is well placed to provide this service given the knowledge gained from the work undertaken during the audit of the Company.

In addition, the Committee reviewed the internal financial controls and concluded that they were appropriate given the nature of the Company. They also considered the need for an internal audit function and concluded that at the present time this function is not considered necessary for a Company of this size.

As the Company has no staff, other than directors, there are no procedures in place in respect of C.3.4 of the UK Corporate Governance Code, relating to whistleblowing. The Audit Committee understands that Chrysalis VCT Management Limited and Administration Manager have whistleblowing procedures in place.

Nomination Committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance. The Committee has not recommended any changes to the composition of the existing Board.

Remuneration Committee

The Remuneration Committee meets as required, to discuss the existing levels of remuneration for the non-executive Directors, and whether they reflect the time commitment and responsibilities of the positions and are comparable with industry standards. Where deemed necessary, they will recommend adjustments to the remuneration levels or fee structure. The Committee has not recommended a change to the fee structure at the current time.

Diversity policy

When considering a new appointment to the Board, the Committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position (irrespective of gender) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

Anti-bribery policy

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found on the website maintained by the Manager at www.downing.co.uk.

Performance evaluation

During the year, Julie Baddeley co-ordinated a performance evaluation of the Company (including the Chairman and its Committees), as required by the UK Corporate Governance Code, whereby the members of the Board, together with the senior executives of Chrysalis VCT Management Ltd, completed a questionnaire compiled for the express purpose of the evaluation. The relevant points arising from the evaluation were reported to the Board, and the minor improvement points raised have been agreed to be implemented.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with Shareholders if so requested. As disclosed in the Report of the Directors, there were no Shareholders with a substantial interest in the Company at the year end or at the date of this report.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have.

Relations with Shareholders (continued)

Separate resolutions are proposed at the AGM on each substantially separate issue. Downing LLP collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM.

In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called, and are published immediately following the AGM. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The conditions of appointment of non-executive Directors are available to Shareholders upon request.

Financial reporting

The Directors' statement of responsibilities for preparing the accounts is set out in the Report of the Directors on pages 16 and 17, and a statement by the Auditor about their reporting responsibilities is set out in the Auditor's Report on page 24.

Risk management and internal control

The Board has adopted an Internal Control Manual ("Manual"), for which they are responsible, which has been compiled in order to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and they review the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company (including the Financial Reporting Process) to the following advisers (including its subsidiary):

Investment Management	Chrysalis VCT Management Ltd
Administration Management	Downing LLP
Fixed Income Securities Management	Smith & Williamson Investment Management Limited

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 3 to 5, the Investment Management Report on page 6 and the Report of the Directors on page 13. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 27; the Cash Flow Statement on page 28 and the Report of the Directors on page 14. In addition, note 18 of the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources at the year end, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason they believe that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

Compliance statement

The Listing Rules require the Board to report on compliance with the fifty-two UK Corporate Governance Code provisions throughout the accounting period. The preamble to the Combined Code does, however, acknowledge that some provisions may have less relevance for investment companies. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 October 2012 with the provisions set out in the UK Corporate Governance Code issued in June 2010.

a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than the AGM. (B.4.1, B.4.2, E.1.1)

b) The non-executive Directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts. (B.2.3) The Directors do have agreements for services in place. In the Directors' opinion, this does not make a substantive difference to the circumstances of the Company.

By order of the Board

Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

31 January 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRYSALIS VCT PLC

We have audited the financial statements of Chrysalis VCT plc for the year ended 31 October 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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 31 October 2012 and of its return for the period 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 Report of the Directors for the financial period 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 20 to 23 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRYSALIS VCT PLC (continued)

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 22, 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.

