CORE VCT PLC

Annual Report and Accounts
for the year ended 31 December 2010

Investment Objective

Core VCT plc ("Core VCT" or "the Company") is a tax efficient listed Company. The aim of the Company is to achieve long-term capital and income growth and to distribute tax free dividends comprising realised gains and investors' capital investment.

Contents

If you have sold or otherwise transferred all of your shares for Core VCT plc, please forward this document and accompanying form of proxy as soon as possible to the purchaser or transferee, or to a stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Performance Summary

Performance Record

Year ended	Net Assets £m	Net Asset Value pence	Share Price pence	NAV Total Return (excluding tax reliefs) pence	NAV Total Return (including initial tax reliefs) pence	Total Expense Ratio* %
Ordinary Shares						
2006	16.0	97.17	100.00	97.17	137.17	1.71
2007	16.9	102.59	80.00	104.09	144.09	1.30
2008	13.1	79.15	50.00	82.65	122.65	1.76
2009	37.7†	87.07	40.00	104.22	144.22	0.82
2010	**39.3**	**90.70**	**50.00**	**107.85**	**147.85**	**1.01**
B Shares						
2006	–	0.01	3.50			
2007	–	0.01	3.50			
2008	–	0.01	3.50			
2009	–	0.01	8.50			
2010	**–**	**0.01**	**27.00**			

*As a percentage of closing net assets.

†Core VCT I plc and Core VCT II plc merged into Core VCT III plc on 16 July 2009 and changed its name to Core VCT plc.

Dividends Paid Since Launch to Ordinary Shareholders

Year ended	Revenue Dividend pence	Capital Dividend pence	Total Annual Dividend pence	Cumulative Dividends pence	Weighted Average Dividend pence
2007	1.5	–	1.5	1.5	
2008	2.0	–	2.0	3.5	
2009	1.0	12.0	13.0	16.5	17.15
2010	**–**	**–**	**–**	**16.5**	**17.15**

Following the merger of Core VCT I plc and Core VCT II plc into Core VCT III plc on 16 July 2009 the weighted average dividend has been calculated by taking the total dividends paid in each VCT (Core VCT 1 plc £1,979,467, Core VCT II plc £2,722,270 and Core VCT III plc £2,724,292 giving a total of £7,426,029 divided by the shares in issue following the merger totalling 43,301,414.

Chairman's Statement

Results

The Net Asset Value (NAV) Total Return of the Ordinary Shares was 107.85p as at 31 December 2010, comprising a NAV of 90.70p and a weighted average cumulative dividend paid of 17.15p per Ordinary Share. This is an increase from the NAV Total Return to 31 December 2009 of 3.5%. A net return of £1,554,426 (3.6p per share) was recorded in the Income Statement during the year ended 31 December 2010 (2009: net return of £3,717,782). I am pleased to report that following the merger the operating costs of the Company have reduced by 36%.

The increase of 3.6p per share is accounted for by:

- 4.4p per share due to movement in the unquoted portfolio;
- Less 0.3p per share due to the losses realised in the cash assets; and
- Less 0.5p per share for operating costs.

Your Board is not in a position to recommend a final dividend to shareholders.

Investments

One new portfolio investment totalling £2.0 million was completed during the year, into Ark Home Healthcare Limited and both Core VCT IV plc and Core VCT V plc also invested £1 million each. Further investments totalling £1.3 million were completed into two existing portfolio companies, Allied International Limited, and SPL Services Limited. The Company has net current assets totalling £1.7 million, equivalent to 4.0p per share.

The Manager's Review refers in more detail to the prospects of the investment portfolio, which now comprises 10 unquoted companies with an investment cost of £28.8 million and a valuation of £37.5 million.

B Shares

Shareholders will be aware that the Company has an innovative charging structure. No annual management fees are paid to Core Capital LLP, which is only rewarded once shareholders have been returned all of their effective initial capital of 60 pence and subject to a hurdle rate of 5 per cent per annum. This is achieved through the issue of B Shares, which collectively receive 40% of distribution above the effective initial capital plus hurdle. Of these shares, 71% are held by Core Capital LLP, such that Core Capital will receive 28% of distributions above the effective initial cost plus hurdle.

Currently, total cumulative distributions, including hurdle, are approximately 59.01p per Ordinary Share short of the required threshold following the achievement of which the B Shares would participate in distributions. However, I would like to remind shareholders that once this threshold is achieved, distributions to Ordinary Shares will be reduced to 60% of the total, and that your holding in B Shares forms an integral part of your investment along with your holding in Ordinary Shares.

Share Price

Both the Ordinary Shares (CR3) and B Shares (CR3B) are fully listed shares. Prices are available on www.londonstockexchange.com and both share classes are published in the Financial Times.

We would remind shareholders that we view the NAV Total Return, rather than share price, as the preferred measure of performance, as it encompasses the value of the current portfolio and the amount of cash distributed to shareholders over the life of their investment.

Core VCT plc does have the ability to buy back shares, although we are not anticipating making any share buy backs for the foreseeable future so that we are best placed as a Company to maximise distributions made to all shareholders.

Board Changes

Following the death of Lord Walker of Worcester, on 23 June 2010, Mr David Dancaster was appointed a Director of the Company on 25 June 2010. Mr Dancaster had served as an Alternate Director to Lord Walker of Worcester since 4 March 2010.

Annual General Meeting

The Company's Annual General Meeting will be held at 10 am on 22 June 2011 at 19 Cavendish Square, London, W1A 2AW. This is a good opportunity for shareholders to meet the Directors and the Manager and I would encourage you to attend.

The Notice of the Annual General Meeting is contained on pages 38 to 39 and a Form of Proxy is enclosed. Shareholders who are unable to attend the Meeting are encouraged to complete and return the Form of Proxy to the Company's registrars so as to ensure that their votes are represented at the Meeting.

Outlook

The investment programme for making new investments has now been completed and given that we are now fully invested we are constrained in the amount of capital we have available to invest further into the portfolio. However, some of our largest investments have reached a stage where they are looking to build on their success and raise further capital for expansion and to maximise the growth in value that this is expected to create. Alongside the other Core VCTs, your Board and the Manager are actively exploring ways to raise further funding into the portfolio. We are also considering restructuring the VCT to improve overall liquidity to the potential benefit of shareholders. We hope to be in a position to write to shareholders with our recommendations in the near future.

Peter Smaill

Chairman

5 April 2011

Manager's Review

Investment Highlights

- One new investment was completed totalling £2 million and £1.3 million was invested into two existing portfolio companies
- Investment Portfolio now comprises 10 investments with a cost of £28.8 million and a value of £37.5 million
- The Company was 88% invested in qualifying companies as at 31 December 2010
- Overall, the level of bank debt in the portfolio is conservative, with many companies having no or immaterial levels of senior bank debt

New Investments

We invested £2 million into Ark Home Healthcare (utilising BRG Trading Limited), alongside Core VCT IV plc and Core VCT V plc who each invested £1 million. Ark is a "buy and build" strategy in domiciliary/homecare sector, focused on the southern half of the UK.

Existing Investments

We invested a further £1 million into Allied International Holding alongside Core VCT IV plc and Core VCT V plc who each invested £0.9 million to provide additional working capital.

We invested a further £0.3 million into SPL Services Limited to provide additional working capital funding. Since the year end a further £0.6 million has been invested in SPL Services Limited to fund further working capital requirements.

CP Newco Limited, holder of our investment in Cording Land, returned £600,000 by way of a capital reduction with the funds being transferred to Core VCT plc.

A more detailed description of the status of each investment follows.

Kelway Holdings Limited

IT Business

All Core Capital LLP managed funds

First Investment:	Nov-06
Total Investment Cost:	£5,206,000
Total equity held:	25.4%

Core VCT plc only

Cost:	£5,206,000
Merger Cost:	£9,957,000
Valuation:	£17,129,000
Valuation basis:	Turnover Multiple
% of equity held:	25.4%

Year ended 31 March	2010 £'000	2009 £'000
Sales	178,140	110,782
EBIT	6,580	2,857
Profit before tax	6,404	2,780
Net assets	20,411	16,806

Kelway is a fast growing IT business supplying solutions, services and hardware to the corporate middle market.

Kelway continues to perform strongly, and achieved a turnover in the year ended 31 March 2010 in excess of £175 million, a growth of over 60% compared to the prior year. Kelway has a strong, ungeared balance sheet with net assets as at 31 March 2010 of approximately £26 million. This performance has been driven through a combination of completed acquisitions and organic growth across all business areas. Kelway recently acquired the managed services specialist ISC Computers. This acquisition brings the total combined group turnover to over £300 million and was paid for through newly secured bank facilities.

SPL Services Limited

Logistics Business

All Core Capital LLP managed funds

First Investment:	Jul-07
Total Investment Cost:	£5,224,000
Total equity held:	49.9%

Core VCT plc only

Cost:	£5,224,000
Merger Cost:	£6,885,000
Valuation:	£3,716,000
Valuation basis:	Earnings Multiple
% of equity held:	49.9%

Year ended 31 July	2009 £'000	2008 £'000
Sales	7,021	4,092
EBIT	326	(997)
Loss before tax	(254)	(1,811)
Net assets/(liabilities)	2,120	(892)

SPL Services is a specialist logistics business servicing the pharmaceutical sector, particularly the fast growing clinical trials market.

Since our investment in 2007, the business has developed itself from a small, UK based operation into a business with an increasingly global capability. We have acquired or established operations in India, Australia, Singapore and China as well as strengthening our delivery throughout Europe. We have invested heavily in the management and infrastructure required to support this growth and create a truly scalable platform to take advantage of the growth opportunities that exist in this market.

During the year we invested £0.3 million to fund working capital. Since the year end a further £0.6 million has been invested for further working capital requirements.

Manager's Review

Pureleaf Limited (trading as Momentous Moving Excellence)

Storage and Removals Business

All Core Capital LLP managed funds

First Investment:	Jan-07
Total Investment Cost:	£4,860,000
Total equity held:	49.9%

Core VCT plc only

Cost:	£4,850,000
Merger Cost:	£4,016,000
Valuation:	£3,441,000
Valuation basis:	NAV
% of equity held:	49.9%

Year ended 31 May	2010	2009
	£'000	£'000
Sales	4,693	4,505
EBIT	(216)	(737)
Loss before tax	(573)	(1,110)
Net liabilities	(1,881)	(1,374)

Momentous Moving Excellence ("MME") is a long established storage and removals business.

Formerly Baxters, the company has a long standing relationship with the Ministry of Defence, for whom MME carries out a significant amount of long term storage. MME has a strong balance sheet with substantial net assets, unencumbered freehold assets and no senior bank debt. The business has recently benefited from an improvement in its contracted storage rates which has brought the business back into profitability.

