Chrysalis VCT plc

Report & Accounts for the year ended 31 October 2011

Singer Capital Markets Limited is Corporate Broker to the Company.

Shareholders, or intermediaries, wishing to discuss the sale or purchase of Chrysalis VCT plc shares should contact:

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Front cover pictures - a selection of Chrysalis VCT investments. They are in clockwise order:

- Billabong is a virtual store produced by VEEMEE
- British International Helicopter flying from Penzance to Isles of Scilly
- One of Autocue's famous prompters
- Ensign Head office with fleet of vans
- Rhino Scrummaging equipment being used by the England Rugby Team
- The reception area for the new Escape Studios VFX School in Los Angeles, USA which opened in November 2011
- Part of the magazine portfolio of MyHobbyStore
- A WASP seat control unit onboard an aircraft for Kingfisher Airways in India
- Precision Dental Laboratory producing dental implants
- A Locale restaurant in Fulham

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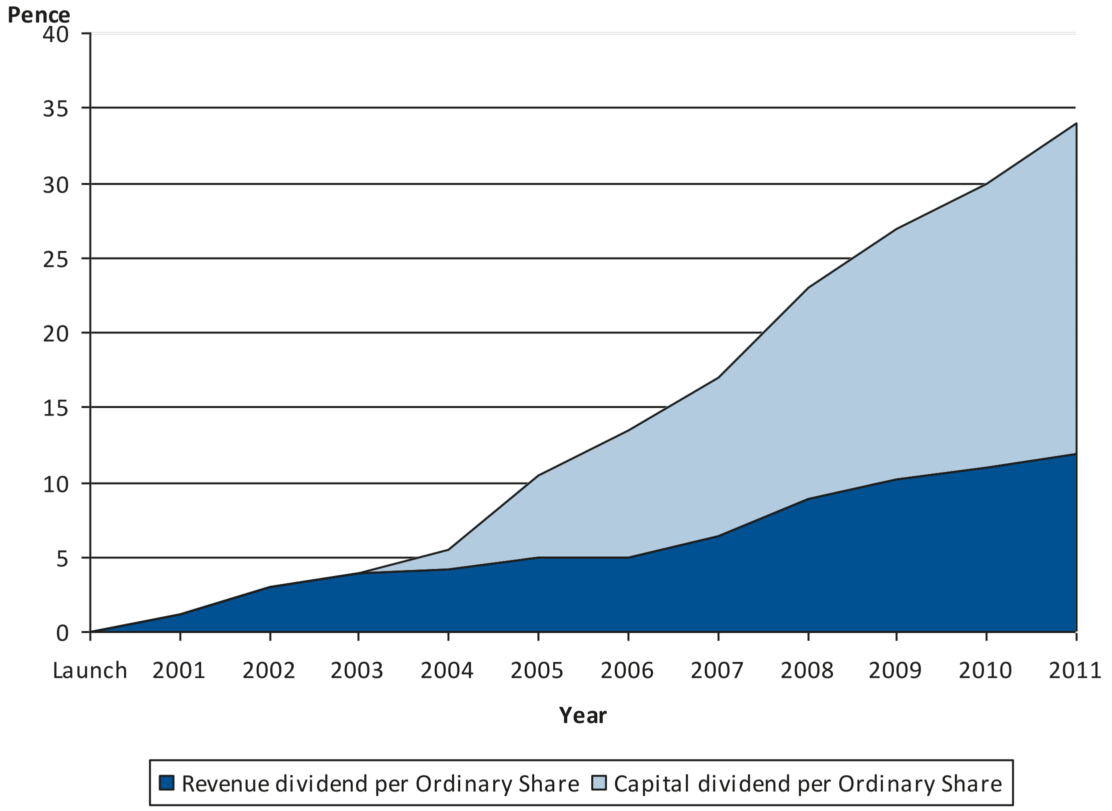
FINANCIAL SUMMARY

	31 Oct 2011 pence	31 Oct 2010 pence
Ordinary Shares		
Net asset value per share ("NAV")	84.9	83.0
Cumulative dividends paid per share since launch *	31.5	28.5
Total Return	116.4	111.5
(Net asset value per share plus cumulative dividends)		
Dividends in respect of financial year		
Interim dividend per share	1.5	1.5
Final proposed dividend per share	2.5	1.5
	4.0	3.0

* 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

15 March 2012	Annual General Meeting
30 March 2012	Final dividend (payable to Shareholders on the register at 24 February 2012)
June 2012	Announcement of half-yearly report to 30 April 2012

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 14 and 15.

DIRECTORS

Peter Harkness (Chairman) is a serial entrepreneur who has significant experience working closely with institutional investors. He is chairman of the specialist publishing group MyHobbyStore Holding Limited and a non-executive director of Progressive Digital Media Group PLC. He has been instrumental in a number of successful private equity deals, notably within the media sector, over more than 25 years. He is a Trustee of the charity 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 Harry Nash 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 that was majority owned by Imperial College and has more than 75 investee companies in its portfolio. 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 was a Governor of Imperial College from 1992 to 2010. He is a director of two other quoted companies, LMS Capital plc and Toumaz Limited, and a number of unquoted companies. He is 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

- **Return 22.5% higher than 2010**
- **5.9% increase in net asset value over last year**
- **33.3% increase in total dividends for the year**

After a year in which gloomy headlines have dominated elsewhere, I am delighted to bring you an encouraging Report and Accounts for the year ended 31 October 2011 – and some excellent news on dividends.

Your Company has recorded a solid performance, securing attractive new investments for the portfolio and providing extra funds to existing companies to fuel their growth. We also achieved profitable exits from two of our more mature investments.

The outcome was a return for the year of £1.3 million, up by more than 22% on the previous year.

Against the background of the poor UK economic climate, we believe Shareholders can be satisfied with the performance of the VCT. The Chrysalis team, both Board members and investment managers, are proud that our self-managed structure (almost unique among VCTs) has produced yet another year of value enhancement for Shareholders. I am certain that this structure, where Board members are closely involved in both the search for profitable investments and the monitoring of your portfolio, is key to the year-on-year growth in value which has been achieved by Chrysalis since 2005, when the current VCT emerged from the amalgamation of its predecessor funds. I would like to thank all my colleagues for their input and support.

Increase in dividend

Your Board had already pledged to pay a 3.0p total dividend for this year, but we are delighted to recommend that this should in fact be increased by 33.3%, making 4.0p in total for the year (subject to Shareholder approval). Thanks to the VCT rules this is, of course, tax free to individual Shareholders.

4p of tax-free dividends for the year

In dividends alone, we will be returning more than £1.2 million to Shareholders for the year. When share buy-backs are taken into account, we will have distributed more than £1.5 million in the year.

Following payment of the proposed 2.5p dividend, Shareholders who invested in the Company at the outset will have received tax-free dividends totalling 34.0p per Ordinary Share.

The Total Return (NAV plus cumulative dividends paid since launch) to Ordinary Shareholders now stands at 116.4p per Ordinary Share compared to an original investment (net of income tax relief) of 80p per Ordinary Share. This places us firmly in the top quartile of all VCT funds – an excellent result when compared with our position when a new Board and management team took over six years ago and the Company's performance was in the bottom quartile.

At the end of the 2005 financial year, the first year after the merger which created the current Chrysalis VCT, Total Return was only 84.7p. Interestingly, from total assets of £27.4 million six years ago, we have distributed £14.4 million in dividends and buy-backs and still retain net assets of £25.1 million.