PKF (UK) LLP

Rhodri Whitlock (senior statutory auditor)
for and on behalf of PKF (UK) LLP
Statutory auditor
London UK

31 January 2013

INCOME STATEMENT
for the year ended 31 October 2012

	Note	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Income	**2**	765	-	765	781	-	781
Gains on investments	**9**	-	914	914	-	1,207	1,207
		765	914	1,679	781	1,207	1,988
Investment management fees	**3**	(104)	(310)	(414)	(106)	(317)	(423)
Performance incentive fees	**3**	-	(1)	(1)	-	(27)	(27)
Other expenses	**4**	(219)	(33)	(252)	(270)	(1)	(271)
Return on ordinary activities before tax		442	570	1,012	405	862	1,267
Tax on ordinary activities	**6**	(59)	59	-	(59)	59	-
Return attributable to equity shareholders		383	629	1,012	346	921	1,267
Basic and diluted return per share	**8**	1.3p	2.1p	3.4p	1.1p	3.0p	4.1p

All Revenue and Capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company.

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

Other than revaluation movements arising on investments held at fair value through profit or loss account, there were no differences between the return as stated above and historical cost.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 October 2012

	Note	2012 £'000	2011 £'000
Opening Shareholders' funds		25,640	25,638
Purchase of own shares	**13**	(208)	(346)
Total recognised gains for the year		1,012	1,267
Dividends paid	**7**	(1,276)	(919)
Closing Shareholders' funds		25,168	25,640

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET
at 31 October 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Investments	**9**		21,387		21,876
Current assets					
Debtors	**10**	190		222	
Current investments	**11**	2,000		2,000	
Cash at bank and in hand		1,690		1,680	
		3,880		3,902	
Creditors: amounts falling due within one year	**12**	(99)		(138)	
Net current assets			3,781		3,764
Net assets			25,168		25,640
Capital and reserves					
Called up share capital	**13**		298		302
Capital redemption reserve	**14**		89		85
Share premium	**14**		1,064		1,064
Merger reserve	**14**		2,104		2,128
Special reserve	**14**		3,653		6,377
Capital reserve – realised	**14**		10,138		10,897
Capital reserve – unrealised	**14**		7,104		3,927
Revenue reserve	**14**		718		860
Total equity shareholders' funds	**15**		25,168		25,640
Net asset value per share	**15**		84.5p		84.9p

The financial statements on pages 26 to 44 were approved and authorised for issue by the Board of Directors on 31 January 2013 and were signed on its behalf by:

Peter Harkness
Chairman

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 31 October 2012

	Note	2012 £'000	2011 £'000
Net cash inflow/(outflow) from operating activities	**16**	55	(14)
Taxation		-	-
Capital expenditure			
Payments to acquire investments		(2,535)	(3,579)
Receipts from sale of investments		3,938	5,063
Net cash inflow from capital expenditure		1,403	1,484
Equity dividends paid		(1,276)	(919)
Net cash inflow before financing		182	551
Financing			
Purchase of own shares		(172)	(334)
Net cash outflow from financing		(172)	(334)
Increase in cash	**17**	10	217

The accompanying notes are an integral part of these financial statements.

NOTES TO THE ACCOUNTS
for the year ended 31 October 2012

1. Accounting policies

Basis of accounting
The Company has prepared its financial statements under UK Generally Accepted Accounting Practice and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" January 2009 ("SORP").

The financial statements are prepared under the historical cost convention except for certain financial instruments measured at fair value and on the basis that it is not required to prepare consolidated accounts as explained in note 9. The Company's accounts therefore present information about it as an individual undertaking rather than as a group undertaking.

The Company implements new Financial Reporting Standards issued by the Accounting Standards Board when required.

Presentation of Income Statement
In order to better reflect the activities of a venture capital trust 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 net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Fixed asset investments
Investments are designated as "fair value through profit or loss" assets, upon acquisition, due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") together with FRS26.

Fixed income investments and investments quoted on AIM are measured using bid prices in accordance with the IPEV.

For unquoted instruments, fair value is established using the IPEV. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Where an investee company has gone into receivership, liquidation, or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised. Permanent impairments in the value of investments are deemed to be realised losses and held within the Capital Reserve - Realised.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment expensed.

1. Accounting policies (continued)

Fixed asset investments (continued)
It is not the Company's policy to exercise controlling influence over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income accrued. This is in accordance with the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

Current asset investments
Current asset investments comprise amounts held on a fixed term deposit at a banking institution and are valued at par.