Brasserie Bar Co. plc (formerly Brasserie Holdings plc)

Operator of Restaurants

All Core Capital LLP managed funds

First Investment:	Apr-06
Total Investment Cost:	£5,000,000
Total equity held:	38%

Core VCT plc only

Cost:	£3,000,000
Merger Cost:	£2,600,000
Valuation:	£3,045,000
Valuation basis:	EBITDA
% of equity held:	27.7%

Year ended 27 June	2010	2009
	£'000	£'000
Sales	11,591	10,299
EBIT	258	(378)
Loss before tax	(88)	(587)
Net assets	2,307	2,096

Owns and operates branded restaurants in the premium casual dining segment of the market.

Brasserie Holdings now operates two formats; Brasserie Blanc, the French brasserie business inspired by Raymond Blanc, and the new White Brasserie Company format, a quality pub dining business blending the standards of Brasserie Blanc in local settings in the South of England.

The Company has opened 4 new units during 2010, all of which are trading at or above our expectations, and 2 of which were opened under the new White Brasserie Company format. We hope to open several new units in 2011. The Company reported restaurant EBITDA of £2.34m in the year ended 27 June 2010, ahead of its budget, and the valuation has risen accordingly.

Adapt Group Limited

IT Managed Services Provider

All Core Capital LLP managed funds

First Investment:	Jun-06
Total Investment Cost:	£1,501,000
Total equity held:	7.8%

Core VCT plc only

Cost:	£1,501,000
Merger Cost:	£2,066,000
Valuation:	£2,528,000
Valuation basis:	Turnover Multiple
% of equity held:	7.8%

Year ended 30 June	2010	2009
	£'000	£'000
Sales	30,627	31,008
EBIT	3,110	2,282
Profit before tax	230	28
Net liabilities	(580)	(1,263)

Adapt is a leading independent IT managed services provider, with a focus on co-location and data hosting, connectivity and Internet, managed services and cloud services.

Adapt's performance during the financial year to end of June 2010 remains robust against last year's trading on the back of tough market conditions. The company has maintained a level of approximately 90% of total turnover as being contracted revenues. Profitability has significantly increased from last year, mainly due to efficiency improvements and the lack of integration costs following acquisitions made just prior to the previous financial year end. Adapt has made significant investment going into the Managed Services sales capability and there are raised expectations of the level of organic sales in FY11. The company remains interested in bolt-on acquisition opportunities as they arise.

Colway Limited

Office and graphic supplies

All Core Capital LLP managed funds

First Investment:	May-06
Total Investment Cost:	£6,500,000
Total equity held:	64.9%

Core VCT plc only

Cost:	£3,500,000
Merger Cost:	£2,154,000
Valuation:	£2,141,000
Valuation basis:	Earnings Multiple
% of equity held:	49.9%

Year ended 31 March	2010	2009
	£'000	£'000
Sales	18,299	19,533
EBIT	(392)	(1,179)
Loss before tax	(1,153)	(2,589)
Net assets/(liabilities)	3,214	(2,167)

Colway is a long established office and graphic supplies business, with three principal divisions – Business, Systems and Retail.

Following the additional investment made at the end of 2009, Colway has been able to recommence its acquisition strategy, and completed two acquisitions during 2010. Together the growth in underlying EBITDA, this has led to the increase in the valuation compared with both 2009 and the valuation at 30 June 2010. The company has a number of future potential acquisition targets identified.

Allied International Holdings Limited

Destination Management Company

All Core Capital LLP managed funds

First Investment:	Nov-09
Total Investment Cost:	£5,899,000
Total equity held:	52.2%

Core VCT plc only

Cost:	£1,995,000
Merger Cost:	£1,995,000
Valuation:	£2,031,000
Valuation basis:	Gross Profit Multiple
% of equity held:	22.2%

Year ended 31 December (unaudited management accounts)	2010 USD'000	2009 USD'000
Sales	31,445	27,000
Pre-HQ EBITDA	(491)	(3,728)
Post-HQ EBITDA	(1,991)	(3,728)
Net assets	5,310	6,200

Allied is a turnaround investment and is a leading Destination Management Company (DMC) with 26 locations throughout the USA, Europe and the Middle East.

We acquired the business in November 2009 by acquiring all of the senior debt at a substantial discount and providing working capital funding. 2009 represented a low point in the business cycle, and we believe Allied has the potential to grow organically and by acquisition into a major global operation.

We have introduced new management at a senior level, eliminated senior debt and provided further funding during 2010 to be used for growth and acquisitions. This further investment was £0.9 million from each of Core VCT IV plc and Core VCT V plc, alongside £1 million from Core VCT plc. We continue to hold several discussions over potential merger and acquisition targets.

Ark Home Healthcare Limited

Domiciliary Care

All Core Capital LLP managed funds

First Investment:	Jun-10
Total Investment Cost:	£4,000,000
Total equity held:	11.7%

Core VCT plc only

Cost:	£2,000,000
Valuation:	£2,000,000
Valuation basis:	Cost
% of equity held:	3.9%

New investment no accounts available.

Ark is a "buy and build" strategy in the domiciliary/homecare sector, focused on the southern half of the UK.

We co-led this investment as part of a total £17.5 million equity commitment in June 2010. Core VCT IV and Core VCT V plc invested £1 million each and Core VCT plc invested £2 million. Ark acquired three businesses at completion and has a number of potential future acquisitions at varying stages of negotiation and review. It intends acquiring a further 15-20 businesses over a three year period to build a substantial homecare group.

This investment is held primarily in loan notes with a 10.5% per annum accrued yield.

Cording Land LLP

Investment and Asset Management

All Core Capital LLP managed funds

First Investment:	Dec-08
Total Investment Cost:	£1,420,000
Total equity held:	25%

Core VCT plc only

Cost:	£1,400,000
Valuation:	£1,400,000
Valuation basis:	FUM%
% of equity held:	25%

Year ended 31 March	2010 £'000	2009 £'000
Sales	136	251
EBIT	(639)	(10)
(Loss)/profit before tax	(270)	20
Net (liabilities)/assets	(180)	651

Cording Land is an investment management and asset management business in the UK commercial real estate market.

Since our first investment of £1 million in January 2009, Cording Land has strengthened its investment team, recruited an experienced asset management team and now currently manages some £550 million of UK real estate assets. We provided a further £400,000 in December 2009 to be utilised to complete the acquisition of Danmerc Limited, a company that advises a group of Danish Pension Funds on their commercial real estate investments in the UK. The investment management division has launched its plans to raise an investment fund.

The investment is held through CP Newco Limited, in which a total of £1.4 million has been invested following Core VCT plc being returned £0.6 million by way of a capital reduction.

Augentius Fund Administration LLP

Private Equity and Real Estate

All Core Capital LLP managed funds

First Investment:	Oct-06
Total Investment Cost:	£101,000
Total equity held:	–

Core VCT plc only

Cost:	£101,000
Merger Cost:	£101,000
Valuation:	£101,000
Valuation basis:	Cost
% of equity held:	–

Year ended 30 September	2009 £'000	2008 £'000
Sales	7,610	6,824
EBIT	1,214	1,520
Profit before profit share	1,231	1,534
Net assets	1,769	1,444

Augentius is one of the world's leading Private Equity and Real Estate Fund administrators, administering over 300 funds and fund related entities with over 110 staff.

The business operates from London, Guernsey, New York , Hong Kong, Singapore and Mauritius and provides outsourced administration services to many leading private equity and property funds. This small investment has a cash yield of 9.5%.

Investment Portfolio Summary

for the year ended 31 December 2010

	Date of initial investment	Investment cost[i] £'000	Book cost[ii] £'000	Valuation £'000	% of net assets by value
Unquoted Investments					
Kelway Holdings Limited IT services	Nov-06	5,206	9,957	17,129	43.6
SPL Services Limited Provider of courier services to the medical sector	Jul-07	5,224	6,885	3,716	9.5
Pureleaf Limited (trading as Momentous Moving Excellence) Provider of removal and storage services	Jan-07	4,850	4,016	3,441	8.8
Brasserie Bar Co. plc Operator of restaurants in the premium casual dining sector	Apr-06	3,000	2,600	3,045	7.7
Adapt Group Limited IT managed service provider	Jun-06	1,501	2,066	2,528	6.4
Colway Limited Office and graphic supplies	May-06	3,500	2,154	2,141	5.4
Allied International Holdings Limited Destination management company	Nov-09	1,995	1,995	2,031	5.2
Ark Home Healthcare Limited "Buy & Build" domiciliary care	Jun -10	2,000	2,000	2,000	5.1
CP Newco Limited; comprising Cording Land LLP A real-estate investment and asset management company	Dec-08	1,400	1,400	1,400	3.6
Augentius Fund Administration LLP Provider of fund management administration services	Oct-06	101	101	101	0.3
Total investments		28,777	33,174	37,532	95.6
Net current assets				**1,749**	**4.4**
Net assets				**39,281**	**100.0**

(i) Original investment cost

(ii) This is based on the investment cost in respect of Core VCT III plc and fair value in respect of Core VCT I plc and Core VCT II plc as at 16 July 2009, the merger date of Core VCT 1 plc, Core VCT II plc and Core VCT III plc.

Board of Directors

Peter Smaill

Status: Independent, non-executive Chairman

Date of appointment: 11 October 2005

Peter has pursued a career in private equity investment spanning more than 30 years, focusing on mid-market transactions of all types. He has been associated with many successful exits of buy-outs, buy-ins and growth capital investments throughout the UK. A law graduate of Edinburgh University, Peter trained at 3i and had a period with Gresham Trust plc, specialising in Business Expansion Scheme financings, prior to developing his career at National Westminster Bank Plc. He was a Director of NatWest Equity Partners Limited (now Bridgepoint Capital Limited), and headed its Edinburgh office in 1989. He was Director of the NatWest IT Fund from 1996 to 2000, which achieved successful flotations for investments on AIM, Techmark and NASDAQ, as well as via trade sales. Subsequently he moved to LICA Development Capital Limited in London where he was Co Managing Director, developing information technology strategy and tax related products, before joining Dunedin Capital Partners Limited, where he was a Director from 2002 to 2004. He was non-executive chairman of Portman Holdings Limited, a MBO which he led in 1996 and successfully exited in February 2007. In January 2006 he joined Fairfax, an innovative international investment business, and was appointed a director of Fairfax Investment Management Limited. Peter was appointed as Chairman of Core VCT I plc on 29 November 2004 and Core VCT II plc in October 2005 and both of these companies merged with Core VCT III plc on 16 July 2009 and was renamed Core VCT plc.