Net asset value

NAV up by 5.9%

It is pleasing that, despite the recent economic turmoil seen in the stock markets, the Fund's net asset value ("NAV") per share at 31 October 2011 was 84.9p, an increase of 4.9p or 5.9% over the year (after adjusting for dividends paid during the year).

We are pleased that our strong dividend payout has been achieved without weakening the NAV. The Board and managers believe that the VCT's performance is best ensured by maintaining a blend of VCT investments and cash balances which are sufficient to sustain a viable and profitable enterprise. So long as we are able to seek out well-priced acquisitions and achieve profitable exits for our mature investments, the VCT can remain vigorous and produce attractive returns. Obviously, your Board keeps all options under review, but we are satisfied that our current policy is in the best interests of Shareholders and continues to provide an attractive investment.

CHAIRMAN'S STATEMENT (continued)

Management of the Fund

The Board remains satisfied with our policy of being a self-managed Venture Capital Trust ("VCT"). We believe that Shareholders gain both from lower operating costs and from the additional flexibility and greater involvement in the investee companies, which both our dedicated investment team and Board provide.

Total costs down 16%

In these increasingly cost-conscious times, Shareholders will be comforted to know that costs are well under control. Indeed, we have been able to bring down the cost of administrative services by 21% over the last two years. Total running costs for the year under review have been 16% lower than the average for the last five years.

Venture capital investments

At the year end, the Company held a portfolio of 27 investments, valued at £17.9 million. Our policy is that Chrysalis VCT should be an active and supportive investor – a true partner with shareholders and managers in our investee businesses.

During the year under review, our management team, under Chris Kay, has continued to be positive and diligent, resulting in both new investments and profitable exits. In times like these, a performance like ours is not easy to achieve.

Further commentary on the portfolio, together with a schedule of the additions, disposals and details of the highest value investments can be found within the Investment Management Report and Review of Investments on pages 6 to 13.

Fixed income securities

The Company also holds a portfolio of fixed income securities, which were valued at £3.9 million at the year end and comprised entirely of gilt-edged securities. Additionally, £2.0 million is held in a fixed rate deposit bank account (shown as a current investment), which matures in 2012.

Results and dividends

The return on activities after taxation for the year was £1.3 million (2010: £1.0 million), comprising a revenue return of £346,000 and a capital return of £921,000.

Return after tax of £1.3m

The Company paid an interim dividend of 1.5p per share on 29 July 2011. Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 2.5p per share on 30 March 2012 to Shareholders on the register at 24 February 2012.

Share buybacks

The Company does not operate a fixed-price policy when purchasing its own shares. If shares are offered to the Company via its brokers, Singer Capital Markets, a decision is made on a case-by-case basis whether to buy and at what price. The key criterion will be that the purchase represents good value to remaining Shareholders.

The Board is proud to have been able to increase the liquidity in Chrysalis VCT shares since the appointment of Singer Capital Markets. It is also pleasing to report that as a direct result of their appointment, Singer Capital Markets have significantly reduced the spread on the Company's shares, and we expect this to be maintained. During the year, some new Shareholders have joined the register, presumably because of the attractive dividend policy and strength of our performance. Shareholders may also have noticed that the Directors and managers have acquired shares on the open market from time to time, indicating our collective faith in the VCT. Contact details for our brokers appear elsewhere in this document and any Shareholders wishing to sell part or all of their holding, or purchase further shares, should speak to Singer Capital Markets direct.

During the year, the Company repurchased 691,212 Ordinary Shares for an aggregate consideration of £346,000 and these shares were cancelled, thus enhancing the value of the remaining shares.

CHAIRMAN'S STATEMENT (continued)

Directors' remuneration

Now I come to a section of my report in which I declare a personal interest, on my own behalf and on behalf of my fellow directors.

About the only aspect of your Fund which has not shown growth in the last five years is the level of fees paid to Directors. The total for the whole Board has remained at £75,000 per year during that time, while the Fund has moved significantly forward in performance and in the returns it has paid to Shareholders.

The results speak for themselves and I feel that it is reasonable to propose a modest increase in Board fees.

Usually, little is said in these reports about the detailed role of the Directors, but Shareholders should know that the Chrysalis Board is not just a rubber stamp on the Fund's activities. Board members are very active in the Fund, outside Board meetings, developing first-hand knowledge of investee companies and providing guidance and expertise to the investment team. Chrysalis VCT also benefits from potential investment proposals channelled via the Directors. No fees or performance bonuses are paid to Directors in this respect – thus saving the VCT external introduction fees which are sometimes due on investments.

I believe your Directors represent excellent value for money and in my experience receive substantially less than would be paid for similar input and responsibility in a comparable stock-exchange listed business.

At the AGM, the Board is proposing to amend the Articles of Association so that the cap on total Directors' remuneration will be increased to £90,000 per year. Should the resolution be passed, the Directors will increase their remuneration up to the level on the proposed cap from 1 April 2012 (not to be backdated), the split of which is shown within the Directors Remuneration Report on page 19.

This is a modest proposal and I hope Shareholders will take the opportunity to acknowledge the work of the Board by voting in favour.

Annual General Meeting

The forthcoming Annual General Meeting ("AGM") will be held at 10 Lower Grosvenor Place, London SW1W 0EN at 11:30am on 15 March 2012. Notice of the meeting is at the end of this document.

Conclusion

Your Fund is in good health and the portfolio is holding up very well. We expect to be able to add attractive new investments in the current financial year.

Total Return of 116.4p on 80p investment

We feel comfortable about those factors we can influence and are as concerned as all sensible folk about those we cannot. You can be sure we will be working hard to deliver another creditable performance and – unforeseen difficulties apart – we expect to at least match the 2011 dividend next year.

Peter Harkness
Chairman

2 February 2012

INVESTMENT MANAGEMENT REPORT

It is pleasing to report that, despite continuing difficult times for the UK economy, the overall return for Shareholders again exceeded £1 million. This year the overall return was 22.5% higher than last year at £1.3 million, virtually all of which was paid out to Shareholders by way of dividends or share buybacks.

Six new investments were made during the year totalling £2.7 million, two of which were further funding to our existing portfolio (VEEMEE and Autocue). Both these investments have enabled those companies to continue to grow and develop at a time when traditional bank funding is largely unavailable.

As mentioned last year, in November we invested £750,000 in a secondary buy-out of MyHobbyStore (MHS), a publisher of niche hobby magazines. MHS has performed strongly since then and has made a number of acquisitions which are already looking successful.

In February we provided £1 million to fund the growth of KnowledgePool Group, which specialises in Managed Learning and has recently won multi-million pound contracts with Lloyds Bank and Ford.

March saw a small investment in property developer Livvakt Limited and in June we provided £300,000 to AerialCell, a company which installs and maintains telecommunication masts. A few years ago both these transactions would probably have been debt financed but we have taken the opportunity of the current banking situation to get an equity position.

The total of these investments of £2.7 million was almost exactly matched by total realisation proceeds of £2.7 million, most of which came from the profitable sale of two companies; Centre Design Limited and The Capital Pub Company. In the current economic circumstances we are only looking to sell investments if we receive a "knockout" bid, as we believe that, generally, prices are depressed and we are not budgeting for any realisations this year.