Income
Dividend income from investments is recognised when the Shareholders' rights to receive payment have been established, normally the ex-dividend date.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection.

Expenses
All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are deducted as a capital item.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted the policy of allocating investment management fees, 75% to capital and 25% to revenue as permitted by the SORP. The allocation is in line with the Board's expectation of long term returns from the Company's investments in the form of capital gains and income respectively.
- Performance incentive fees arising from the disposal of investments are deducted as a capital item.

Taxation
The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises.

Deferred taxation is not discounted and is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

Other debtors and other creditors
Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost.

2. Income

	2012 £'000	2011 £'000
Income from investments		
Loan stock interest	478	494
Dividend income	148	115
Fixed income security interest	65	93
	691	702
Other income		
Deposit interest	74	79
	765	781

3. Investment management fees

	2012 £'000	2011 £'000
Basic fees	414	423
Performance incentive fees	1	27
	415	450

Performance incentive fees, as shown above, are payable quarterly to Chrysalis VCT Management Limited based on cash realisations from all investments excluding quoted loan notes, redemptions of loan notes in the normal course of business and other treasury functions. The performance incentive fee is the greater of 1% of the cash proceeds of any exit or 5% of the gain to the Company after all exit costs for investments made after 30 April 2004 or 2.5% of the gain on investments made prior to 30 April 2004.

4. Other expenses

	2012 £'000	2011 £'000
Directors' fees	84	75
Administration services	66	66
Auditor's remuneration for statutory audit	21	20
Auditor's remuneration for non-audit services (corporation tax services)	3	4
Provision against doubtful income	4	-
Other running costs	74	106
	252	271

5. Directors' fees

Details of remuneration (excluding VAT and employers' NIC) are given in the Directors' Remuneration Report on page 18.

The Company had no employees (other than the Directors) during the year. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director except as reported on page 18.

6. Taxation on ordinary activities

		2012 £'000	2011 £'000
(a)	**Tax charge for year**		
	Current year:		
	UK Corporation tax (charged to the Revenue Account)	59	59
	Tax credited to Capital Account	(59)	(59)
	Charge for year	-	-
(b)	**Factors affecting tax charge for year**		
	Return on ordinary activities before tax	1,012	1,267
	Tax at effective rate of 20.0% (2011: 20.4%)	202	258
	Effects of:		
	Gains on investments	(183)	(246)
	Expenses disallowed for tax purposes	(2)	-
	UK dividend income	(30)	(23)
	Excess management fees carried forward	13	11
		-	-

(c) Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £176,000 (2011: £110,000). The associated deferred tax asset at a rate of 23%, of £40,000, has not been recognised due to the fact that it is unlikely that the excess management fees will be set off against future taxable profits in the foreseeable future.

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.

7. Dividends

				2012			2011
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2012 Interim:	1.75p	224	299	523	-	-	-
2011 Final:	2.50p	301	452	753			
2011 Interim:	1.50p	-	-	-	-	459	459
2010 Final:	1.50p	-	-	-	230	230	460
		525	751	1,276	230	689	919
Dividends proposed							
2012 Final:	3.25p	224	744	968	-	-	-
2011 Final:	2.50p	-	-	-	302	453	755
		224	744	968	302	453	755

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 October 2012

8. Basic and diluted return per share

	2012	2011
Return per share based on:		
Net revenue return for the financial year (£'000)	383	346
Capital return per share based on:		
Net capital gain for the financial year (£'000)	629	921
Weighted average number of shares in issue	30,023,505	30,655,950

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed therefore represents both basic and diluted return per share.