John Brimacombe

Status: Senior Independent Director and Chairman of the Audit Committee

Date of Appointment: 9 August 2007

John is managing director of Jobstream Group plc, an Operating Partner of Sussex Place Ventures and chairman of Linguamatics Limited. He was a cofounder of NGame Limited and was also President of Mforma Group Inc. A graduate in Law and Computer Science from Trinity College Cambridge, John was appointed as a Director of Core VCT I plc and Core VCT II plc in August 2007 and both of these companies merged with Core VCT III plc on 16 July 2009 and was renamed Core VCT plc.

David Dancaster

Status: non-executive Director

Date of Appointment: 25 June 2010

David is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo plc. He is also a director of a number of companies in the Caparo Group. He began his career with PricewaterhouseCoopers in 1980 and, after five years there, he joined the Corporate Finance department of Charterhouse Bank, remaining there for ten years and serving as a director of the bank for the last four. From 1989 he was responsible for advising Caparo, following which he joined the group in 1996 and has played a major role in its extensive acquisition programme. He is a Chartered Accountant and holds a BA Hons from the University of Exeter.

Directors' Report

The Directors present their Report and audited financial statements of the Company for the year ended 31 December 2010.

Results and Dividends

The results for the year are set out in the attached accounts. The Board is not in a position to pay a final dividend.

Company Number: 5572561

Principal Activity and Status

On 16 July 2009, the Company then known as Core VCT III plc, completed a merger with Core VCT I plc and Core VCT II plc and changed its name to Core VCT plc.

The Company is registered as a Public Limited Company under the Companies Act 2006. The Company has revoked investment company status in order to effect the payment of capital dividends. The Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with Section 274 of the Income Tax Act 2007 which grants approval as a VCT. The Company's shares are listed on the official list and traded on the main market of the London Stock Exchange.

The Company is required to comply with company law, the rules of the UK Listing Authority, UK Accounting Standards, and its Articles of Association.

The Company is a member of the Association of Investment Companies (the 'AIC').

Business Review

Board of Directors

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, corporate governance and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 7.

Investment Objective

The investment objective of the Company is to achieve long-term capital and income growth and to distribute tax free dividends comprising realised gains and investors' capital investment.

Investment Approach

Core Capital LLP, the Manager, invests primarily in:

- Established private companies, which show sufficient operating critical mass, with an established economic model, and able, motivated management teams with the key skills in place to deliver a well-defined business plan.
- Total investment sizes are typically £3 – £8 million across its VCT clients, in companies valued at £5 – £25 million.

Fund Structure

The Company is structured as follows:

- **No Annual Management Fees**
  Only when shareholders have received the first 60 pence of distributions, which together with an assumed 40 pence of initial tax relief will have realised them 100 pence, will the Manager start to be entitled to 28% of distributions from the Company (for further information please refer to Note 3 of the Accounts).
- **Maximise Distributions of Income and Capital**
  Core VCT plc has a policy to distribute all proceeds from realised investments. The Company has no fixed life but intends to liquidate naturally and distribute its assets over time. The Manager's incentives are structured to align their interests in delivering this liquidity for shareholders as well as maximising overall investment performance.

Investment Policy

The Company may invest all of its assets in private companies. These investments are unquoted, and include but are not limited to, Management Buy-Outs (MBOs) and Development Capital for expansion or acquisition funding for established companies. However, due to the nature of completing and realising such investments, and the need to maintain some liquid reserves, there will inevitably be periods when a proportion of assets are not held in unquoted investments.

VCT Regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs. Amongst other conditions, the Company may not invest more than 15% of its VCT value in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in qualifying holdings, of which 30% by value must be Ordinary Shares which carry no preferential rights.

Risk Management
The Company's Asset Allocation includes a potentially large proportion of the Company's assets to be held in unquoted investments. These investments are not publicly traded and there is not a liquid market for them, and therefore these investments may be difficult to realise.

The Company manages its investment risk within the restrictions of maintaining its qualifying VCT status by using a number of methods commonly used in the Private Equity industry, including:

- The active monitoring of its investments by the Manager;
- Seeking the agreement of various rights associated with each investment, such as board representation, information rights and veto rights;
- Seeking to hold larger investment stakes by co-investing with other funds managed by the Manager, so as to gain more significant influence in the investment and to facilitate investing in larger companies which may reduce the risk compared to investing in smaller companies; and
- Ensuring a spread of investments is achieved.

The Company has no fixed life but intends to realise its assets over time, and distribute all proceeds (net of costs) from its realised investments. This process will naturally result in each retained investment representing an increased proportion of the remaining net assets of the Company.

Gearing
The Company has the authority to borrow up to the amount paid on the issued share capital and the amount standing to the credit of the reserves of the Company but does not ordinarily take advantage of this authority.

As is common in the Private Equity industry, in many cases the Company makes investments into unquoted companies which have substantial borrowings from third party lenders.

Strategy
As part of its strategy, the Board has contractually delegated the management of the investment portfolio and other services to the Manager.

The Company's performance in meeting its objectives is measured against key performance indicators as set out below. A review of the Company's returns during the financial year, the position of the Company at the year-end, and the outlook for the coming year is contained in the Chairman's Statement on page 2 and the Manager's Review on pages 3 to 5, both of which form part of the Business Review.

Principal Risks and Uncertainties and Risk Management
The Board believes that the principal risks faced by the Company are:

- Economic risk – events such as an economic recession and movements in interest rates could affect small companies' valuations.
- Loss of approval as a Venture Capital Trust – the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a VCT.
- Investment and strategic – incorrect strategy, asset allocation, and stock selection could all lead to poor returns for shareholders. The underlying investments may also need significant funding which is not in accordance with VCT legislation.
- Regulatory – breach of regulatory rules could lead to suspension of the Company Stock Exchange Listing, financial penalties or a qualified audit report.
- Operational – failure of the Manager's accounting systems or disruption to the Manager's business could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Manager could lead to misappropriation of assets. Inappropriate accounting policies may lead to misreporting or breaches of regulations.

The Board seeks to mitigate and manage these risks through continual review, policy setting, shareholder communication and enforcement of contractual obligations and monitoring progress and compliance. Details of the Company's internal controls are described in more detail on page 13.

Performance and Key Performance Indicators (KPIs)
The Board reviews performance by reference to a number of measures, taking account of the long term nature of the assets in which the Company invests.

Total Return
The Total Return (Net Asset Value plus cumulative distributions) is the key measure of performance for the Company. The two principal components of this measure are:

Directors' Report

- ***Net Asset Value (NAV)***
  NAV is calculated quarterly, with a full valuation of the unquoted investments carried out every six months in accordance with the International Private Equity and Venture Capital Valuation guidelines.

- ***Cumulative Distributions***
  Cumulative distributions are since inception distributions of both income and capital. The Company has no fixed life, but intends to liquidate naturally and distribute all its assets over time. In particular, the Company has a policy to distribute all proceeds from realised investments (the original capital investment plus realised profits less losses), as well as income after expenses.

Total Expense Ratio

The expenses of managing the Company, known as the Total Expense Ratio (TER), are reviewed by the Board at board meetings. Because the Company has no management fee payable to Core Capital, the Company is expected to have one of the lowest fixed costs of any VCT of comparable size.

A historical record of these indicators is contained in the Performance Summary on page 1.

Issue of Shares

As at 31 December 2010 the issued Ordinary Share Capital of the Company was £4,330 (2009: same) comprising 43,301,414 Ordinary Shares (2009: same) and the issued B Share Capital of the Company was £2,887 (2009: same) comprising 28,867,227 B Shares (2009: same).

Only the holders of Ordinary Shares have voting rights, except in the event that a resolution was being put to shareholders to amend any provision of the Company's articles or where an offer for the Company has been made and remains open for acceptance. In both instances B shareholders would be entitled to vote.

Directors and their interests

Biographies of the Directors are shown on page 7.

David Dancaster was appointed an alternate Director to Lord Walker with effect from 4 March 2010 and has experience which the Board believes will contribute significantly to its deliberations. Following the death of Lord Walker of Worcester on 23 June 2010, David Dancaster was appointed a Director of the Company. David Dancaster is a partner of Core Capital LLP, the Company's Manager and is therefore not considered to be independent. In accordance with the AIC's Code of Corporate Governance ("AIC Code") he will retire at the Annual General Meeting, being the first such meeting following his appointment, and, being eligible, offers himself for re-election. He will also retire on an annual basis given his relationship with Core Capital LLP.

In accordance with the Company's Articles of Association, Peter Smaill will retire by rotation, and being eligible will offer himself for re-election, at the Annual General Meeting.

The Board confirms that, following performance evaluations, the performance of each of the Directors seeking re-election continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected.

The Directors who held office at the end of the year and their interests in the shares of the Company were:

	2010 Ordinary Shares	B Shares	2009 Ordinary Shares	B Shares
Peter Smaill	59,956	9,994	30,900	23,175
John Brimacombe	–	–	–	–
David Dancaster (appointed Director on 25 June 2010)	–	–	–	–

There have been no further changes in the holdings of the Directors since 31 December 2010. No options over the share capital of the Company have been granted to the Directors. No Director has a service contract with the Company. The Company does not have any employees.

Management

Core Growth Capital LLP was appointed Manager to the Company on 11 October 2005 and changed its name to Core Capital LLP on 3 October 2006. The Management Agreement was for an initial period of four years and thereafter until the appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period. The Manager receives no annual fee but instead has subscribed for 71% of the B Shares in issue. For further information please see note 3 to the accounts on pages 24 to 25. The Directors regularly review the performance of the Manager and carry out an annual evaluation. They believe that the continuing appointment of the Manager on the terms agreed is in the interests of the Shareholders as a whole. For further details of the review please see the Directors' Report on page 13.

Core Capital LLP insourced the Administration and Company Secretarial functions from Maven Capital Partners UK LLP on

1 July 2010. Core Secretarial Services LLP acts as both Administrator and Company Secretary to the Company under an agreement dated 24 August 2010. An administration fee of £170,000 (exclusive of VAT) is charged per annum to the Core VCTs and a Fee Percentage (the proportion represented as a percentage) which the Company's net asset value bears to the aggregate net asset value of all the VCTs is attributed to each VCT.

Corporate Governance

The Directors of Core VCT plc have adopted the AIC Code for the year ended 31 December 2010 available at website www.theaic.co.uk. The AIC Code addresses all principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules.

