



**C O R E**

**CORE VCT I PLC**

**INTERIM REPORT**

**for the period from incorporation on**

**13 October 2004 to 30 June 2005**

## Investment Objective

Core VCT I plc is a tax efficient listed company which aims to achieve long-term capital and income growth, and to distribute tax free dividends of realised gains and investor's capital investment.

## Investment Approach

We invest Buyout and Development Capital in:

- Established, private companies, which show
  - sufficient operating critical mass, with an established economic model
  - able, motivated management teams with the key skills in place to deliver a well-defined business plan
- Amounts of £2 - £5 million in companies valued at £5 - £25 million

## Performance Summary

As at 30 June 2005		
Capital Values	Ordinary Shares	B Shares
Net Asset Value (NAV)	94.4 pence	1.0 pence
Net Asset Value Total Return in period	94.4 pence	1.0 pence
Share Price (mid-market)	100.0 pence	3.0 pence

Period ended 30 June 2005		
Revenue	Ordinary Shares	B Shares
Return per share	(0.12) pence	0.0 pence
Dividends per share	0.0 pence	0.0 pence

## **Chairman's Statement**

I am delighted to present my first report of the Company for the period from incorporation on 13 October 2004 to 30 June 2005, and to welcome you as a shareholder of Core VCT I plc.

## **Closing of the Offer for Subscription**

Core VCT I plc closed the Offer for Subscription on 23 June 2005, having raised £10.7 million, and making this one of the most successful generalist VCTs launched by a new manager in this period.

Following the closing of the Offer, a bonus issue of 1 B Share was made for every 6 Ordinary Shares. Shareholders are reminded that the B Shares form an integral part of their investment.

## **Results**

During the period ended 30 June 2005, the Company was primarily involved in attracting investors to the Fund and the Offer closed only a few days before the period end. Accordingly, no dividends are proposed. All Ordinary shares were issued at 100p per share. The funds raised were held primarily in cash managed by Credit Suisse First Boston and produced interest income in the period of £80,641. The NAV per Ordinary Share of 94.4p as at 30 June 2005 represents a small reduction over the opening NAV per Ordinary Share of 94.5p, (being 100p issue price per share less fixed issue costs of 5.5p per share).

## **Investments**

No unquoted investments were made in the period. Following the closing of the Offer, Core Growth Capital LLP as Manager has been active in seeking investment opportunities of the size, type and quality consistent with our objectives. The first investment was completed in July in Ma Hubbards Limited, which owns a portfolio of pub assets. Core Growth Capital led this investment for which total funding including bank debt was £9 million, with £3 million in equity and Loan Notes provided by Core VCT I plc and the Electra Kingsway VCTs.

## **Outlook**

At the time of writing, the Manager has progressed several potential investments to the stage of in-principle agreement and secured exclusive negotiating rights. The Manager expects to invest a substantial proportion of the Fund by the end of the 2005/06 tax year.

## **Information for Shareholders**

Shortly after the closing of the Offer, the Manager wrote to shareholders to encourage direct communication between them and shareholders, and the Board supports this policy. Contact information is provided at the back of this Interim Report.

**Share Price**

Both the Ordinary Shares and the B Shares are fully listed shares. Prices are available on [www.londonstockexchange.com](http://www.londonstockexchange.com) and the Ordinary Share price is published daily in the Financial Times. Shareholders are reminded that disposing of shares within three years will result in loss of tax relief.

**Peter Smaill**

Chairman

28 September 2005

<b>Unaudited Statement of Total Return</b>				
<b>(incorporating the revenue account of the Company for the period from 13 October 2004 to 30 June 2005)</b>				
	<b>Period from 13 October 2004 to 30 June 2005</b>			
	<b>Notes</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Income		80,641	-	80,641
Investment management expense		-	-	-
Other expenses		(85,346)	-	(85,346)
<b>Return on ordinary activities before taxation</b>		<b>(4,705)</b>	<b>-</b>	<b>(4,705)</b>
Tax on ordinary activities		-	-	-
<b>Return attributable to equity shareholders</b>		<b>(4,705)</b>	<b>-</b>	<b>(4,705)</b>
Dividends in respect of equity shares		-	-	-
<b>Transfer from reserves</b>		<b>(4,705)</b>	<b>-</b>	<b>(4,705)</b>
<b>Return per 1p Ordinary Share</b>	<b>5</b>	<b>(0.12) p</b>	<b>0.00 p</b>	<b>(0.12) p</b>

<b>Unaudited Balance Sheet</b>		
<b>as at 30 June 2005</b>		
	<b>Notes</b>	<b>30 June 2005</b>
		<b>£</b>
<b>Fixed assets</b>		
Monies held pending investment	<b>6</b>	1,000,000
		1,000,000
<b>Current assets</b>		
Debtors and prepayments	<b>7</b>	764,285
Cash at bank		8,743,081
		9,507,366
<b>Creditors: amounts falling due within one year</b>		<b>(102,404)</b>
<b>Net current assets</b>		<b>9,404,962</b>
<b>Net assets</b>		<b>10,404,962</b>
<b>Capital and reserves</b>	<b>8</b>	
Called up share capital		182,410
Share premium account		10,227,257
Revenue reserve		(4,705)
<b>Shareholders' funds</b>		<b>10,404,962</b>
<b>Net Asset Value per share (attributable assets basis)</b>		
<b>1p Ordinary Share</b>	<b>9</b>	<b>94.40 p</b>
<b>1p B Share</b>	<b>9</b>	<b>1.00 p</b>