9. Investments

	Unquoted £'000	Quoted on AIM £'000	Fixed income securities £'000	Total £'000
Opening cost at 1 November 2011	13,494	667	3,788	17,949
Gains/(losses) at 1 November 2011	4,337	(581)	171	3,927
Opening fair value at 1 November 2011	17,831	86	3,959	21,876
Movement in year				
Purchased at cost	1,150	-	1,385	2,535
Disposal proceeds	(255)	(16)	(3,667)	(3,938)
Realised gains on sales in the income statement	-	12	4	16
Unrealised gains in the income statement	894	4	-	898
Closing fair value at 31 October 2012	19,620	86	1,681	21,387
Retained investments at 31 October 2012				
Closing cost	14,389	651	1,660	16,700
Unrealised gains/(losses)	7,158	(75)	21	7,104
Realised losses arising on impairment	(1,927)	(490)	-	(2,417)
Closing fair value	19,620	86	1,681	21,387

Costs of acquisition of investments acquired during the year amounted to £3,000 (2011: £Nil) and costs of investments disposed of during the year were £2,000 (2011: £18,000). A schedule disclosing the additions and disposals during the year is disclosed on page 8.

The valuation basis for a few unquoted investments has changed since the previous year's accounts to better reflect the current status of the investments. These investments have moved from an earning's multiple basis to either a cost less impairment basis, or a break-up basis.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 October 2012

9. Investments (continued)

The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1	Reflects financial instruments quoted in an active market (fixed interest investments, and investments quoted on AIM);
Level 2	Reflects financial instruments that have prices that are either observable directly or indirectly; and
Level 3	Reflects financial instruments that are not based on observable market data (investments in unquoted shares and loan note investments).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2012 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2011 £'000
Fixed interest securities	1,681	-	-	1,681	3,959	-	-	3,959
AIM-quoted shares	86	-	-	86	86	-	-	86
Loan notes	-	-	8,619	8,619	-	-	8,614	8,614
Unquoted shares	-	-	11,001	11,001	-	-	9,217	9,217
	1,767	-	19,620	21,387	4,045	-	17,831	21,876

Reconciliation of fair value for Level 3 financial instruments held at the year end:

	Unquoted shares £'000	Loan notes £'000	Total £'000
Balance at 31 October 2011	9,217	8,614	17,831
Movements in the income statement:			
Unrealised gains/(losses) in the income statement	1,534	(640)	894
Realised losses in the income statement	-	-	-
	1,534	(640)	894
Purchased at cost	250	900	1,150
Disposal proceeds	-	(255)	(255)
Balance at 31 October 2012	11,001	8,619	19,620

FRS 29 requires disclosure to be made of the possible effect of changing one or more of the inputs to reasonable possible alternative valuation assumptions where this would result in a significant change in the fair value of the Level 3 investments. There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to some of the Company's investments. The Board and the Chrysalis VCT Management Limited believe that the valuations as at 31 October 2012 reflect the most appropriate assumptions at that date, giving due regard to all information available from each investee company. Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown within note 18.

9. Investments (continued)

Subsidiary company
The Company also holds 100% of the issued share capital of Chrysalis VCT Management Limited at a cost of £1.

Results of the subsidiary undertaking for the year ended 31 October 2012 are as follows:

	Country of registration	Nature of Business	Turnover £'000	Retained profit £'000	Net assets £'000
Chrysalis VCT Management Ltd	England and Wales	Investment Manager	415	-	-

Consolidated Group Financial Statements have not been prepared as the subsidiary undertaking is not considered to be material. The Financial Statements therefore present only the results of Chrysalis VCT plc, which the Directors also consider is the most useful presentation for Shareholders.

10. Debtors

	2012 £'000	2011 £'000
Other debtors	2	3
Prepayments and accrued income	188	219
	190	222

11. Current investments

	2012 £'000	2011 £'000
Fixed rate deposit account	2,000	2,000

The fixed rate deposit account matures in December 2012.

12. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Other taxes and social security	2	1
Other creditors	53	18
Accruals and deferred income	44	119
	99	138

13. Share capital

	2012 £'000	2011 £'000
Authorised:		
81,375,000 (2010: 81,375,000) Ordinary Shares of 1p each	814	814
Issued, allotted, called up and fully paid:		
29,791,021 (2011: 30,212,297) Ordinary Shares of 1p each	298	302

During the year, the Company repurchased 421,276 Ordinary Shares of 1p each for an aggregate consideration of £208,000 being an average price of 49.0p per Ordinary Share of 1p each and representing 1.4% of the issued Ordinary Share capital held at 1 November 2011. These shares were subsequently cancelled.