The Company believes that reporting against the principles of the AIC Code will provide more relevant information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code except where noted below. There are certain areas of the Combined Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

As an externally managed investment company, the Company does not employ a chief executive, nor any executive directors. The systems and procedures of the Manager, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

The Board

The Board comprises three non-executive Directors. Each brings a range of relevant expertise, experience and judgement to the Board. The Company has appointed John Brimacombe as Senior Independent Director and he is available as an alternative channel of communication should communication with the Chairman not be appropriate. The Directors believe that this structure is the most appropriate for the Company given its current size and the nature of its business.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary. There is a schedule of matters specifically reserved for decision by the Board. These include compliance with the requirements of the Companies Act, the UK Listing Authority and the London Stock Exchange; changes relating to the Company's capital structure or its status as a plc. The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance, including but not limited to, asset allocation, investor relations, peer group information and issues affecting the investment industry as a whole.

Audit Committee

The Board has appointed an Audit Committee. The Audit Committee, which is chaired by John Brimacombe, operates within written terms of reference clearly setting out its authority and duties.

The Audit Committee is comprised of the full Board. This is a departure from Principle C.3.1 of the AIC Code which recommends that the constitution of the Audit Committee should be 2 independent Directors and the Chairman. David Dancaster is a member of the Audit Committee but is not independent. Given the size and structure of the Company the Board is satisfied with the constitution of the Committee.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Financial Statements, the system of internal controls, and the terms of appointment of the auditors together with their remuneration. The objectivity of the auditors is reviewed by the Audit Committee, which also reviews the terms under which the external auditors are appointed to perform non-audit services. It also provides a forum through which the auditors may report to the Board of Directors and meets twice yearly. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regards to non-audit fees. Such non-audit fees paid to the Company's auditors, Ernst & Young LLP, amounted to £2,350 for the year ended 31 December 2010 (2009: same and related to agreed upon procedures with respect to the half yearly accounts and the provision of taxation services). Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company.

Given the size and structure of the Company the Board does not believe it necessary to appoint a Remuneration Committee or Nomination Committee. The roles and responsibilities of these Committees have been included in a schedule of matters specifically reserved for decision by the Board.

During the year ended 31 December 2010 there were four Board meetings and one Audit Committee meeting. All meetings were fully attended.

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Where Directors have concerns, which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that it has sufficient resources to undertake its duties.

All of the Directors are subject to re-election by shareholders at the first Annual General Meeting following their appointment and, subject to the provisions of the Companies Act 2006, one-third of the Directors shall retire from office by rotation at each AGM and this Director shall be the Director who has been longest in office since their last election. Notwithstanding the above provision, each Director is required to submit himself for re-election in any period of three consecutive Annual General Meetings.

	Date of appointment	Last re-election	Next retirement by rotation/re-election due
Peter Smaill	11-Oct-2005	AGM 2008	AGM 2011
John Brimacombe	9-Aug-2007	AGM 2010	AGM 2012
David Dancaster	4-Mar-2010*	–	AGM 2011

*Appointed as Alternate Director to Lord Walker on 4 March 2010 and following his death was appointed a Director on 25 June 2010.

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a director's independence. Whilst the Company has not been in existence long enough for the Board to consider that this is an issue (having commenced trading in 2006), the overall matter of directors' independence is taken extremely seriously, as discussed below. If the matter becomes relevant in future years, the Board will consider length of tenure of directors at the appropriate time.

The Board has considered whether each Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement and has concluded that all the Directors, with the exception of David Dancaster are independent of the Manager. John Brimacombe is a shareholder in Kelway Holdings Limited, in which Core VCT plc has invested. The Board considers that this relationship does not affect John Brimacombe's independence from the Manager.

The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any decisions in relation to such investments.

The Board aims to include a balance of skills, experience and length of service that the Directors believe to be appropriate to the management of the Company. The Board reviews all candidates for new appointments and candidates are selected based on the skills and experience that the Board believes will fill any gaps that the Board may have. The Board offers an induction procedure to all new directors and all directors may choose relevant training as and when required. The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self appraisal. The Directors consider how the Board functions as a whole an also review the individual performance of its members. This process is led by the Chairman and encompasses quantitative and qualitative measures of performance implemented by way of an evaluation survey questionnaire and Board discussion. It also forms the basis of the decision on whether or not Directors are nominated for re-election at the relevant intervals. This process has been carried out in respect of the year under review and will be conducted on an annual basis.

The Manager

Under the terms of a Management Deed dated 11 October 2005, the Company has appointed Core Capital LLP (formerly Core Growth Capital LLP) as Manager of the Company. The Manager manages and advises the Company so that it ensures that the Company satisfies and continue to satisfy the conditions for approval as a venture capital trust as set out in section 274 of Income Tax Act 2007 (previously section 842AA of the Income and Corporation Taxes Act 1988) and the rules of the UKLA. The Board and Manager operate in a supportive, co-operative and open environment and the Board regularly reviews the performance of the Manager. Details of the principal investments made by the Company are given in the Manager's Review on pages 3 to 5. There are no management fees payable to the Manager. Details of the management incentive structure whereby members of the Manager have subscribed for B shares in the Company are set out in Note 3.

The continued appointment of Core Capital LLP as Manager to the Company on the existing terms has been approved by the Board. The Board considers the arrangement for the provision of investment management and other services to the Company on an ongoing basis and a review is conducted annually.

As part of this review the Board considered the quality of management, the levels of staffing, the investment process and the results achieved to date.

From time to time the Board makes suggestions as to the development of processes and considers the changes proposed by management as to the ownership and operation of the management contract.

The Board reviews performance data for other VCTs whose capital was raised at the same time as your Company was capitalised. However, it is considered to be still too early to determine whether any detectable early variances in net asset performance are significant or meaningful in the context of the objectives of the investor in this type of Company.

The principal contents of the agreement with the Manager have been set out in the previous section. Having considered the terms of this agreement, and where relevant those of companies in the same peer group, the Board considers that the terms of the agreement represent an appropriate balance between cost and incentivisation of the Manager, with the principal economic reward to the Manager consisting of the capital growth potential of their B Shares of the Company in the event that investor-focused hurdles are met.

Internal Control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of published financial information and the information used for business making decisions and that the assets of the Company are safeguarded.

The Board has put in place ongoing procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers and controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board's satisfaction by the Manager, primarily through the medium of a balanced and diversified portfolio; this approach is described in more detail in the Manager's Review.

The Board has delegated contractually to third parties the management of the investment portfolio, the day to day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board. The annual review includes a consideration of the risks associated with the Company's contractual arrangements with third party suppliers.

This procedure for the review of control systems has been in place and operational throughout the year under review and up to the date of this report. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Directors' Remuneration

The remuneration of the Directors is determined by the Board, in accordance with the Company's Articles of Association. The Articles currently stipulate a maximum total Board remuneration of £100,000 per annum. The Board as a whole reviews the remuneration policy of the Company. Further details can be found in the Directors' Remuneration Report on pages 16 to 17.

Conflicts of Interest

The Companies Act 2006 set out directors' general duties and from 1 October 2008 a Director, under this Act, must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interest. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Company's Articles give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up-to-date and the Directors are required to disclose to the company secretary any changes to conflicts or any potential new conflict.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum both formal and informal, for shareholders to meet and discuss issues with the Director and Manager of the Company. Details of the resolutions to be proposed at the forthcoming Annual General Meeting on 22 June 2011 can be found in the Notice of Meeting on pages 38 to 39.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date these financial statements were approved. At 31 December 2010, the Company held cash balances of £1.5 million. Cashflow projections have been reviewed and show that the Company has sufficient funds to meet its contracted expenditure. The Company has no external loan finance in place and therefore is not exposed to any gearing or covenants.

The Directors are considering the options available to raise further funding for the underlying portfolio companies. This may, or may not, result in a proposal being put to shareholders in the future to restructure the Company.

Share Capital

The Company has two classes of share capital; Ordinary Shares and B Shares. The rights and obligations attaching to these Shares are set out in page 10 and note 13 to the accounts.

VCT Status Monitoring

The Company appointed PricewaterhouseCoopers LLP (PwC) to advise on its compliance with the legislative requirements relating to VCTs. PwC review new investment opportunities as appropriate and carry out regular reviews of the Company's investment portfolio.

Auditors

Ernst & Young LLP were re-appointed as Auditors of the Company at the Annual General Meeting held on 24 May 2010 and resolutions to re-appoint Ernst & Young LLP and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Auditors' Right to Information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Financial Instruments

The main risks arising from the Company's financial instruments are due to fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in note 18 on pages 33 to 36.

Substantial Interests in Share Capital

As at 5 April 2011 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

The Company's creditor policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any material trade creditors at the year end.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 10 am on 22 June 2011 is set out on pages 38 to 39 of this Annual Report. A separate proxy form is enclosed.

In addition to the ordinary business, the following resolutions will be considered at the Annual General Meeting:

Authorities for the Directors to Allot Shares (Resolution 7) and the Disapplication of Preemption Rights (Resolution 8) under sections 551 and 571 of the Companies Act 2006 ("the Act")

These two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders. Resolution 7 will enable the Directors to allot up to an aggregate nominal amount not exceeding £1,082, representing approximately 25% of the issued ordinary share capital. This resolution is proposed as an ordinary resolution and will require the approval of more than 50% of the votes cast at the meeting. The authority, unless previously renewed or revoked, will expire at the conclusion of the Company's next annual general meeting held after the passing of this resolution.

Under section 561 of the Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Resolution 8 will enable this requirement to be disapplied in the specific circumstances named in the Resolution. These are in relation to a rights issue and in respect of allotment of equity securities up to an aggregate nominal amount not exceeding £1,082 This resolution is proposed as a special resolution and will require the approval of at least 75% of the votes cast at the meeting.

The authority, unless previously renewed or revoked, will expire at the conclusion of the Annual General Meeting of the Company to be held in 2012 except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of the authority.

Both resolutions generally renew previous authorities approved on 24 May 2010 respectively. The Directors have no immediate intention of exercising these powers.

Authority to Purchase the Company's Own Shares (Resolution 9)

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to a maximum number of 6,490,881 Ordinary Shares and 4,327,197 B Shares equal to approximately 14.99% of the issued share capital at the date of the resolution and will expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2012 and the date which is fifteen months after the date on which this resolution is passed. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share or B Share will be the amount equal to 105% of the average of the middle market quotations for the Company's Shares of that class as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the purchase. The minimum price which may be paid is 0.01 pence per share, i.e. the nominal value of both classes of shares.

As a consequence of the tax relief available to investors who purchase new VCT shares, market liquidity is restricted. The additional reserve created by the cancellation of the share premium account may be used to offset the effects of any future unrealised losses on the ability of the Company to pay future dividends in respect of the Ordinary Shares. In addition, the reserve created by the cancellation may also be used, to a limited extent, to purchase Ordinary Shares and/or B Shares in the market. Such purchases may help to limit the discount at which the shares may trade to their underlying net asset value.