<b>Unaudited Summarised Cash Flow Statement for the period from 13 October 2004 to 30 June 2005</b>		
	<b>Notes</b>	<b>Period ended 30 June 2005 £</b>
<b>Operating activities</b>		
Investment income received		80,641
Other cash payments		(31,570)
<b>Net cash inflow from operating activities</b>		49,071
Acquisitions of investments	<b>6</b>	(1,000,000)
Net cash outflow from investing activities		(1,000,000)
<b>Cash outflow before financing</b>		(950,929)
<b>Financing</b>		
Share capital raised		10,944,571
Issue costs of ordinary shares		(1,250,561)
<b>Net cash inflow from financing</b>		9,694,010
<b>Increase in cash for the period</b>		8,743,081

## Unaudited Notes to the Interim Financial Statements

### 1. Principal accounting policies

The following accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report.

#### a) Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with applicable accounting standards and with the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', except as disclosed in note 9 below.

2. The revenue column of the statement of total return is the profit and loss account of the Company.
3. All revenue and capital items in the above statement of total return derive from continuing operations.
4. Earnings for the period to 30 June 2005 should not be taken as a guide to the results for the period ending 31 December 2005.
5. The revenue return per Ordinary Share for the period ended 30 June 2005 is based on the net revenue loss on ordinary activities after taxation of £4,705 and is based on 3,768,706 £1 Ordinary Shares, being the weighted average number of £1 Ordinary Shares in issue during the period.

The capital return per Ordinary Share for the period ended 30 June 2005 is based on a nil capital return on ordinary activities after taxation and is based on 3,768,706 Ordinary Shares, being the weighted average number of £1 Ordinary Shares in issue during the period.

In the opinion of the Board, none of the returns to date are attributable to the B shares.

6. The sum of £1 million had been sent to solicitors pending completion of an investment totaling £1.5 million in Ma Hubbards Ltd, which completion occurred on 11 July 2005.
7. Included in debtors and prepayments is £754,723 of called up share capital unpaid as at 30 June 2005.

### 8. Capital and reserves

	Called up ordinary share capital	Called up B share capital	Share premium account	Revenue reserve	Total
	£	£	£	£	£
At 13 October 2004	-	-	-	-	-
Shares issued	109,446	54,723	10,835,126	-	10,999,295
Expenses of share issue	-	-	(589,628)	-	(589,628)
Bonus issue of B Shares from Share Premium account	-	18,241	(18,241)	-	-
Retained net revenue for the period	-	-	-	(4,705)	(4,705)
At 30 June 2005	109,446	72,964	10,227,257	(4,705)	10,404,962

The bonus issue of 1,824,096 1p B Shares to ordinary shareholders was financed by a transfer from the Ordinary share premium account. 5,472,285 1p B Shares were allotted to the Manager at par for cash, giving a total number of 7,296,381 1p B Shares in issue.

**9. Net asset values**

The net asset values per share, as disclosed on the balance sheet, are based on attributable assets at the date of the balance sheet and assume that no break-up of the Company will occur. The Board considers that the 'Articles basis', as recommended by the SORP, reflects the attribution of assets between the two classes of shares that would occur in the event that a liquidation of the Company took place. On liquidation, B shareholders could be entitled to up to 40% of the assets remaining after Ordinary shareholders first recover their effective initial cost of 60 pence per share plus the annual hurdle rates due to both share classes, achieved up to the date of liquidation.

At this early stage in the Company's life, the Board considers that liquidation is unlikely, and that attributing to the B Shares purely the capital contributed of 1 penny per share reflects the Board's best estimate at 30 June 2005 of the B Shares' entitlement to assets at 30 June 2005, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B Shares' entitlement to the Company's assets).

The Net Asset Values per share have been calculated by reference to the numbers of shares in issue at 30 June 2005, as follows:

<b>Net Asset Values</b>		
	<b>30 June 2005</b>	
	£	
10,944,571 1p Ordinary Shares	109,446	
7,296,381 1p B Shares	72,964	
	182,410	
<b>1p Ordinary Shares</b>	Total attributable net assets (£)	Net asset value (pence per share)
In accordance with the Articles	8,869,674	81.04 p
Additional entitlement to assets on the attributed basis	1,462,324	13.36 p
<b>Attributed basis</b>	<b>10,331,998</b>	<b>94.40 p</b>
<b>1p B Shares</b>		
In accordance with the Articles	1,535,288	21.04 p
Reduced entitlement to assets on the attributed basis	(1,462,324)	(20.04)p
<b>Attributed basis</b>	<b>72,964</b>	<b>1.00 p</b>

10. The financial information for the period ended 30 June 2005 has neither been audited nor reviewed.
11. Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, One Jermyn Street, London, SW1Y 4UH.



### **Shareholder Communication**

The Manager intends to circulate a six monthly newsletter to Shareholders in the quarters in which the Company does not publish annual or interim accounts. The Board intends to announce the Company's preliminary results in respect of the period from incorporation to 31 December 2005 and to circulate the Annual Report to Shareholders during March 2006.

### **Shareholder enquiries:**

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars, Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (Tel: 0870 162 3100) or should you prefer visit their website at <http://www.capitaregistrars.com>.

For enquiries concerning the performance of the Company, please contact the Investment Manager at Core Growth Capital LLP:

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**Corporate Information****Directors**

Peter Smaill (Chairman)  
Lord Walker  
Helen Bagan

***All of whom are non-executive and of:***

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