Management of capital

The Company's capital is managed in accordance with its investment policy, as shown in the Directors' Report on pages 13 to 14, in pursuit of its principal investment objectives as stated on page 2. The Company has the authority to buy back shares as described in the Corporate Governance Statement on page 20.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the levels of liabilities are small and the management of them is not directly related to managing the return to Shareholders. There has been no change in this approach from the previous year.

14. Reserves

	Capital redemption reserve £'000	Share premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Revenue reserve £'000
At 1 November 2011	85	1,064	2,128	6,377	10,897	3,927	860
Shares repurchased	4	-	-	(208)	-	-	-
Expenses capitalised	-	-	-	-	(344)	-	-
Tax on capital expenses	-	-	-	-	59	-	-
Gains on investments	-	-	-	-	16	898	-
Realisation of revaluation from previous years	-	-	-	-	138	(138)	-
Realisation of impaired valuations from prior years	-	-	-	-	(2,417)	2,417	-
Realisation of fair value assets previously acquired	-	-	(24)	-	24	-	-
Transfer between reserves	-	-	-	(2,516)	2,516	-	-
Dividends paid	-	-	-	-	(751)	-	(525)
Retained net revenue for the year	-	-	-	-	-	-	383
At 31 October 2012	89	1,064	2,104	3,653	10,138	7,104	718

The special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends, and also allows the Company to write back realised capital losses arising on disposals and impairments.

Distributable reserves are calculated as follows:

	2012 £'000	2011 £'000
Special reserve	3,653	6,377
Capital reserve - realised	10,138	10,897
Revenue reserve	718	860
Merger reserve – distributable element	275	275
Unrealised losses (excluding unrealised unquoted gains)	(996)	(2,616)
	13,788	15,793

15. Basic and diluted net asset value per Ordinary Share

	Shares in issue		2012 Net asset value		2011 Net asset value	
	2012	2011	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	29,791,021	30,212,297	84.5p	25,168	84.9p	25,640

As the Company has not issued any convertible securities or share options, there is no dilutive effect on net asset per share. The net asset value per share disclosed therefore represents both basic and diluted return per share.

16. Reconciliation of return on ordinary activities before taxation to net cash flow from operating activities

	2012 £'000	2011 £'000
Return on ordinary activities before taxation	1,012	1,267
Gains on investments	(914)	(1,207)
Decrease/(increase) in debtors	31	(40)
Decrease in creditors	(74)	(34)
Net cash inflow/(outflow) from operating activities	55	(14)

17. Reconciliation of net cash flow to movement in net funds

	Net funds at 1 November 2011 £'000	Cash flows £'000	Net funds at 31 October 2012 £'000
Cash at bank and in hand	1,680	10	1,690
Liquidity fund	2,000	-	2,000
	3,680	10	3,690

18. Financial instruments

The Company's financial instruments comprise investments held at fair value through profit and loss, being equity and loan stock investments in quoted companies and unquoted companies; loans and receivables, being cash deposits and short term debtors; and financial liabilities, being creditors arising from its operations. The main purpose of these financial instruments is to generate cashflow, revenue and capital return for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 9. The fair value of cash deposits and short-term debtors and creditors equates to their carrying value in the balance sheet.

18. Financial instruments (continued)

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Investment risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end are provided below:

Investment risks
As a VCT, the Company is exposed to investment risks in the form of potential losses and gains that may arise on the investments it holds in accordance with its investment policy. The management of these investment risks is a fundamental part of investment activities undertaken by Chrysalis VCT Management Limited and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key investment risks to which the Company is exposed are:

- Investment price risk; and
- Interest rate risk.

The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review in order to ascertain the appropriate risk allocation.