Shareholders should note that the Directors will not exercise this authority unless to do so would result in an increase in net assets per share and would be in the interests of shareholders generally. This resolution is proposed as a special resolution and will require the approval of at least 75% of the votes cast at the meeting.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Rhonda Nicoll
Company Secretary
5 April 2011

Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 22 June 2011. The Company's auditors are required to give their opinion on the specified information provided on Directors' emoluments and this is explained further in their report to shareholders on page 19. The figures that are audited are indicated as such.

Remuneration Policy

The remuneration policy and the remuneration of individual Directors is determined by the Board as a whole, of which Peter Smaill and John Brimacombe are independent of the Manager. When considering the level of Directors' fees, the Board takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and makeup of remuneration which are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully and reflect the time commitment and responsibilities of the roles. The Board has access to independent advice where it considers it appropriate. However, no such advice was taken during the year under review.

It is not considered appropriate at the current time to relate any portion of the fees paid to the Directors, who are all non-executive, to performance. However, members of the Manager own 71% of the B Shares through which they effectively receive 28% of all income and capital after such time as the Ordinary Shareholders have received the effective initial cost of 60 pence plus a hurdle rate return of 5% per annum. David Dancaster is a partner in Core Capital LLP, the Company's Manager, and is also group finance director at Caparo plc, which is also a partner of Core Capital LLP. David Dancaster was paid £9,400 during the year under review.

The Directors do not have any plans to introduce any further incentive schemes at the present time and will seek shareholder approval for any such schemes should they be proposed in the future.

The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £100,000 per annum. It is intended that this policy will continue for the year ending 31 December 2011 and subsequent years. Following the merger on 16 July 2009, the Chairman's fee increased to £22,500 and the other Directors fees increased to £18,000. Details of the Directors' remuneration are disclosed below and in the Notes to the Accounts.

Terms of Appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. Subject to the provisions of the Companies Act 2006, one third of the Directors (or if the number is not a multiple of three, the number nearest to one third), shall retire from office by rotation at each AGM and the Director(s) retiring by rotation shall be the Director(s) who has been longest in office since their last election. Notwithstanding the above provision, each Director is required to submit himself for re-election in any period of three consecutive Annual General Meetings. Directors retiring by rotation are then eligible for re-election.

All of the Directors are non-executive and none of the Directors has a service contract with the Company. All Directors receive a formal letter of appointment setting out the terms of their appointment, the powers and duties of Directors and the fees pertaining to the appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

Directors' Emoluments

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below (audited).

	Year to 31 December 2010 £	Year to 31 December 2009 £
Peter Smaill	22,500	14,512
Lord Peter Walker (deceased 23 June 2010)	9,000	11,523
John Brimacombe	18,000	11,523
David Dancaster* (appointed 25 June 2010)	9,400	–
	58,900	**37,558**

*Fees paid from 25 June 2010 following his appointment as a Director to the Company. Previously, an Alternate Director and no fees were paid.

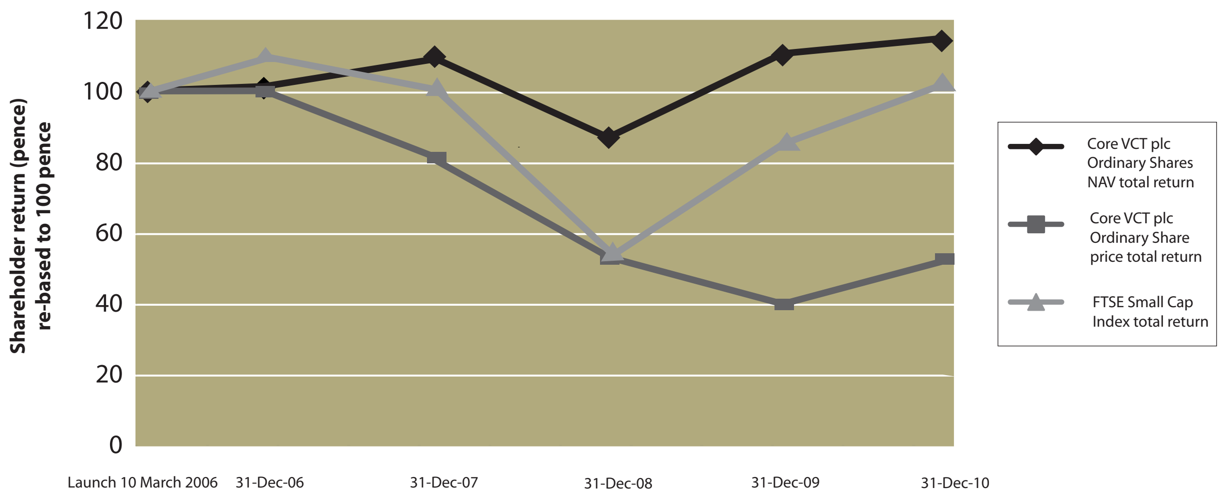
Apart from the incentive schemes noted earlier, the Company does not have any other schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

Total Shareholder Return

The following graph charts the total cumulative shareholder return of the Company since the Ordinary Shares were first admitted to the Official List of the UK Listing Authority on 10 March 2006 compared to the total cumulative shareholder return of the FTSE Small Cap Index. This index represents a broad equity market index against which investors can measure the performance of the Company and is considered an appropriate index against which to measure the Company's performance. The total shareholder return has been rebased to 100 pence at 10 March 2006. An explanation of the performance of the Company is given in the Chairman's Statement and the Manager's Review.

The NAV Total Return per Ordinary Share has been shown separately on the graph because the Directors believe that it represents a more accurate reflection of the Company's performance.

Total cumulative shareholder return of the Ordinary Share Fund since the Ordinary Shares were first admitted to the Official List of the UK Listing Authority compared to the total return of the FTSE Small Cap Index



By order of the Board

Peter Smaill
Chairman
5 April 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Financial Statements are published on www.core-cap.com a website maintained by Core Capital LLP. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Core Capital LLP. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Directors' Report includes a fair view 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.

On behalf of the Board

Peter Smaill
Chairman
5 April 2011

Independent Auditor's Report to the Members of Core VCT plc

We have audited the financial statements of Core VCT plc for the year ended 31 December 2010 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. 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 Statement of Directors' Responsibilities on page 18, 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.

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 December 2010 and of its net 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; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, on page 14, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors remuneration.

Caroline Gulliver (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

5 April 2011

Income Statement

for the year ended 31 December 2010

	Notes	Revenue £	Year ended 31 December 2010* Capital £	Total £	Revenue £	Year ended 31 December 2009 Capital £	Total £
Movement in investment holdings	9	–	1,914,333	1,914,333	–	4,036,398	4,036,398
Net losses on sale of investments	9	–	(125,290)	(125,290)	–	(135,222)	(135,222)
Exchange differences		–	716	716	–	–	–
Income	2	162,847	–	162,847	185,485	–	185,485
Transaction costs and investment management expenses	3	(634)	(19,075)	(19,709)	152	(80,199)	(80,047)
Other expenses	4	(378,471)	–	(378,471)	(303,704)	–	(303,704)
Net return on ordinary activities before taxation		**(216,258)**	**1,770,684**	**1,554,426**	**(118,067)**	**3,820,977**	**3,702,910**
Tax on ordinary activities	6	–	–	–	14,872	–	14,872
Net return attributable to equity shareholders		**(216,258)**	**1,770,684**	**1,554,426**	**(103,195)**	**3,820,977**	**3,717,782**
Return per Ordinary Share	8	**(0.50)p**	**4.09p**	**3.59p**	**(0.24)p**	**8.82p**	**8.58p**

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

There were no other gains or losses in the year ended 31 December 2010.

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

No operations were acquired or discontinued in the year.

The notes on pages 23 to 37 form an integral part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 2010

	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Opening Shareholders' Funds	37,704,677	13,071,589
Shares issued in connection with the merger	–	23,061,718
Over accrual of merger costs in prior year	21,484	–
Net return for the year	1,554,426	3,717,782
Dividends paid – revenue	–	(2,146,412)
Closing Shareholders' funds at 31 December 2010	**39,280,587**	**37,704,677**

*The financial statements for the year ended 31 December 2010 are the first full year of audited accounts of Core VCT plc following the merger of Core VCT plc, Core VCT II plc and Core VCT III plc on 16 July 2009. The comparatives for 31 December 2009 account for 5 months of the merged entity.

Balance Sheet

as at 31 December 2010

	Notes	31 December 2010 £	£	31 December 2009 £	£
Non-current assets					
Investments at fair value	9		37,531,992		36,395,047
Current assets					
Debtors and prepayments	11	370,159		513,367	
Cash at bank	17	1,470,957		1,111,364	
			1,841,116		1,624,731
Creditors: amounts falling due within one year	12		(92,521)		(315,101)
Net current assets			1,748,595		1,309,630
Net assets			**39,280,587**		**37,704,677**
Capital and reserves					
Called up Ordinary Share capital	13		4,330		4,330
Called up B Share capital	13		2,887		2,887
Share premium account	14		30,879,638		30,858,154
Capital reserve	14		2,850,621		1,079,937
Special distributable reserve	14		5,818,227		5,818,227
Revenue reserve	14		(275,116)		(58,858)
Total equity shareholders' funds			**39,280,587**		**37,704,677**
Assets attributable to Ordinary Shareholders	15		**39,277,701**		**37,701,791**
Assets attributable to B Shareholders	15		**2,886**		**2,886**
Net asset value per 0.01p Ordinary Share	15		**90.70p**		**87.07p**
Net asset value per 0.01p B Ordinary Share	15		**0.01p**		**0.01p**

The notes on pages 23 to 37 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 5 April 2011 and were signed on its behalf by:

Peter Smaill

Chairman

Cash Flow Statement

for the year ended 31 December 2010

	Notes	Year ended 31 December 2010 £	£	Year ended 31 December 2009 £	£
Operating activities					
Investment income received		258,149		137,754	
Investment management fees paid		(4,610)		820	
Other cash expenses		(540,213)		(274,387)	
Operating activities in relation to merger		(63,919)		(394,157)	
Net cash outflow from operating activities	16		(350,593)		(529,970)
Taxation					
UK Corporation tax paid			–		(26,507)
Investing activities					
Acquisition of investments	9	(3,302,789)		(2,155,718)	
Disposal of investments	9	3,812,259		3,847,288	
Exchange differences		716		–	
Net cash inflow from financial investment			510,186		1,691,570
Equity Dividends paid			–		(2,146,412)
Called up share capital paid			200,000		1,400,000
Funds received as part of merger	9		–		421,367
Net cash inflow before financing			359,593		810,048
Increase in cash	17		359,593		810,048

The notes on pages 23 to 37 form part of these Financial Statements.