Turning to the portfolio, overall it is has been a good year which is why valuations have risen. We are particularly pleased by the performance of Escape Studios which has just started trading from its new training school in Los Angeles which caters for the US West Coast computer graphics industry. Trading has also been good at the original Shepherds Bush studio and therefore our valuation has increased by over £600,000.

VEEMEE too has had a good year with profits well up on last year. Our additional investment has helped it fund the development of Zappar, a joint venture operating in the augmented reality market. Since our year end, Zappar has been demerged from VEEMEE so Chrysalis VCT now holds a direct equity stake and its product is commanding a lot of attention with an interactive t-shirt being featured on Blue Peter, in December 2011. Our valuation had been increased by £317,000 over the year.

In September 2010 we financed the secondary buyout of Ensign Communications. Since then trading has been good and the company has been able to repay all the debt associated with the buyout and now has net cash. Consequently, we have increased the value of our equity stake by £219,000.

Inevitably, it is not all good news and trading at WASP has suffered due to the downturn in defence spending which has meant a reduction in our valuation of £906,000. However, despite that, our stake is still valued at £1.5 million above cost. WASP's aviation division continues to do well and overall it remains a cash rich, profitable company.

It is worth outlining our strategy regarding our liquid resources, which stands at £7.7 million. As mentioned above, during the year, cash invested was almost exactly matched by proceeds from realisations. This was somewhat a coincidence and currently we have no realisations in the pipeline. However, the VCT had a reduction of liquid resources during the year by £1.3 million (after accounting for £1.5 million of Treasury Gilt sales undertaken at the end of October 2010 which settled in November 2010) due to the payment of dividends and share buybacks.

The proposed dividend of 2.5p will require cash of £750,000 this effectively means that our current cash balance is £7.0 million.

As has been widely reported, it is currently very difficult for small and medium-sized companies to obtain bank funding and therefore we believe that it is prudent to put aside 20% (£3.6 million) of the value of our portfolio in order that we have sufficient resources to support our companies if they require it.

We clearly wish to continue paying dividends and continue with our limited share buyback programme. We also believe that, during the year, there will be new opportunities to take advantage of the continuing credit crunch to make new investments on advantageous terms. Therefore, we feel that our cash position is just about sufficient for the current economic circumstances.

Looking forward to this year, trading within the portfolio is generally in line with expectations and all of our top 11 investee companies (which account for 93% of our portfolio value) are currently profitable. The performance of the UK economy over the last few years has taught us not to be complacent, but at the moment we are cautiously optimistic about the portfolio for the year ahead, particularly for our restaurant and catering businesses that operate in London which should benefit from the increased tourism brought about by The Queen's Diamond Jubilee and of course, The Olympics.

Chrysalis VCT Management Limited

2 February 2012

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, all of which are incorporated in England and Wales, were held at 31 October 2011:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Ten largest venture capital investments (by value)				
Wessex Advanced Switching Products Limited	704	2,217	(906)	8.7%
Locale Enterprises Limited	1,338	2,090	97	8.2%
British International Holdings Limited	908	1,991	271	7.8%
Precision Dental Laboratories Limited	2,110	1,837	(324)	7.2%
Ensign Communication Holdings Limited	292	1,644	219	6.4%
Escape Studios Limited	750	1,603	614	6.3%
MyHobbyStore Holdings Limited	750	1,236	486	4.8%
Knowledge Pool Group Limited	1,000	1,000	-	3.9%
Triaster Ltd	758	894	207	3.5%
London Italian Restaurants Limited	1,000	875	-	3.4%
	9,610	15,387	664	60.2%
Other venture capital investments				
VEEMEE Limited	500	817	317	3.2%
Autocue Group Limited	500	500	-	1.9%
Life's Kitchen Limited	300	300	-	1.2%
Aerialcell Limited	300	300	-	1.2%
Livvakt Limited	250	250	-	1.0%
G-Crypt Limited	305	152	(153)	0.6%
Rhino Sport & Leisure Limited	166	74	-	0.3%
Cashfac Initiatives Limited	-	50	24	0.2%
ILX Group plc *	100	33	1	0.1%
Best of the Best plc *	97	25	(4)	0.1%
The Mission Marketing Group plc *	150	19	7	0.1%
The Kellan Group plc *	320	10	(2)	-
Art VPS Limited	358	-	-	-
IX Group Limited	250	-	-	-
Kids Safteynet Limited	637	-	-	-
Planet Sport Holdings Limited	263	-	-	-
Real Time Logistic Solutions Limited	55	-	-	-
	4,551	2,530	190	9.9%
Listed fixed income securities				
United Kingdom 2¼% Gilt 07/03/2014	1,827	1,922	11	7.5%
United Kingdom 2¾% Gilt 22/01/2015	1,032	1,043	14	4.1%
United Kingdom 2% Gilt 22/01/2016	929	994	65	3.9%
	3,788	3,959	90	15.5%
	17,949	21,876	944	85.6%
Cash at bank and in hand		1,680		6.6%
Royal Bank of Scotland plc 3.41% 2012 deposit		2,000		7.8%
Total investments		25,556		100.0%

All investments are unquoted unless otherwise stated.

* Quoted on AIM

REVIEW OF INVESTMENTS (continued)

Investment movements for the year ended 31 October 2011

Additions

	£'000
New investments	
Aerialcell Limited	300
Knowledge Pool Group Limited	1,000
Livvakt Limited	250
MyHobbyStore Holding Limited	750
Follow-on investments	
Autocue Group Limited	200
VEEMEE Limited	150
	2,650
Listed fixed income securities	
United Kingdom 2% Gilt 22/01/2016	929
Total investments	3,579

Disposals

	Cost	MV at 31/10/10*	Proceeds	Profit/ (loss) vs cost	Realised (loss)/ gain
	£'000	£'000	£'000	£'000	£'000
Venture capital disposals					
BreakingViews Limited	-	18	18	18	-
Centre Design Limited	1,350	1,386	1,384	34	(2)
CPI Acquisitions (UK) Limited	400	-	-	(400)	-
Ensign Communication Holdings Ltd	230	230	230	-	-
Global3 Digital Limited	66	66	55	(11)	(11)
Locale Enterprises Limited	163	163	163	-	-
The Capital Pub Company plc	505	540	832	327	292
YouGov plc	20	30	33	13	3
	2,734	2,433	2,715	(19)	282
Listed fixed income securities					
United Kingdom 4½% Bond 07/03/2013	878	876	857	(21)	(19)
Total	3,612	3,309	3,572	(40)	263

* Adjusted for purchases in the year where applicable

Further details of the ten largest investments (by value) as follows:

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

Cost:		£704,000	Valuation at 31/10/11:	£2,217,000
Investment comprises:			Valuation at 31/10/10:	£3,123,000
Equity shares:		£704,000	Valuation method:	Earnings multiple
Audited accounts:	31/12/10	31/12/09	Dividend income:	£113,000
Turnover:	£8.3m	£7.8m		
Profit before tax:	£1.0m	£1.4m	Proportion of equity held:	28.3%
Net assets:	£3.3m	£3.0m	Diluted equity:	28.3%

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. The company has experienced a slowdown in the high margin rotary switch part of the business as a result of a reduction in defence spending in the US and the UK. As a result, the company suffered a reduction in profitability. Cash generation continues to be good and, with no debt, it has continued to pay dividends.