Investment price risk
Market price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through market price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

18. Financial instruments (continued)

Quoted investments

The Company's sensitivity to fluctuations in the share prices of its quoted investments (AIM-quoted but excluding listed fixed interest investments) is summarised below. A 50% movement in the share price in each of the quoted investments held by the Company would have an effect as follows:

Sensitivity			2012 50% mvmt			2011 50% mvmt
	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence
AIM stocks	86	43	0.1	86	43	0.1

Unquoted investments

As many of the Company's unquoted investments are valued using earnings multiples of comparable companies or sectors, a change in the relevant market sectors could impact on the valuation of the equity and preference shares held in the unquoted portfolio by up to 25%. Loan notes held in the Company would not be immediately impacted and would therefore retain their value. The impact on the unquoted shares held by the Company of a 25% movement in share price would therefore be as follows:

Sensitivity			2012 25% mvmt			2011 25% mvmt
	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence
Unquoted shares	11,002	2,750	9.2	9,217	2,304	7.6

Fixed interest investments

The Company also has exposure to variations in the price of its non-qualifying investments. As the investments are government gilts, such securities are typically subject to lower price fluctuations. A 2.5% movement in the valuation of these assets held by the Company would have the following impact:

Sensitivity			2012 2.5% mvmt			2011 2.5% mvmt
	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence
Gilts	1,681	42	0.1	3,959	99	0.3p

In each case, the impact of such changes on the return for the year would be the same as that on net assets and NAV per share.

18. Financial instruments (continued)

Interest rate risk

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. Investments in loan stock and fixed interest investments attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

Interest rate risk profile of financial assets and financial liabilities

There are three levels of interest which are attributable to the financial instruments as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise fixed interest and loan note investments.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate and comprise cash at bank.
- "No interest rate" assets do not attract interest and comprise equity investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Weighted average interest rate	Weighted average period until maturity	2012 £'000	2011 £'000
Fixed rate	4.2%	993 days	12,290	14,573
Floating rate	0.5%		1,699	1,680
No interest rate			11,179	9,387
			25,168	25,640

The Company monitors the level of income received from fixed, floating and non interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

The Bank of England base rate stood at 0.5% per annum throughout the year. Any potential change in the base rate, at the current level, would have an immaterial impact on the net assets and total return of the Company.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in liquidity funds, cash deposits and debtors.

18. Financial instruments (continued)

Credit risk (continued)
The Company's financial assets that are exposed to credit risk are summarised as follows:

	2012 £'000	2011 £'000
Fair value through profit or loss assets		
Investments in fixed income securities	1,681	3,959
Investments in loan stocks	8,619	8,614
Loans and receivables		
Cash and cash equivalents	1,690	1,680
Current investments	2,000	2,000
Interest and other receivables	120	146
	14,110	16,399

The Manager manages credit risk in respect of loan stock with a similar approach as described under Investment risks above. In addition the credit risk is partially mitigated by registering floating charges over the assets of certain investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated interest, dividends and other receivables is covered within the investment management procedures.

Cash is mainly held by Bank of Scotland plc, which is an A-rated financial institution and ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

There have been no changes in fair value during the year that can be directly attributable to changes in credit risk.

Liquidity risk
Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company usually has a relatively low level of creditors (2012: £99,000, 2011: £138,000) and has no borrowings. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Chrysalis VCT Management Limited in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

18. Financial instruments (continued)

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 October 2012 as analysed by expected maturity date is as follows:

As at 31 October 2012	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Passed maturity date £'000	Total £'000
Fully performing loan stock	994	1,300	738	3,279	-	6,311
Impaired loan stock	-	-	-	-	-	-
Past due loan stock	25	547	-	728	1,008	2,308
	1,019	1,847	738	4,007	1,008	8,619

Loan stock categorised as past due refers to eight loan note investments. Three loan notes valued at £1.04 million have not yet passed their maturity dates however the investee company's are not fully servicing the interest obligations under the loan notes, with total interest arrears thereon falling within a banding of one to two years. Two loan notes valued at £311,000 have passed their maturity dates falling within a banding of one to six months. Notwithstanding the interest arrears and the passing of the maturity date, the Directors do not consider that the loan notes themselves have been impaired or the maturity of the principals has altered. Two loan notes valued at £959,000 have been impaired and are not fully servicing the interest under the loan notes, with total interest arrears thereon falling within a banding of six to twelve months. The Company holds a further three loan note investments, all of which have past their respective maturity dates and are fully impaired as no recovery is expected, and are therefore not reflected in the above table.