Notes to the Accounts

for the year ended 31 December 2010

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year, is set out below:

(a) **Basis of accounting**

The accounts have been prepared in compliance with the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The Directors have considered the future cash flows of the Company and are satisfied that it is appropriate to prepare the financial statements on a going concern basis. In forming this opinion, the cashflow projections of the Company were reviewed and confirmed that the Company had sufficient funds to meet its contracted expenditure.

The Directors are considering the options available to raise further funding for the underlying portfolio companies and this may involve restructuring the VCT. This may, or may not, result in a proposal being put to shareholders in the future to restructure the Company.

(b) **Presentation of the Income Statement**

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the total column. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

(c) **Investments**

All investments held by the Company are classified as at ''fair value through profit and loss''. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines published in 2009:

(i) Investments which have been made recently are at fair value, which unless another methodology gives a better indication of fair value, will be at cost.

(ii) Investments in companies at an early stage of their development are also valued at fair value, which unless another methodology gives a better indication of fair value, will be at cost.

(iii) Investments which have been held for more than 12 months and which have gone beyond the stage in their development in (ii) above, the shares may be valued, in the absence of overriding factors, by applying a suitable price-earnings ratio discounted to reflect lack of marketability to that company's maintainable earnings (the ratio used being based on a comparable listed company or sector). Where overriding factors apply, alternative methods of valuation will be used. These may include the application of a material arms length transaction by an independent third party, cost, cost less provision for impairment, discounted cash flow, or a net asset basis.

(iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of the Company, this value can be used.

(d) **Income**

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received.

(e) **Transaction costs and investment management expense**

The Company is responsible for any external costs such as legal or accounting fees incurred on transactions that do not proceed to completion. Such transaction costs are charged 100% against capital.

The Board has considered the intrinsic value of the B shares allotted to the Manager at the year end, as the valuation should be considered over the period of the Manager's service. The resulting valuation, less the amount subscribed by the Manager for these shares, is spread over the estimated investing period.

75% of the investment management expense is charged against capital. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

Notes to the Accounts

for the year ended 31 December 2010

(f) **Expenses**

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are charged to the capital column of the Income Statement.

(g) **Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

2 Income

	2010 £	2009 £
Income from investments		
– from loan stock	150,194	142,962
– from dividends	–	975
– from fixed and variable interest rate securities	1,988	40,698
	152,182	184,635
Interest income		
Bank interest	10,665	850
Total income	162,847	185,485
Total income comprises		
Dividends	–	975
Interest	162,847	184,510
	162,847	185,485
Income from investments comprises		
Listed UK securities	–	38,464
Fixed and variable interest rate securities	1,988	3,209
Unlisted UK securities	150,194	142,962
	152,182	184,635

3 Transaction costs and investment management expense

	Revenue 2010 £	Capital 2010 £	Total 2010 £	Revenue 2009 £	Capital 2009 £	Total 2009 £
Third Party – transaction costs	–	17,172	17,172	–	80,654	80,654
Credit Suisse – management fees	634	1,903	2,537	1,566	4,699	6,265
Less: VAT Reimbursement on management fees	–	–	–	(1,718)	(5,154)	(6,872)
Total	634	19,075	19,709	(152)	80,199	80,047

Core Capital LLP advises the Company on investments in qualifying companies under an agreement dated 11 October 2005. The agreement is for an initial period of four years and thereafter until the appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

Following the merger with Core VCT I plc and Core VCT II plc the Manager holds 20,426,515 B shares of 0.01p each in the Company, being 71% of the B shares of 0.01p each that were issued. This continues to provide them with a carried interest of 28 per cent of the distributions of income and capital after the ordinary shareholders have received back:

(i) their Effective Initial Cost of investment of 60p per share; and

(ii) the Hurdle Rate Return, being an amount equal to 5% of the Effective Initial Cost that remains to be repaid, compounded annually.

The Manager has also agreed to ensure that the annual operating costs of the Company, excluding trail commission and professional advisers' fees relating to any transaction which does not proceed to completion to an amount not to exceed an annual amount of 1.5% of gross funds raised. (This to be the gross funds raised across the Core VCTs post merger).

Third party transaction costs arose from aborted transactions where such costs were not otherwise recoverable. Under the agreement with the Manager, these costs are to be borne by the Company and by other VCTs managed by Core Capital. The amount of such costs for the year ended 31 December 2010 is £17,172 (2009: £80,654).

Credit Suisse (UK) was appointed to manage the cash assets of the Company until such time as the assets were deployed by the Manager. This agreement was terminated on 19 May 2010.

The combined transaction costs and investment management expenses as at 31 December 2008 for Core VCT I plc, Core VCT II plc and Core VCT III plc, prior to the merger was £155,512.

4 Other expenses

	2010 £	2009 £
Directors' remuneration	58,900	37,558
Employer's NIC	4,923	1,927
IFA trail commission	6,654	26,812
Administration fees	143,538	93,086
Broker's fees	6,261	4,313
Auditors' fees – audit	39,600	45,925
– other services	2,350	6,900
Taxation services	2,938	2,750
Registrar's fees	11,892	21,465
Printing	14,762	11,747
Legal and professional fees	52,698	27,199
Directors' insurance	11,188	6,654
Subscriptions	19,767	20,625
Sundry	3,000	(3,257)
	378,471	303,704

The combined other expenses as at 31 December 2008 for Core VCT I plc, Core VCT II plc and Core VCT III plc, prior to the merger was £467,441 (excluding IFA Trail Commission).

Charges for non-audit services provided by the auditors for the year ended 31 December 2010 relate to the provision of the desktop review of the interim report. The Directors consider the auditors were best placed to provide these services. The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

Notes to the Accounts

for the year ended 31 December 2010

5 Directors' remuneration

	2010 £	2009 £
Directors' emoluments		
Peter Smaill	22,500	14,512
Lord Peter Walker (deceased 23 June 2010)	9,000	11,523
John Brimacombe	18,000	11,523
David Dancaster*	9,400	–
	58,900	37,558

*Appointed an Alternate Director to Lord Walker on 4 March 2010 and following the death of Lord Walker was appointed a Director of the Company on 25 June 2010. No fees were paid to David Dancaster whilst performing the duties as an Alternate Director.

The combined Directors' remuneration as at 31 December 2008 for Core VCT I plc, Core VCT II plc and Core VCT III plc, prior to the merger, was £79,835.

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non executive, the other disclosures required by the Listing Rules are not applicable. The Company has no other employees.

6 Taxation on ordinary activities

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
a) Analysis of charge in the year						
Corporation tax	–	–	–	–	–	–
Overprovision in previous year				14,872	–	14,872
Charge for year	–	–	–	14,872	–	14,872

The tax assessed for the period is lower than the standard rate of corporation tax (28%). The differences are explained below.

	Year ended 31 December 2010			Year ended 31 December 2009		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
(b) Factors affecting tax charge for the year						
Net return on ordinary activities before tax	(216,258)	1,770,684	1,554,426	(118,067)	3,820,977	3,702,910
Return on ordinary activities multiplied by standard rate of corporation tax 28%	(60,552)	495,792	435,240	(33,059)	1,069,874	1,036,815
Movement in investment holding	–	(536,013)	(536,013)	–	(1,130,191)	(1,130,191)
Net sale of investments	–	35,081	35,081	–	37,862	37,862
Exchange differences	–	(200)	(200)	–	–	–
Non- deductible expenses	1,753	–	1,753	–	22,583	22,583
Non-taxable UK dividend income	–	–	–	(273)	–	(273)
Overprovision in prior year	–	–	–	14,872	–	14,872
Additional losses carried forward	58,799	5,340	64,139	33,332	(128)	33,204
Current tax charge for year	–	–	–	14,872	–	14,872

Venture Capital Trust companies are exempt from tax on capital gains if they meet the HM Revenue & Customs criteria set out in Section 274 Income Tax Act 2007 for a given year.

Deferred taxation

The Company has not recognised a deferred tax asset of £61,850 (2009: £32,019) arising as a result of having utilised management expenses. It is unlikely that the Company will obtain tax relief for these in the future, so no deferred tax asset has been recognised.

7 Dividends and other appropriations

Amounts recognised as distributions to equity holders in the year:

	2010 £	2009 £
Ordinary Shares – final dividend for the year ended 31 December 2009 of nil (2008: 1.0p)	–	165,109
Ordinary Shares – special capital dividend of 12.0p per share	–	1,981,303
	–	2,146,412

No final dividend has been proposed for the year ended 31 December 2010 (2009: same).

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

	2010 £	2009 £
Revenue available for distribution by way of dividends for the year	–	–
No final dividend is proposed for 2010	–	–

No dividends have been paid, or are proposed, on the B Shares.

8 Return per Ordinary Share

	2010 £	2009 £
Total return from ordinary activities after taxation:	1,554,426	3,717,782
Total return per share (note a)	**3.59p**	**8.58p**
Net revenue from ordinary activities after taxation	(216,258)	(103,195)
Revenue return per share (note b)	**(0.50)p**	**(0.24)p**
Net capital return from ordinary activities after taxation	1,770,684	3,820,977
Capital return per share (note c)	**4.09p**	**8.82p**
Weighted average number of shares in issue in the year	43,301,414	43,301,414

Notes

(a) Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.

(b) Revenue return per share is net revenue after taxation divided by the weighted average number of shares in issue during the year.

(c) Capital return per share is total capital return divided by the weighted average number of shares in issue during the year.

None of the returns are considered by the Board to be attributable to the B Shares, at this stage of the Company's development.

9 Investments

All investments are designated fair value through profit and loss at initial recognition, therefore all gains and losses arise on investments designated at fair value through profit or loss.

Financial Reporting Standard 29 'Financial Investments: Disclosures' (the Standard) requires an analysis of investments valued at fair value based on the reliability and significance of the information used to measure their fair value. The level is determined by the lowest (that is the least reliable of independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

- Level 1 – investments quoted in an active market.
- Level 2 – investments whose fair value is based directly on observable current market prices or indirectly being derived from market prices.
- Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or based on observable market data.

	Listed (Level 1) £	Unlisted (Level 3) £	Total £
Cost at 31 December 2009	1,804,320	32,622,261	34,426,581
Investment holding (losses)/gains at 31 December 2009	(474,970)	2,443,436	1,968,466
Valuation at 31 December 2009	1,329,350	35,065,697	36,395,047
Purchases at cost	–	3,315,061	3,315,061
Sale proceeds	(1,211,866)	(2,755,293)	(3,967,159)
Net losses on sale of investments	(117,484)	(7,806)	(125,290)
Unrealised losses realised during the year	(474,970)	–	(474,970)
Movement in investment holding gains	474,970	1,914,333	2,389,303
Closing valuation at 31 December 2010	–	37,531,992	37,531,992
Cost at 31 December 2010	–	33,174,223	33,174,223
Investment holding gains at 31 December 2010	–	4,357,769	4,357,769
Valuation at 31 December 2010	–	37,531,992	37,531,992

B&G Trading was utilised during the year to fund an investment in Ark Home Healthcare Limited totalling £2 million. CP Newco Limited returned £600,000 to Core VCT plc following a capital reduction.