Locale Enterprises Limited
www.localerestaurants.com

Cost:		£1,338,000	Valuation at 31/10/11:	£2,090,000
Investment comprises:			Valuation at 31/10/10:	£2,155,000
Equity shares:		£100,000	Valuation method:	Earnings multiple
5.85% loan note:		£750,000		
6.50% loan note:		£488,000		
Abbreviated audited accounts:	29/05/10	30/05/09	Dividend income:	£Nil
Turnover:	Unpublished	information	Loan note income:	£81,000
Profit before tax:	Unpublished	information	Proportion of equity held:	22.9%
Net assets:	£0.5m	£0.6m	Diluted equity:	22.9%

Locale operates four Italian restaurants at County Hall, Fulham, Blackheath and Dulwich. Despite the squeeze on disposable incomes in the UK economy Locale's sales grew slightly helped by the relatively buoyant London market. With both The Olympics and The Queen's Diamond Jubilee this year and the anticipated increase in tourists we are hopeful of a good 2012 for these restaurants.

British International Holdings Limited
www.islesofscillyhelicopter.com

Cost:		£908,000	Valuation at 31/10/11:	£1,991,000
Investment comprises:			Valuation at 31/10/10:	£1,719,000
Equity shares:		£170,000	Valuation method:	Earnings multiple
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 equity held:	7.5%
Net assets:	£4.0m	£3.0m	Diluted equity:	7.5%

British International provides helicopter services to a range of commercial and military clients. It also operates the UK's only scheduled public helicopter service between Penzance and the Isles of Scilly. The company has a long standing relationship with the Ministry of Defence providing helicopter support to the Falkland Island garrison and to the Royal Navy in Plymouth. The company benefited in 2010 from a high level of leasing activity which continued until March 2011.

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

Cost:		£2,110,000	Valuation at 31/10/11:	£1,837,000
Investment comprises:			Valuation at 31/10/10:	£2,161,000
Equity shares:		£1,110,000	Valuation method:	Earnings multiple
5.0% loan note:		£1,000,000		
Abbreviated audited accounts:	30/09/10	30/09/09	Dividend income:	£Nil
Turnover:	Unpublished	information	Loan note income:	£50,000
Profit before tax:	Unpublished	information	Proportion of equity held:	37.0%
Net assets:	£1.4m	£1.2m	Diluted equity:	36.5%

Precision Dental is one of the UK's leading dental laboratory groups, manufacturing a full range of dental products. The market has declined over the past few years as customers have tended to delay non-essential dental work but Precision Dental remains profitable and continues to generate cash. At the end of 2011 it managed to sell a loss making laboratory in Bexhill.

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

Cost:		£292,000	Valuation at 31/10/11:	£1,644,000
Investment comprises:			Valuation at 31/10/10:	£1,656,000
Equity shares:		£292,000	Valuation method:	Earnings multiple
Abbreviated audited accounts:	31/12/10	31/12/09	Dividend income:	£Nil
Turnover:	Unpublished	information	Loan note income:	£7,000
Profit before tax:	Unpublished	information	Proportion of equity held:	41.3%
Net assets:	£1.5m	£1.1m	Diluted equity:	41.3%

Ensign is a provider and integrator of wireless and conventional network solutions. Chrysalis VCT provided a further loan of £275,000 in September 2010 to assist in a secondary management buyout. That loan was repaid during the year leaving Chrysalis VCT with a 41.3% equity holding. Apart from a commercial mortgage, the company is ungeared. As the company has not released any financial information, the results of the subsidiary have been disclosed.

Escape Studios Limited
www.escapestudios.co.uk

Cost:		£750,000	Valuation at 31/10/11:	£1,603,000
Investment comprises:			Valuation at 31/10/10:	£990,000
Equity shares:		£200,000	Valuation method:	Earnings multiple
10.0% loan note:		£300,000		
6.0% loan note:		£250,000		
Audited accounts:	31/03/11	31/03/10	Dividend income:	£Nil
Turnover:	£14.2m	£9.5m	Loan note income:	£45,000
Profit before tax:	£0.2m	£0.1m	Proportion of equity held:	20.1%
Net assets:	£0.8m	£0.6m	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. Escape also has a specialist recruitment agency and is a supplier of hardware and software to the computer graphics industry. In October 2011 the company opened a school in Los Angeles to cater for the computer graphics industry on the west coast of the USA.

MyHobbyStore Holding Limited
www.myhobbystore.co.uk

Cost:		£750,000	Valuation at 31/10/11:	£1,236,000
Investment comprises:			Valuation at 31/10/10:	Not held
Equity shares:		£75,000	Valuation method:	Earnings multiple
10.0% loan note:		£675,000		
Abbreviated audited accounts:		31/12/10	Dividend income:	£Nil
Turnover:	Unpublished	information	Loan note income:	£67,000
Profit before tax:	Unpublished	information	Proportion of equity held:	25.0%
Net assets:		£0.3m	Diluted equity:	25.0%

Chrysalis VCT invested in a secondary buyout of MyHobbyStore in November 2010. The company publishes a range of niche hobby magazines, both in paper and digital forms. It also has an e-commerce business providing products relevant to the magazines. During the year, the company successfully integrated a number of acquisitions in magazines and e-commerce.

Knowledge Pool Group Limited
www.knowledgepool.com

Cost:		£1,000,000	Valuation at 31/10/11:	£1,000,000
Investment comprises:			Valuation at 31/10/10:	Not held
Equity shares:		£165,000	Valuation method:	Earnings multiple
6.0% loan note:		£835,000		
Audited accounts:	30/09/10	30/09/09	Dividend income:	£Nil
Turnover:	£20m	£21m	Loan note income:	£36,000
Profit/(loss) before tax:	£0.1m	(£0.1m)	Proportion of equity held:	3.0%
Net assets:	£0.3m	£0.6m	Diluted equity:	8.0%

KnowledgePool essentially operates as an outsourced training coordinator for major PLCs such as Aviva. During the year it also won major multi-year contracts with Lloyds Bank and Ford. Last year was one of bedding down the new contracts but the company is currently on budget to almost double sales this year and to produce much higher profits. Chrysalis only has a small equity stake but also has options over a further 5% of the equity.

Triaster Ltd.
www.triaster.co.uk

Cost:		£758,000	Valuation at 31/10/11:	£894,000
Investment comprises:			Valuation at 31/10/10:	£686,000
Equity shares:		£72,000	Valuation method:	Earnings multiple
8.5% loan note:		£686,000		
Abbreviated audited accounts:	31/03/11	31/03/10	Dividend income:	£Nil
Turnover:	Unpublished	information	Loan note income:	£69,000
Profit before tax:	Unpublished	information	Proportion of equity held:	31.3%
Net liabilities:	(£0.5 m)	(£0.6m)	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. It is a specialist market and dramatic sales growth is difficult but Triaster enjoys the benefit of significant maintenance income and repeat business. Triaster returned to profit during the year and therefore the valuation has been increased.