As at 31 October 2011	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Passed maturity date £'000	Total £'000
Fully performing loan stock	1,162	163	1,975	3,857	-	7,157
Impaired loan stock	74	-	-	-	-	74
Past due loan stock	-	686	-	-	697	1,383
	1,236	849	1,975	3,857	697	8,614

Financial liabilities
The Company has no financial liabilities or guarantees other than the creditors disclosed within the Balance Sheet (2011: Nil).

Currency exposure
As at 31 October 2012, the Company had no foreign currency exposures (2011: Nil).

Borrowing facilities
The Company had no committed borrowing facilities as at 31 October 2012 (2011: Nil).

19. Contingencies, guarantees and financial commitments

The Company had no contingencies, commitments or guarantees at the year end. (2011: £50,000 commitment).

20. Related party transactions

Chrysalis VCT Management Limited, a wholly owned subsidiary, provides investment management services to the Company for a fee of 1.65% of net assets per annum. During the period, £414,000 (2011: £423,000) was paid to Chrysalis VCT Management Limited in respect of these fees. No amounts were outstanding at the year end.

A performance incentive fee is payable quarterly to Chrysalis VCT Management Limited (with effect from 1 May 2006) based on realisations from all investments excluding quoted loan notes, redemptions of loan notes in the normal course of business and other treasury functions. The performance incentive fee is the greater of 1% of the cash proceeds of any exit or 5% of the gain to the Company after all exit costs for investments made after 30 April 2004 reduced to 2.5% of investments made prior to 30 April 2004. During the year performance incentive fees of £1,000 (2011: £27,000) were due to Chrysalis VCT Management Limited. At the year end, £Nil was outstanding (2011: £1,000).

Peter Harkness holds a position of significant influence within MyTime Media Holdings Limited (formerly MyHobbyStore Holding Limited), an investment held by the Company, and therefore abstains from discussions surrounding the valuation of the company. Details of the investment, including cost, valuation and income received during the year are shown on page 11.

21. Controlling party

In the opinion of the Directors there is no immediate or ultimate controlling party.

SHAREHOLDER INFORMATION

Share price

The Company's share price can be found in various financial websites with the TIDM/EPIC code "CYS". A link to the share price is also available on Chrysalis's website (www.chrysalisvct.co.uk) and on Downing's website (www.downing.co.uk).

Dividends

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address, can complete a mandate form for this purpose (form can be downloaded from www.capitaregistrars.com). Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's registrar, Capita Registrars, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Selling shares

Shareholders are advised to seek advice from their tax adviser, before selling shares, particularly if they deferred the payment of capital gains tax in respect of shares acquired prior to 6 April 2004. Shareholders wishing to sell their shares, or purchase further holdings in the Company, will require a broker in order to do so. Sam Greatrex, at Nplus1 Singer Capital Markets Ltd, on 0203 205 7528 will be able to provide details of the latest share price for selling and purchasing shares (further details shown on the inside cover of these accounts.)

Share scam warning

We have become aware that a significant number of shareholders of VCTs have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website. If you have any concerns, please contact Downing on 020 7416 7780.

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

Other information for Shareholders

Up to date Company information (including financial statements, share price and dividend history) may be obtained from Downing's website at www.downing.co.uk. Financial information is also available on Chrysalis' website (www.chrysalisvct.co.uk) under "Shareholder Info".

If you have any queries regarding your shareholding in Chrysalis VCT plc, please contact the registrar on the above number or visit Capita's website at www.capitaregistrars.com and click on "Shareholders".