Sale proceeds includes £154,900 of deferred consideration awaiting settlement. Reducing this amount from the sale proceeds reconciles to the disposal of investments totalling £3,812,259 in the Cash Flow Statement.

Purchases includes guarantees of £12,250 included in other debtors in 2009, and other creditors awaiting settlement of £22. Reducing this amount from the purchases at cost reconciles to the acquisition of investments totalling £3,302,789 in the Cash Flow Statement.

The following assets have been treated as impaired at the balance sheet date:

	Cost £	Impairment £
Pureleaf Limited	4,015,895	(574,896)
Colway Limited	2,153,827	(12,813)
SPL Services Limited	6,885,622	(3,169,415)
Total	13,055,344	(3,757,124)

10 Significant interests

At 31 December 2010 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

Company	Equity investment (ordinary shares) £	Investment in loan stock £	Total investment (at cost) £	Percentage of investee company's total equity %
Adapt Limited	781,909	1,284,382	2,066,291	7.8
Allied International Holdings Limited	994,589	1,000,000	1,994,589	22.2
Ark Home Healthcare Limited	1,300,000	700,000	2,000,000	3.9
Brasserie Bar Co. plc	2,559,714	–	2,559,714	27.7
Colway Limited	1,653,827	500,000	2,153,827	49.9
CP Newco Limited (comprising Cording Land LLP)	1,400,000	–	1,400,000	49.9
Kelway Holdings Limited	5,807,805	4,150,000	9,957,805	25.4
Pureleaf Limited	191,362	3,824,532	4,015,894	49.9
SPL Services Limited	4,509,416	2,376,206	6,885,622	49.9

The above companies are incorporated in the United Kingdom.

Whilst the Company has significant interests as set out above, it has not equity accounted for its investments. Instead, the investment is accounted for at fair value. As the Company is an investment fund, this treatment is permitted under FRS9: Associates and Joint Ventures.

Core Capital LLP also advises Core VCT IV plc and Core VCT V plc that have made investments to 31 December 2010 in the following companies:

Company	Core VCT IV plc £	Core VCT V plc £	Total at cost £	% of equity held by funds managed by Core Capital LLP %
Allied International Holdings Limited	1,952,298	1,952,2987	3,904,596	52.2
Ark Home Healthcare Limited	1,000,000	1,000,000	2,000,000	11.7
Brasserie Bar Co. plc	1,000,000	1,000,000	2,000,000	38.0
Colway Limited	1,631,450	1,631,450	3,262,900	64.9
CP Newco Limited (comprising Cording Land LLP)	10,001	10,001	20,002	100.0
Pureleaf Limited	5,251	5,250	10,501	49.9

11 Debtors

	2010 £	2009 £
Amounts due within one year:		
Accrued income	79,638	174,940
Prepayments	27,621	18,177
Called up share capital unpaid	–	200,000
Other debtors	262,900	120,250
	370,159	513,367

Notes to the Accounts

for the year ended 31 December 2010

12 Creditors: amounts falling due within one year

	2010 £	2009 £
Accruals	92,499	315,101
Other creditors	22	–
	92,521	315,101

13 Called up share capital

	2010 £	2009 £
Shares allotted, called-up and fully paid:		
Ordinary Shares of 0.01p each: 43,301,414 (2009: 43,301,414)	4,330	4,330
B Shares of 0.01p each: 28,867,227 (2009: 28,867,227)	2,887	2,887

The B Share mechanism of the Company applies as follows:

- first, the holders of Ordinary Shares will be entitled to all distributions until such time as 60p has been returned per Ordinary Share, of which the Weighted Average Distribution will be deemed to have been satisfied, plus an amount equal to the Existing Hurdle plus 5 per cent per annum (compounded annually and calculated on daily basis from the date of issue of Ordinary Shares) on such part of the Effective Initial Cost that remains to be paid to the holders of Ordinary Shares.
- second, all income and capital should be distributed or returned (as the case may be) to the holders of B shares until they have received an amount equal to 66.6667% of the amount distributed to the holders of Ordinary Shares in excess of the 60p per share (i.e. an equalisation payment in order to give the holders of B Shares 40% of all income distributed and capital returned above the Effective Initial Cost); and
- thereafter the Ordinary Shares and B Shares rank pari passu for all distributions resulting in 60% being distributed to holders of Ordinary Shares and 40% being distributed to the holders of B Shares.

Ordinary Shares have one vote per share. Until such time as the Ordinary Shares have received 60p per share and the Hurdle Rate return, the B Shares will only be entitled to vote in the event that the resolution being put to the meeting is one to amend any provision of the Company's Articles, or where an offer for the Company has been made and remains open for acceptance.

14 Share capital and reserves

	Called up Ordinary Share capital £	Called up B Share capital £	Share premium account £	Capital reserve investments sold £	Capital reserve investments held £	Special distributable reserve £	Revenue reserve £	Total £
As at 1 January 2010	4,330	2,887	30,858,154	(888,529)	1,968,466	5,818,227	(58,858)	37,704,677
Losses on investments sold	–	–	–	(125,290)	–	–	–	(125,290)
Movement in investment holding gains	–	–	–	–	1,914,333	–	–	1,914,333
Transfer of prior years' revaluation to capital reserve	–	–	–	(474,970)	474,970	–	–	–
Capitalised management fees	–	–	–	(19,075)	–	–	–	(19,075)
Exchange differences	–	–	–	716	–	–	–	716
Over accrual of merger costs	–	–	21,484	–	–	–	–	21,484
Tax effect of capital items	–	–	–	–	–	–	–	–
Net revenue	–	–	–	–	–	–	(216,258)	(216,258)
At 31 December 2010	4,330	2,887	30,879,638	(1,507,148)	4,357,769	5,818,227	(275,116)	39,280,587

The cancellation of 50% of the Company's Share Premium Account (as approved at the Extraordinary General Meeting held on 7 October 2005 and by order of the Court dated 23 August 2006) has provided the Company with a special distributable reserve. The purpose of the reserve is to fund market purchases of the Company's shares if appropriate, and to give the potential to write off any existing and future losses.

15 Net asset value per share

The net asset values per share, as disclosed in the balance sheet, are based on attributable assets at the date of the balance sheet ("attributed basis"). The Board considers that the Articles basis 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 the 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.

By attributing to the B shares purely the capital contribution of 0.01 pence per share reflects the Board's best estimate at 31 December 2010 of the B shares' entitlement to assets at 31 December, 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 value per share have been calculated by reference to number of shares in issue at 31 December 2010 (2009: same), being 43,301,414 Ordinary Shares and 28,867,227 B shares.

As at 31 December	Total attributable net assets 2010 £	Net asset value (pence per share) 2010 p	Total attributable net assets 2009 £	Net asset value (pence per share) 2009 9
Ordinary Shares of 0.01p each in accordance with the Articles	31,144,261	71.92	27,668,324	63.90
Additional entitlement to assets on the attributed basis	8,133,440	18.78	10,033,467	23.17
Attributed basis	39,277,701	90.70	37,701,791	87.07
B Shares of 0.01p each in accordance with the Articles	8,136,326	28.19	10,036,353	34.77
Reduced entitlement to assets on the attributed basis	(8,133,440)	(28.18)	(10,033,467)	(34.76)
Attributed basis	2,886	0.01	2,886	0.01

16 Reconciliation of net revenue before taxation to net cash outflow from operating activities

	2010 £	2009 £
Net return before taxation	1,554,426	3,702,910
Gain on investments	(1,789,043)	(3,901,176)
Exchange differences	(716)	–
Decrease/(increase) in debtors	85,858	(56,027)
(Decrease)/increase in creditors and accruals	(137,198)	139,291
Movement in merger accruals	(63,920)	(414,968)
Net cash outflow from operating activities	(350,593)	(529,970)

17 Analysis of changes in net funds

	2010 £	2009 £
At beginning of year	1,111,364	301,216
Cash flows	359,593	810,148
At 31 December 2010 – cash at bank (net funds)	1,470,957	1,111,364

18 Financial Instruments

The Company's financial instruments in the year comprised:

- Equity and fixed and floating interest rate securities that are held in accordance with the Company's investment objective.
- Cash, liquid resources and short term debtors and creditors that arise directly from the Company's operations.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2010:

	2010 (Fair value) £	2009 (Fair value) £
Assets at fair value through profit and loss		
Investments managed by Core Capital LLP (Unlisted – Level 3)	37,531,992	35,065,697
Investments managed by Credit Suisse (Listed – Level 1)	–	1,329,350
Cash at bank	1,470,957	1,111,364
Loans and receivables		
Called up share capital unpaid	–	200,000
Accrued income	79,638	174,940
Other debtors	290,521	138,427
Other creditors	(92,521)	(315,101)
	39,280,587	37,704,677

The Company's investment portfolio consists of unquoted investments representing 96% (2009: 93%) of net assets. This portfolio has a 100% (2009: 100%) concentration of risk towards small UK based, sterling denominated companies. The Credit Suisse portfolio was realised in full during the year.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices (market price risk), credit risk and interest rate risk, although liquidity risk and currency risk are also discussed below. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding periods.

Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential gain or loss that the Company might benefit or suffer from through holding market positions in the face of market movements.

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities. As, in a number of cases, the unquoted investments are valued by reference to price earnings ratios prevailing in quoted comparable sectors, their valuations are exposed to changes in the price earnings ratios that exist in the quoted markets.

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's investment objective, as set out on page 8. As part of the investment process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Manager. No single investment is permitted to exceed 15% of total VCT value of investment assets at the point of investment. The Board meets regularly and reviews the investment performance and financial results, as well as compliance with the Company's objectives.

Market price risk sensitivity

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold its assets in the form of sterling denominated investments in small companies.

The investment made by the Manager in unquoted companies, irrespective of the instruments the Company actually holds, (whether shares or loan stock) carry a full market risk, even though some of the loan stocks may be secured on assets, but behind any prior ranking bank debt in the investee company.

The Board considers that the values of investments in unquoted equity and loan stock instruments are ultimately sensitive to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The impact on net return and net assets if there were to be a 15% movement in overall share prices of unquoted investments for the year would have been an increase or decrease of £5,629,799 (2009: £5,259,855).