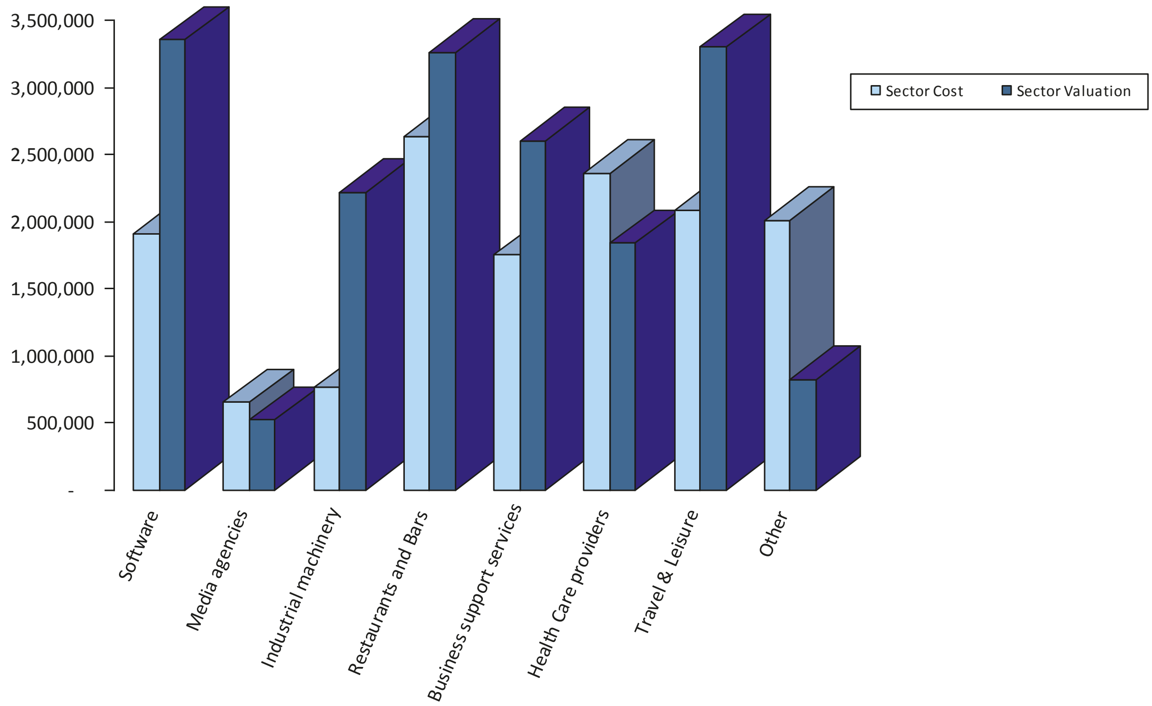
London Italian Restaurants Limited
www.ferrarisrestaurants.co.uk

Cost:		£1,000,000	Valuation at 31/10/11:	£875,000
Investment comprises:			Valuation at 31/10/10:	£875,000
Equity shares:		£125,000	Valuation method:	Earnings multiple
8.5% loan note:		£875,000		
Abbreviated accounts:	31/05/10	31/05/09	Dividend income:	£Nil
Turnover:	Unpublished	information	Loan note income:	£57,000
Profit before tax:	Unpublished	information	Proportion of equity held:	25.0%
Net assets:	£0.3m	£0.4m	Diluted equity:	25.0%

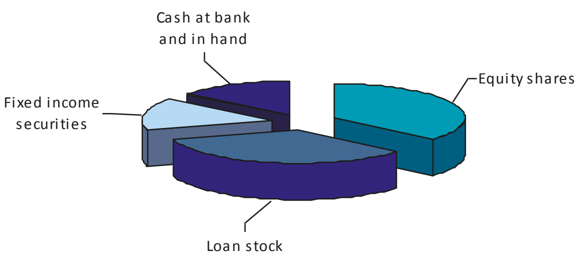
London Italian Restaurants now operates 2 Italian restaurants in Bromley and Balham and one steak restaurant in Bromley (acquired during the year). Trading in outer London is not as buoyant as central London and the summer riots and the closure of Bromley's theatre (a big source of business) for the summer have also not helped and therefore the equity is currently provided against.

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 2011) 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 2011) as follows:



Portfolio balance
At 31 October 2011, 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
VCT-qualifying investments	77.7%	Minimum 70%
Other investments	13.7%	Maximum 30%
Cash at bank and in hand	8.6%	-
Total	100.0%	100%

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Accounts of the Company for the year ended 31 October 2011.

Principal activity and status

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

The Company revoked its status as an investment company on 3 September 2004 upon the payment of a capital distribution. The Directors consider that the Company has conducted its affairs in a manner to enable it to continue to comply with Part 6 of the Income Tax Act 2007.

Business review and developments

At the year end, the investment portfolio had risen in value by £944,000. Net gains arising on disposals in the portfolio amounted to £263,000.

Additionally, the revenue income arising from the portfolio investments met the total running costs of the Company, with a £60,000 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 691,212 Ordinary Shares of 1p each for an aggregate consideration of £346,000 being an average price of 49.8p per Ordinary Share of 1p each and representing 2.2% of the issued Ordinary Share capital held at 1 November 2010. These shares were subsequently cancelled.

The total number of Ordinary Shares of 1p each in issue at 31 October 2011 was 30,212,297. There are no other share classes in issue.

Results and dividends

	£'000	**Pence per share**
Return for the year	1,267	4.1
Dividends paid in respect of year ended 31 Oct 2011 Ordinary Share	459	1.5
Dividends paid in respect of year ended 31 Oct 2010 Ordinary Share	460	1.5

Subject to Shareholder approval at the forthcoming AGM, your Board is proposing to pay a final dividend of 2.5p per share on 30 March 2012 to Shareholders on the register at 24 February 2011.

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 £27,000 (2010: £8,000).

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. Maximum exposure to such investments is 100%.

Investment policy (continued)

Venture capital investments (continued)

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. Maximum exposure to such investments is 100%.

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% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares" ("eligible shares" generally being ordinary share capital);
3. At least 10% 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% 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% of the income from shares and securities in any one year is retained; and
7. A maximum unit size of £1 million in each VCT qualifying investment (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% 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 2011, 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

As a VCT, with all of its executive and administrative activities delegated to third parties, the Company does not have a policy on either environmental or social and community issues.

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. 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 Management Services Limited provided administration services to the Company for a fee of £55,000 per annum (plus VAT). On 30 November 2011 the administration agreement was novated to Downing LLP, who provide services to the Company on the same terms. 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:

31 October	2011 Ordinary Shares	2010 Ordinary Shares
Peter Harkness	119,462	74,462
Julie Baddeley	81,517	36,517
Martin Knight	100,652	65,652

Peter Harkness is to retire by rotation at the forthcoming AGM and, being eligible, offers himself for re-election. Julie Baddeley is also to retire as a result of holding a place on the Board for over nine years and, also 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-election them at the 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, including evaluation of investment opportunities, as appropriate and regular reviews of the portfolio. Although PwC works closely with the Investment and Administration Managers ("the Managers") they report directly to the Board.

A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 15.

Compliance with the main VCT regulations as at 31 October 2011 and for the year then ended is summarised as follows:

1. 70% of its investments in qualifying companies;	77.7%
2. At least 30% of the Company's qualifying investments (by value) are held in "eligible shares";	48.7%
3. At least 10% of each investment in a qualifying company is held in "eligible shares";	Complied
4. No investment constitutes more than 15% of the Company's portfolio;	Complied
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;	6.3%
6. For the year ended 31 October 2011, no more than 15% 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	Complied
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year).	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 (2010: none).

Key performance indicators

The main key performance indicators for the Company are the Venture Capital Trust Regulations as shown in the table on page 16. The Managers, together with PwC, review compliance with the regulations monthly, and the Board reviews the position at the quarterly Board meetings.