COMPANY INFORMATION

Directors
Peter Harkness (Chairman)
Julie Baddeley
Martin Knight
all of
10 Lower Grosvenor Place
London SW1W 0EN

Company number
4095791

Secretary and registered office
Grant Whitehouse
10 Lower Grosvenor Place
London SW1W 0EN
Tel No: 020 7416 7780

Investment management
Chrysalis VCT Management Limited
46 Dorset Street
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Tel No: 020 7486 7454
www.chrysalisvct.co.uk

Administration manager
Downing LLP
10 Lower Grosvenor Place
London SW1W 0EN
Tel No: 020 7416 7780
www.downing.co.uk

Fixed income securities manager
Smith & Williamson Investment Management Ltd
25 Moorgate
London EC2R 6AY

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

VCT status adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6NN

Registrar
Capita Registrars Ltd
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel No: 0871 664 0324
(calls cost 10p per minute plus network extras
lines open Mon-Fri from 8.30am to 5.30pm)
www.capitaregistrars.com

Principal banker
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33 Old Broad Street
London BX2 1LB

Corporate broker and share buybacks contact
Nplus1Singer Capital Markets Limited
One Hanover Street
London W1S 1YZ
Tel No: 0203 205 7528
www.n1singer.com

NOTICE OF THE ANNUAL GENERAL MEETING OF CHRYSALIS VCT PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chrysalis VCT plc will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10:00 am on 14 March 2013 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 October 2012, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report.

3. To approve the payment of a final dividend of 3.25p per Ordinary Share.

4. To reappoint PKF (UK) LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.

5. To re-elect as Director, Julie Baddeley, who retires in accordance with the UK Corporate Governance Code and, being eligible, offers herself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following Special Resolutions:

6. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 14.9% of the present issued capital of the Company;

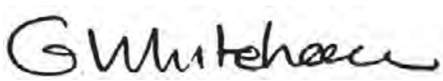
    (ii) the minimum price which may be paid for an Ordinary Share is 1p, exclusive of all expenses;

    (iii) the maximum price which may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and

    (iv) the Company may validly make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares in pursuance of any such contract;

    and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or on the expiry of 15 months from the passing of the resolution, whichever is the earlier.

By order of the Board



Grant Whitehouse
Secretary
31 January 2013
Registered Office:
10 Lower Grosvenor Place
London SW1W 0EN

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006 (the "Act"), is available from www.downing.co.uk.

Notes

(a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by Downing LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

(e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (excluding weekends and public holidays) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

(f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 10:00am on 8 April 2013 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10:00am on 8 April 2013 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

(g) As at 9.00am on 31 January 2013, the Company's issued share capital comprised 29,791,021 Ordinary Shares and the total number of voting rights in the Company was 29,791,021. The website referred to above will include information on the number of shares and voting rights.

(h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

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

(j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

(k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.

(l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY

CHRYSALIS VCT PLC

For use at the Annual General Meeting of the above-named Company to be held at 10 Lower Grosvenor Place, London SW1W 0EN at 10:00 am on 14 March 2013.

I/We* ………(BLOCK CAPITALS please)

of ……

being the holder(s) of Ordinary Shares of 1p each in the capital of the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

or ……

of ……

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 10 Lower Grosvenor Place, London SW1W 0EN on 14 March 2013 or at any adjournment thereof.

I/We* desire to vote on the Resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the Resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	**FOR**	**AGAINST**	**WITHHELD**
1. To receive and adopt the Directors' Report and Accounts			
2. To approve the Directors' Remuneration Report.			
3. To approve the payment of a final dividend of 3.25p per share.			
4. To re-appoint the Auditor and authorise the Directors to determine their remuneration.			
5. To re-elect Julie Baddeley as a Director.			
SPECIAL BUSINESS			
6. To authorise the Company to make market purchases of its shares.			

Dated this ……………………………day of ……………………………………………………………………………………………2013

Signature(s) ………

*Delete as appropriate

PLEASE RETURN TO DOWNING LLP IN THE PREPAID ENVELOPE PROVIDED

NOTES AND INSTRUCTIONS:

Note for Shareholders:
Resolution 6; "To authorise the Company to make market purchases of its shares", relates to the ability of the Company to undertake share buybacks. Therefore should the resolution not be passed, the Company will no longer be able to buy back shares for cancellation.

Instructions:

1. Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointer. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.

2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.

3. Any alterations to the Form of Proxy should be initialled.

4. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, 10 Lower Grosvenor Place, London SW1W 0EN or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.

6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.

7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.