The above figures assume that each of these sub categories of investments (shares and loan stocks) held by the Company produces a movement overall of 15% and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity investments, as the returns are set by reference to interest rates and premiums agreed at the time of the initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum exposure to credit risk is:

	2010 £	2009 £
Financial assets		
Securities	22,980,405	25,446,460
Loan stock investments	14,551,587	10,948,587
Called up share capital unpaid	–	200,000
Accrued income	79,638	174,940
Other debtors (including prepayments)	290,521	138,427
Cash and cash equivalents	1,470,957	1,111,364
Total	39,373,108	38,019,778

The Company has an exposure to credit risk in respect of the loan stock investments it has made in investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. £78,844 of the accrued income shown above is due within 2 months of the year end.

The following table shows the maturity of the loan stock and debt securities referred to above.

	2010 £	2009 £
Repayable within		
Less than 1 year	100,000	–
1 to 3 years	1,784,382	3,960,588
4 to 5 years	8,517,205	2,837,999
More than 5 years	4,150,000	4,150,000
Total	14,551,587	10,948,587

These loan stock investments are made as part of the qualifying investment within the investment portfolio, and the risk management processes applied to loan stock investments have already been set out under market price risk above.

There could also be a failure by counterparties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. This risk is considered to be small as most of the Company's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery.

Interest rate risk

The Company's fixed and floating interest rate securities, its equity investments and net revenue may be affected by interest rate movements. Investments are often in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations.

The Company's assets include fixed and floating rate interest instruments, as shown below. The rate of interest earned is regularly reviewed by the Board, as part of the risk management processes applied to these instruments, already disclosed under market price risk on pages 33 to 34.

The interest rate profile of the Company's financial net assets at 31 December 2010 was:

	Financial assets/ liabilities on which no interest paid £	Fixed rate financial assets £	Floating rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity	22,980,405	–	–	22,980,405		
Loan stock	–	14,551,587	–	14,551,587	7.27	4.0
Cash	–	–	1,470,957	1,470,957		
Debtors	370,159	–	–	370,159		
Creditors	(92,521)	–	–	(92,521)		
Total	23,258,043	14,551,587	1,470,957	39,280,587		

The interest rate profile of the Company's financial net assets at 31 December 2009 was:

	Financial assets/ liabilities on which no interest paid £	Fixed rate financial assets £	Floating rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity	25,446,460	–	–	25,446,460		
Loan stock	–	10,948,587	–	10,948,587	5.53	4.90
Cash	–	–	1,111,364	1,111,364		
Debtors	513,367	–	–	513,367		
Creditors	(315,101)	–	–	(315,101)		
Total	25,644,726	10,948,587	1,111,364	37,704,677		

Floating rate cash earns interest based on LIBOR rates.

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the income of these instruments is interest rate sensitive, as they all carry fixed rates of interest. The Board does not consider that the impact of interest rate changes materially affects the value of the loan portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above.

Liquidity risk

The investment in equity and fixed interest stocks of unquoted companies that the Company holds are not traded. They are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down by VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that a majority of these assets will be readily realisable within the next 1 to 5 years from the year end.

All creditors and accruals are due within one year and are comfortably covered by cash held and short term debtors.

Currency risk

All assets and liabilities are denominated in sterling and therefore there is no currency risk.

19 Management of Capital

The Company's objectives when managing capital is to achieve long-term growth, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may maintain a level of liquidity for ongoing running costs.

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

20 Segmental analysis

The operations of the Company are wholly in one business segment, investment holding and one geographical segment, the United Kingdom.

21 Related party transactions

David Dancaster is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo plc which is a member of Core Capital LLP. No amounts have been paid or are payable to Caparo plc. £nil (2009: £nil) were due to the Manager at 31 December 2010. Details of the carried interest arrangements between the Company and the Manager are set out in Note 3 which also discloses amounts paid and payable to the Manager.

22 Post balance sheet date

Since the year end a further £600,000 has been committed to SPL Services Limited. The Lehman Brothers Treasury Floating Rate Note was also realised generating profits of £209,000. This had been written off in the prior year.

CORE VCT PLC

(Registered in England and Wales No. 5572561)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 10 am on 22 June 2011 at 19 Cavendish Square, London W1A 2AW for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 31 December 2010, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2010 as set out in the Annual Report and Accounts of the Company for the year ended 31 December 2010.
3. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF as Auditor.
4. To authorise the Directors to determine the remuneration of the Auditor.
5. To re-elect Peter Smaill as a Director of the Company.
6. To re-elect David Dancaster, who retires at the first Annual General Meeting following his appointment, as a Director.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

7. THAT the Directors be, and they are hereby, generally and unconditionally authorised under Section 551 of the Companies Act 2006 (the '2006 Act') to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £1,082 being approximately 25% of the issued Ordinary Share capital of the Company as at 31 December 2010, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, and so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, to pass the following as a Special Resolution:

8. THAT, subject to the passing of Resolution 7, the Directors be, and they are hereby, empowered under Section 571 of the 2006 Act to allot equity securities (as defined in Section 560 of the 2006 Act) under the authority conferred by Resolution 7 for cash as if Section 561(1) of the 2006 Act did not apply to the allotment, provided that this power shall be limited to the allotment:
   (a) of equity securities in connection with an offer of such securities by way of rights to holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
   (b) (other than under paragraph (a) above) of equity securities up to an aggregate nominal amount not exceeding £1,082 and shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, and so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

To consider and, if thought fit, to pass the following as a Special Resolution:

9. THAT the Company be and is hereby generally and, subject as here and after appears, unconditionally authorised in accordance with Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of Ordinary Shares and B Shares of 0.01 pence each in the capital of the Company, provided always that:
   (a) the maximum number of Ordinary Shares and B Shares hereby authorised to be purchased is 6,490,881 and 4,327,197 respectively representing approximately 14.99% of the Company's issued Share capital as at 31 December 2010;
   (b) the minimum price that may be paid for an Ordinary Share or, as the case may be, B Share shall be 0.01p per share;

(c) the maximum price, exclusive of expenses, that may be paid for an Ordinary Share or, as the case maybe, B Share shall not be more than an amount equal to the higher of:

(i) an amount equal to 105 per cent of the average of the closing middle market price for the Ordinary Share or B Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share or B Share is purchased; and

(ii) the price stipulated by Article 5(1) of Commission Regulation (EC) No. 273/2003 (the Buyback and Stabilisation Regulation); and

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary Shares and/or, as the case maybe, B Shares which will or may be complete wholly or partly after such expiry.

BY ORDER OF THE BOARD

Rhonda Nicoll
Secretary

Registered Office
103 Baker Street, London, W1U 6LN

5 April 2011

NOTICE of the ANNUAL GENERAL MEETING

NOTES:

1. No Director has a service contract with the Company.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), Members must be registered in the Register of Members of the Company at 10 am on 20 June 2011 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member, but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Company's registrars, Capita Registrars Limited (telephone 0871 664 0300 – calls cost 10p plus network costs – if calling from overseas please dial +44 208 639 3399) or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name, the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. A reply paid form of proxy is enclosed with Shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, so as to be received not later than 48 hours before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same share:

   (a) If they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; or

   (b) If they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
7. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
8. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes 3 and 4 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
9. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
10. As at 5 April 2011 the Company's issued share capital consists of 43,301,414 Ordinary Shares and 28,867,227 B Shares. The B Shares are not entitled to vote. The total number of votes in the Company is 43,301,414.
11. A copy of the Notice of Annual General Meeting and the information required by Section 311A Companies Act 2006 is included on the Company's website, www.core-cap.com.
12. Section 319A of the Companies Act 2006 requires the directors to answer any question raised at the AGM which, relates to the business of the meeting, although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

    Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses, Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

    By attending the meeting, members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the Company's shares made at the meeting.

Shareholder Enquiries

Shareholder Information

Dividends

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. Mandates can be obtained by telephoning the Company's registrar, Capita Registrars (see back of cover for details).

Share Price

The Company's Ordinary Shares and B Shares are listed on the London Stock Exchange. The mid price of the Company's Ordinary Shares and B Shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites. The ticker code is CR3 for the Ordinary Shares and CR3B for the B Shares.

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.

Trading Shares

The Company's Ordinary Shares and B shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Core VCT plc is Matrix Corporate Capital.

Investment in VCTs should be seen as a long-term investment and Shareholders selling their shares within five years of original purchase (three years pre 6 April 2006) may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their independent financial adviser.

Please call Core Capital LLP (see details below) if you or your adviser have any questions about the process.

Financial Calendar

22 June 2011	Annual General Meeting
August 2011	Announcement of interim results and posting of half-yearly report
March 2012	Announcement of final results for year to 31 December 2011.

Enquiries

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

Stephen Edwards	Tel: 020 3179 0919 or by email	Stephen.Edwards@Core-Cap.com
Walid Fakhry	Tel: 020 3179 0915 or by email	Walid.Fakhry@Core-Cap.com

For shareholder enquiries please contact the Company Secretary at Core Capital LLP:

Rhonda Nicoll	Tel: 020 3179 0930 or by email	Rhonda.Nicoll@Core-Cap.com

Core VCT plc is managed by Core Capital LLP which is authorised and regulated by the FSA. Past performance is not a guide to future performance. Stock markets may cause the value of investments to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of the investment.

Corporate Information

Directors
Peter Smaill (Chairman)
John Brimacombe*
David Dancaster

*Senior Independent Director and Chairman of the Audit Committee

Registered office
103 Baker Street
London
W1U 6LN

Secretary and administrator
Rhonda Nicoll
Core Secretarial Services LLP
103 Baker Street
London
W1U 6LN

Investment Manager
Core Capital LLP
103 Baker Street
London
W1U 6LN

Bankers
Bank of Scotland
PO Box No. 39900 Level 7
Bishopsgate Exchange
155 Bishopsgate
London EC2M 3YB

Auditor
Ernst & Young LLP
1 More London Place
London
SE1 2AF

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

Solicitors
Howard Kennedy
19 Cavendish Square
London
W1A 2AW

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

Company No : 5572561

www.core-cap.com

Unsolicited calls to Shareholders

We are aware of cases of shareholders having received unsolicited phone calls concerning investment matters. Please note that it is very unlikely that either the investment manager, Core Capital LLP or the Company Registrar, Capita Registrars, would make unsolicited telephone calls to shareholders and that any such calls would relate to official documentation already in circulation to shareholders and never in respect of "investment advice". Furthermore, please be assured that the Company limits access to the Company's share register by third parties to the maximum extent permissable under the Companies Act 2006. If you receive any unsolicited phone calls or correspondence about which you have concerns, please contact Rhonda Nicoll, the Company Secretary.

MLG Edinburgh 8775