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its investment policy (as shown on pages 14 and 15). 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, market price, 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 2011, 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 11:30am on 15 March 2012. 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 and 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 and 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 shown 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 results of the Company; and
- the management report within the Chairman's Statement, Investment Management Report, 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 the Investment Manager) and on www.downing.co.uk (maintained by the Administration Manager).

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 21 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

GWhitehouse

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

2 February 2012

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of Sections 420 to 422 of the Companies Act 2006. A resolution to approve this report will be put to the members at the AGM to be held on 15 March 2012.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditor's Report on page 24.

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 £75,000 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)

Directors' remuneration for the Company and its subsidiary for the year under review were as follows:

	2011 fee £	2010 fee £
Peter Harkness	37,500	37,500
Julie Baddeley	18,750	18,750
Martin Knight	18,750	18,750
	75,000	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.

2011/2012 remuneration

As discussed in the Chairman's statement, should the resolution to increase the aggregate sum of Directors' fees be passed at the forthcoming AGM, the remuneration will be increased, with effect from 1 April 2012 (not to be backdated), to the following levels:

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

Should the resolution not be passed, remuneration will be retained at the levels shown in the preceding table.

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.

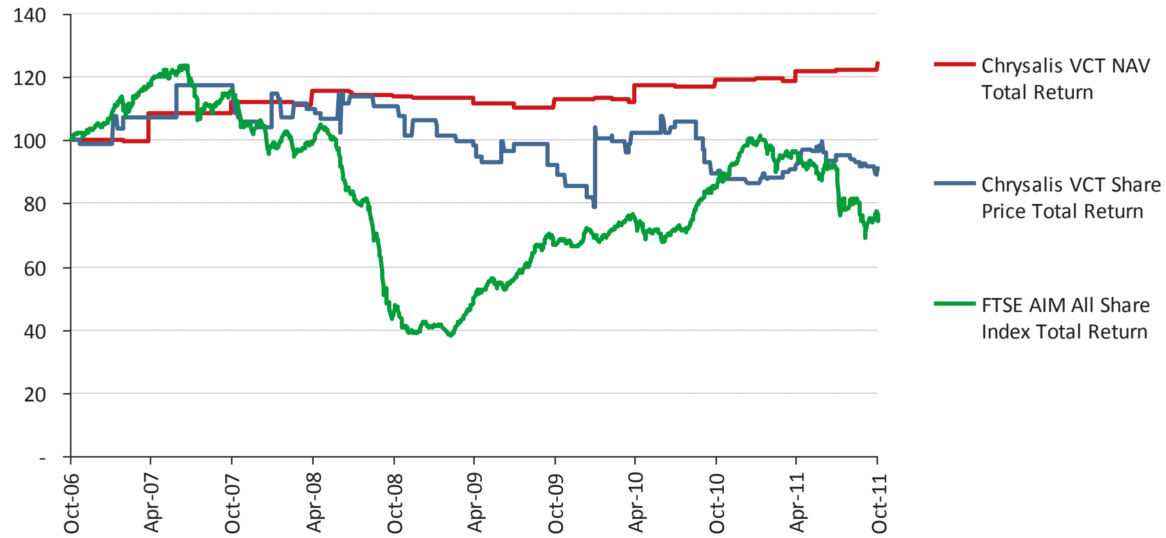
The following graph charts the total cumulative Shareholder return of the Company (assuming all dividends are re-invested) ("NAV Total Return") and total return of the Company's Share Price ("Share Price Total Return") over the past five years compared with the total cumulative return of the FTSE AIM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

This Index is considered to be the most appropriate broad equity market against which investors can measure the relative performance of the Company.

By order of the Board

Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

2 February 2012



CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code issued in June 2010 being the principles of good governance and the code of best practice, as set out in the UK Corporate Governance Code annexed to the Listing Rules of the UK Listing Authority.

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 and senior independent director is Peter Harkness. Biographical details of all Board members (including significant commitments of the Chairman) are shown on page 2.

Directors are subject to re-election at the first AGM after their appointment and by rotation thereafter. Martin Knight retired by rotation during the year and Peter Harkness is offering himself for re-election by rotation at the next 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 also 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 Investment Manager 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 14.

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.

Board and Committee meetings

The following table sets out the Directors' attendance at the 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	4	2	1	1

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

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 a full review of the effectiveness of the Company's internal control and risk management systems.

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.

Audit Committee (continued)

Any non-audit services provided by the Auditor (e.g. provision of corporation tax services) are reviewed and approved by the Committee prior to being undertaken, to ensure that auditor objectivity and independence is safeguarded. In addition, yearly reports are received from the Auditor confirming their independent status.

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 this function would not be an appropriate control for a venture capital trust.

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 the Investment Manager 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's recommendations with regards to the fee structure of the existing Board are shown in the Directors' Remuneration Report on page 19.

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 the investment manager, 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.

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 17 and 18, and a statement by the Auditor about their reporting responsibilities is set out in the Auditor's Report on page 24.

CORPORATE GOVERNANCE (continued)

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:

Investment Management	Chrysalis VCT Management Ltd
Administration Management	Downing LLP
Listed 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 Manager's Report on pages 6 to 7 and the Report of the Directors on page 14. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Cash Flow Statement on page 27 and the Report of the Directors on page 15. 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 2011 with the provisions set out in the UK Corporate Governance Code issued in June 2010.

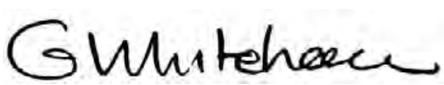
a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting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

c) Due to the size of the Company, the Audit Committee has concluded that an internal audit function is not appropriate. (C.3.5)

d) As the Company has no staff, other than the 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 the Investment Manager and Administration Manager have whistleblowing procedures in place.

By order of the Board



Grant Whitehouse
Secretary
10 Lower Grosvenor Place
London SW1W 0EN

2 February 2012

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 2011 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 2011 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement, as set out on pages 21 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.

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 23, 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

2 February 2012

INCOME STATEMENT
for the year ended 31 October 2011

	Note	Revenue £'000	Capital £'000	2011 Total £'000	Revenue £'000	Capital £'000	2010 Total £'000
Income	2	781	-	781	713	-	713
Gains on investments	9	-	1,207	1,207	-	1,077	1,077
		781	1,207	1,988	713	1,077	1,790
Investment management fees	3	(106)	(317)	(423)	(106)	(319)	(425)
Performance incentive fees	3	-	(27)	(27)	-	(8)	(8)
Other expenses	4	(270)	(1)	(271)	(320)	(3)	(323)
Return on ordinary activities before tax		405	862	1,267	287	747	1,034
Tax on ordinary activities	6	(59)	59	-	(57)	57	-
Return attributable to equity shareholders		346	921	1,267	230	804	1,034
Basic and diluted return per share	8	1.1p	3.0p	4.1p	0.7p	2.6p	3.3p

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 the profit and 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 2011

	Note	2011 £'000	2010 £'000
Opening Shareholders' funds		25,638	25,858
Purchase of own shares	13	(346)	(167)
Total recognised gains for the year		1,267	1,034
Dividends paid	7	(919)	(1,087)
Closing Shareholders' funds		25,640	25,638

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

BALANCE SHEET
at 31 October 2011

	Note		2011		2010
	Note	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Investments	**9**		21,876		20,662
Current assets					
Debtors	**10**	222		1,672	
Current investments	**11**	2,000		2,000	
Cash at bank and in hand		1,680		1,463	
		3,902		5,135	
Creditors: amounts falling due within one year	**12**	(138)		(159)	
Net current assets			3,764		4,976
Net assets			25,640		25,638
Capital and reserves					
Called up share capital	**13**		302		309
Capital redemption reserve	**14**		85		78
Share premium	**14**		1,064		1,064
Merger reserve	**14**		2,128		2,832
Special reserve	**14**		6,377		6,599
Capital reserve – realised	**14**		10,897		11,333
Revaluation reserve	**14**		3,927		2,679
Revenue reserve	**14**		860		744
Total equity shareholders' funds	**15**		25,640		25,638
Basic and diluted net asset value per share	**15**		84.9p		83.0p

The financial statements on pages 25 to 41 were approved and authorised for issue by the Board of Directors on 2 February 2012 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 2011

	Note	2011 £'000	2010 £'000
Net cash outflow from operating activities	**16**	(14)	(8)
Taxation		-	(10)
Capital expenditure			
Purchase of investments		(3,579)	(5,391)
Sale of investments		5,063	9,030
Net cash inflow from capital expenditure		1,484	3,639
Management of liquid resources			
Purchase of current investment		-	(2,000)
Net cash outflow from liquid resources		-	(2,000)
Equity dividends paid		(919)	(1,083)
Net cash inflow before financing		551	538
Financing			
Purchase of own shares		(334)	(212)
Net cash outflow from financing		(334)	(212)
Increase in cash	**17**	217	326

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

NOTES TO THE ACCOUNTS
for the year ended 31 October 2011

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.

Listed 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.

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 either significant or 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 manager's 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

	2011 £'000	2010 £'000
Income from investments		
Loan stock interest	494	380
Dividend income	115	61
Listed fixed income security interest	93	209
	702	650
Other income		
Deposit interest	79	63
	781	713

3. Investment management fees

	2011 £'000	2010 £'000
Basic fees	423	425
Performance incentive fees	27	8
	450	433

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

		2011 £'000	2010 £'000
Directors' fees		75	75
Administration services		66	75
Auditor's remuneration for	- audit	20	19
	- taxation services	4	2
Trail commission		-	44
Doubtful income		-	28
Other running costs		106	80
		271	323

5. Directors' fees

Details of remuneration (excluding VAT and employers' NIC) are given in the Directors' Remuneration Report on page 19.

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 19.

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 October 2011

6. Taxation on ordinary activities

		2011 £'000	2010 £'000
(a)	**Tax charge for year**		
	Current year:		
	UK Corporation tax (charged to the Revenue Account)	59	57
	Tax credited to Capital Account	(59)	(57)
	Charge for year	-	-
(b)	**Factors affecting tax charge for year**		
	Return on ordinary activities before tax	1,267	1,034
	Tax at effective rate of 20.4% (2010: 21.0%)	258	217
	Effects of:		
	Gains on investments	(246)	(226)
	Expenses disallowed for tax purposes	-	10
	UK dividend income	(23)	(13)
	Excess management fees carried forward	11	12
		-	-

7. Dividends

		2011			2010		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid in year							
2011 Interim	1.50	-	459	459			
2010 Final	1.50	230	230	460			
2010 Interim	1.50	-	-	-	-	465	465
2009 Final	2.00	-	-	-	233	389	622
		230	689	919	233	854	1,087
Dividends proposed							
2011 Final	2.50	302	453	755	-	-	-
2010 Final	1.50	-	-	-	232	232	464
		302	453	755	232	232	464

8. Basic and diluted return per share

	2011	2010
Return per share based on:		
Net revenue return for the financial year (£'000)	346	230
Capital return per share based on:		
Net capital gain for the financial year (£'000)	921	804
Weighted average number of shares in issue	30,655,950	31,060,084

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

"Fair value through profit or loss" assets

	Unquoted £'000	Quoted on AIM £'000	Listed fixed income securities £'000	Total £'000
Opening cost at 1 November 2010	13,053	1,193	3,737	17,983
Gains/(losses) at 1 November 2010	3,138	(538)	79	2,679
Opening fair value at 1 November 2010	16,191	655	3,816	20,662
Movement in year				
Purchased at cost	2,650	-	929	3,579
Sales - proceeds	(1,849)	(866)	(857)	(3,572)
- realised gains/(losses) on sales	(14)	296	(19)	263
Unrealised gains in the income statement	853	1	90	944
Closing fair value at 31 October 2011	17,831	86	3,959	21,876
Closing cost at 31 October 2011	13,494	667	3,788	17,949
Gains/(losses) at 31 October 2011	4,337	(581)	171	3,927
	17,831	86	3,959	21,876

Costs of acquisition of investments acquired during the year amounted to £Nil (2010: £2,000) and costs of investments disposed of during the year were £18,000 (2010: £5,000). A schedule disclosing the additions and disposals during the year is disclosed on page 9.

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

Level 1 Reflects financial instruments quoted in an active market (listed 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	2011 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	2010 £'000
Listed fixed interest securities	3,959	-	-	3,959	3,816	-	-	3,816
AIM-quoted shares	86	-	-	86	655	-	-	655
Loan notes	-	-	8,614	8,614	-	-	7,716	7,716
Unquoted shares	-	-	9,217	9,217	-	-	8,475	8,475
	4,045	-	17,831	21,876	4,471	-	16,191	20,662

9. Investments (continued)

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 2010	8,475	7,716	16,191
Movements in the income statement:			
Unrealised gains in the income statement	634	219	853
Realised losses in the income statement	(2)	(12)	(14)
	632	207	839
Purchases at cost	306	2,344	2,650
Sales proceeds	(196)	(1,653)	(1,849)
Balance at 31 October 2011	9,217	8,614	17,831

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 Investment Manager believe that the valuations as at 31 October 2011 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.

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 2011 are as follows:

	Country of registration	Nature of Business	Turnover £'000	Retained profit £'000	Net assets £'000
Chrysalis VCT Management Limited	England and Wales	Investment Manager	450	-	-

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

	2011 £'000	2010 £'000
Other debtors	3	1,493
Prepayments and accrued income	219	179
	222	1,672

NOTES TO THE ACCOUNTS (continued)
for the year ended 31 October 2011

11. Current investments

	2011 £'000	2010 £'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

	2011 £'000	2010 £'000
Other taxes and social security	1	2
Other creditors	18	5
Accruals and deferred income	119	152
	138	159

13. Share capital

	2011 £'000	2010 £'000
Authorised:		
81,375,000 (2010: 81,375,000) Ordinary Shares of 1p each	814	814
Issued, allotted, called up and fully paid:		
30,212,297 (2010: 30,903,509) Ordinary Shares of 1p each	302	309

The Company's capital is managed in accordance with its investment policy, as shown in the Directors' Report on pages 14 to 15, in pursuit of its principal investment objectives as stated on page 2. There has been no significant change in the objectives, policies or processes for managing capital from the previous year.

The Company has the authority to buy back shares as described in the Corporate Governance Statement on page 21.

During the year, the Company repurchased 691,212 Ordinary Shares of 1p each for an aggregate consideration of £346,000 being an average price of 49.8p per Ordinary Share of 1p each and representing 2.2% of the issued Ordinary Share capital held at 1 November 2010. These shares were subsequently cancelled.

The Company does not have any externally imposed capital requirements.

14. Reserves

	Capital redemption reserve £'000	Share premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve - realised £'000	Revaluation reserve £'000	Revenue reserve £'000
At 1 November 2010	78	1,064	2,832	6,599	11,333	2,679	744
Shares repurchased	7	-	-	(346)	-	-	-
Expenses capitalised	-	-	-	-	(345)	-	-
Tax on capital expenses	-	-	-	-	59	-	-
Gains on investments	-	-	-	-	263	944	-
Realisation of revaluation from previous years	-	-	-	-	(304)	304	-
Realisation of fair value assets previously acquired	-	-	(704)	-	704	-	-
Transfer between reserves	-	-	-	124	(124)	-	-
Dividends paid	-	-	-	-	(689)	-	(230)
Retained net revenue for the year	-	-	-	-	-	-	346
At 31 October 2011	85	1,064	2,128	6,377	10,897	3,927	860

The special reserve is available to the Company to enable the purchase its own shares in the market without affecting its ability to pay dividends.

Distributable reserves comprise the special reserve, capital reserve – realised and revenue reserve, and are reduced by investment holding losses of £2,616,000 (2010: £2,711,000). The Merger Reserve is also partly distributable as follows:

	Non-Distributable £'000	Distributable £'000	Merger reserve £'000
At 1 November 2010	2,557	275	2,832
Realised investments, transferred to capital reserve - realised	(704)	-	(704)
At 31 October 2011	1,853	275	2,128

At the year end there were £15,793,000 (2010: £16,240,000) of reserves available for distribution.

15. Basic and diluted net asset value per Ordinary Share

	Shares in issue		2011 Net asset value		2010 Net asset value	
	2011	2010	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	30,212,297	30,903,509	84.9p	25,640	83.0p	25,638

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

	2011 £'000	2010 £'000
Return on ordinary activities before taxation	1,267	1,034
Gains on investments	(1,207)	(1,077)
(Increase)/decrease in debtors	(40)	40
Decrease in creditors	(34)	(5)
Net cash outflow from operating activities	(14)	(8)

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

	Net funds at 1 November 2010 £'000	Cash flows £'000	Net funds at 31 October 2011 £'000
Cash at bank and in hand	1,463	217	1,680
Liquidity fund	2,000	-	2,000
	3,463	217	3,680

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 appreciation 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.

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:

- Market 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:

18. Financial instruments (continued)

Market risks

As a VCT, the Company is exposed to market 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 market risks is a fundamental part of investment activities undertaken by the Investment Manager 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. Market risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key market risks to which the Company is exposed are:
- Market 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.

Market 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.

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:

			2011			**2010**
Sensitivity			50% mvmt			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	655	327	1.1

18. Financial instruments (continued)

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			2011 25% mvmt			2010 25% mvmt (restated)
	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	9,217	2,304	7.6p	8,459	2,115	6.8p

Listed 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			2011 2.5% mvmt			2010 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	3,959	99	0.3p	3,816	95	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.

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.

18. Financial instruments (continued)

Interest rate risk (continued)

	Weighted average interest rate	Weighted average period until maturity	2011 £'000	2010 £'000
Fixed rate	4.5%	1,121 days	14,573	13,532
Floating rate	0.5%		1,680	1,463
No interest rate			9,387	10,643
			25,640	25,638

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.

It is estimated that an increase of 1.25% in interest rates would increase net assets and total return before taxation for the year by £4,000. As the Bank of England base rate stood at 0.5% per annum throughout the year, it is not believed that a reduction from this level is likely.

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.

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

	2011 £'000	2010 £'000
Fair value through profit or loss assets		
Investments in listed fixed income securities	3,959	3,816
Investments in loan stocks	8,614	7,716
Loans and receivables		
Cash and cash equivalents	1,680	1,463
Current investments	2,000	2,000
Interest and other receivables	146	108
	16,399	15,103

The Manager manages credit risk in respect of loan stock with a similar approach as described under Market risks above. 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.

18. Financial instruments (continued)

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 only normally has a relatively low level of creditors (2011: £138,000, 2010: £159,000) 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 Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

The carrying value of loan stock investments held at fair value through the profit and loss account at 31 October 2011 as analysed by expected maturity date is as follows:

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	Past 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

Loan stock categorised as impaired refers to one loan note investment which has been valued at below cost in accordance with the Company's valuation guidelines, as set out in the accounting policies.

Loan stock categorised as past due refers to two loan note investments. The loan note valued at £686,000 has not yet past its maturity date however the investee company is not fully servicing the interest obligations under the loan note, with total interest arrears thereon falling within a banding of one to two years. The loan note valued at £697,000 has past its maturity date falling within a banding of one to six months, with total interest arrears falling within a banding of two to three years. Not withstanding 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. The Company holds a further two loan note investments, both 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 2010	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	Past maturity date £'000	Total £'000
Fully performing loan stock	163	1,162	163	3,499	-	4,987
Impaired loan stock	-	74	-	-	-	74
Past due loan stock	1,902	67	686	-	-	2,655
	2,065	1,303	849	3,499	-	7,716

Financial liabilities

The Company has no financial liabilities or guarantees other than the creditors disclosed within the Balance Sheet (2010: none).

18. Financial instruments (continued)

Currency exposure
As at 31 October 2011, the Company had no foreign currency exposures (2010: none).

Borrowing facilities
The Company had no committed borrowing facilities as at 31 October 2011 (2010: none).

19. Contingencies, guarantees and financial commitments

The Company had no contingencies or guarantees at the year end. It had committed £50,000 for the purchase of one follow-on investment which completed shortly after the year end.

20. Related party transactions

Chrysalis VCT Management Limited, a wholly owned subsidiary, is the Company's Investment Manager which receives a fee of 1.65% of net assets per annum. During the period, £423,000 (2010: £425,000) 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 £27,000 (2010: £8,000) were due to Chrysalis VCT Management Limited. At the year end, £1,000 was outstanding (2010: £4,000).

During the year, the Company invested £750,000 in MyHobbyStore Holding Limited, a company of which Peter Harkness is Chairman and a shareholder.

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, should contact Sam Greatrex at Singer Capital Markets Ltd on 0203 205 7528 (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

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Peter Harkness (Chairman)
Julie Baddeley
Martin Knight
all of
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Company number
4095791

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VCT status adviser
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Registrar
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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

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Corporate broker and share buybacks contact
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Tel No: 0203 205 7528
www.singercm.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 11:30am on 15 March 2012 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 2011, 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 2.5p 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, Peter Harkness, who retires by rotation and, being eligible, offers himself for re-election.
6. 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:

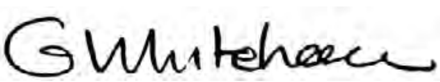
7. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 1p each in the capital of the Company ("Ordinary Shares") provided that:

   (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, which equates to 4,501,632 Ordinary Shares of 1p each;
   (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.

8. To amend Article 88 of the Articles of Association by the deletion of £75,000 per annum and its replacement by £90,000 per annum.

By order of the Board



Grant Whitehouse
Secretary
2 February 2012
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 11:30am on 13 March 2012 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 11:30am on 13 March 2012 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 2 February 2012, the Company's issued share capital comprised 30,212,297 Ordinary Shares and the total number of voting rights in the Company was 30,212,297. 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.