

# CORE VCT PLC

Unaudited Half-Yearly Report  
for the six months ended 30 June 2011



# Investment Objective

Core VCT plc ("Core VCT" or "the Company") is a tax efficient listed company, formerly known as Core VCT III plc until its merger with Core VCT I plc and Core VCT II plc on 16 July 2009. 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.

## Performance Summary

	30 June 2011	30 June 2010	31 December 2010
<b>Ordinary Shares</b>			
Net asset value per share	93.39 pence	94.30 pence	90.70 pence
Total return to date per share <sup>1</sup>	110.54 pence	111.45 pence	107.85 pence
Share price (mid market)	43.00 pence	40.00 pence	50.00 pence
Earnings per share	2.69 pence	7.23 pence	3.59 pence
Cumulative dividends paid per share since inception <sup>2</sup>	17.15 pence	17.15 pence	17.15 pence
Expense ratio <sup>3</sup>	0.36%	0.48%	0.97%
<b>B Shares</b>			
Net asset value per share	0.01 pence	0.01 pence	0.01 pence
Total return to date per share <sup>1</sup>	0.01 pence	0.01 pence	0.01 pence
Share price (mid market)	14.00 pence	3.75 pence	27.00 pence
Earnings per share	– pence	– pence	– pence
Dividends per share	– pence	– pence	– pence

<sup>1</sup> Total return per share comprises closing net asset value per share plus cumulative dividends per share paid to date.

<sup>2</sup> Based on a weighted average of dividends paid by Core VCT I plc, Core VCT II plc and Core VCT III plc.

<sup>3</sup> Operating expenses of the Company, excluding trail commission, third party transaction costs and costs associated with the corporate proposal, as a percentage of closing net assets.

## Potential Cash Returns to Shareholders on a Break-Up Basis<sup>†</sup> (for illustrative purposes only)

	Net Assets £	Ordinary Shareholders £	B Shareholders £	Total Return £
Net assets at 30 June 2011	40,445,580			
Distributions to date	7,426,193			
Total Return as at 30 June 2011	47,871,773			
60p Effective initial cost of Ordinary shares	(26,374,686)	26,374,686		
Hurdle rate to date	(7,243,757)	7,243,757		
66.6667% of Hurdle rate to B shareholders	(4,829,174)		4,829,174	
Net assets remaining	9,424,156			
60% to Ordinary shareholders	(5,654,494)	5,654,494		
40% to B shareholders	(3,769,662)		3,769,662	
<b>Total Fund</b>	–	<b>39,272,937</b>	<b>8,598,836</b>	<b>47,871,773</b>
<b>No. of Ordinary Shares/B Shares</b>		<b>43,301,414</b>	<b>28,867,227</b>	<b>43,301,414</b>
Net asset value per share (pence)		90.70	29.79	
Held by Management (pence) - 71%			21.15	
Held by Shareholders (pence) - 29%			8.64	
<b>Potential Returns per Share Class</b>		<b>90.70</b>	<b>8.64</b>	<b>–</b>
<b>Potential Total Returns (based on ordinary shares)</b>		<b>–</b>	<b>–</b>	<b>110.55</b>
<b>Return to Original Ordinary Shareholders<sup>‡</sup></b>				
Potential returns per number of Ordinary Shares		90.70	5.76	96.46
Initial Tax Relief Available				40.00
<b>Potential Total Returns (including tax relief)</b>				<b>136.46</b>

Management hold 71% of the B Shares in issue.

<sup>†</sup>Based on fair value of investments at 30 June 2011 and assuming no costs associated with break-up.

<sup>‡</sup>This illustrates the potential returns available to shareholders who subscribed during the original allotment and retain B shares.

# Chairman's Statement

## Results

This report covers the six months to 30 June 2011 and is therefore before the proposed raising of £46.8 million of capital which was approved by shareholders at the General Meeting held on 7 July 2011 ("the Proposals"). I will report on this transaction, later in my report.

The Net Asset Value (NAV) Total Return per Ordinary Share was 110.54p as at 30 June 2011, comprising a NAV per Ordinary Share of 93.39p and cumulative dividends paid of 17.15p per Ordinary Share. This is an increase from the NAV Total Return to 31 December 2010 of 2.5%. This increase arises primarily from the changes in the unquoted portfolio valuations and after taking into account £510,000 of accrued expenses in relation to the Proposals.

## Investments

No new investments were completed during the period. SPL Services Limited, an existing company within the portfolio, required £0.6 million of additional funding and we also took the opportunity to purchase secondary shares in Ark Home Healthcare totalling £5,000.

The Manager's Review refers in more detail to the prospects of the investment portfolio, which now comprises 11 unquoted investments with an investment cost of £29.4 million and a value of £39.7 million.

## B Shares

Shareholders will be aware that the Company has an innovative charging structure. No annual management fees are paid by Core VCT plc 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.

Currently, total cumulative distributions, including hurdle, are approximately 60.5p 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 subsequent distributions, and thus your holding of B Shares forms an integral part of your investment along with your holding in Ordinary Shares.

## Share Price and Share Buy Backs

Both the Ordinary Shares (CR3) and B Shares (CR3B) are fully listed shares. Prices are available on [www.londonstockexchange.com](http://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 the share price, as the appropriate 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.

The Company does have the ability to buy back shares. However, 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.

## Adoption of Proposals and Capital Dividend

At the General Meeting held on 7 July 2011 an overwhelming majority of shareholders voted in favour of the Proposals, as outlined in the Circular, dated 9 June 2011. From 8 July 2011, the Company now has a partnership interest of 23.38% in Core Capital I LP. This LP, managed by Core Capital LLP, holds investments in Ark Home Healthcare Limited,

# Chairman's Statement

Brasserie Bar Co. Limited, Colway Limited, Kelway Limited, SPL Services Limited and Core Mezz II Limited. New investors have provided £27.3 million of growth capital for these investments.

As part of the Proposals, your Company received £5,412,000 from the new investors and a 10p interim capital dividend, on the Ordinary Shares, was declared on 3 August 2011 and will be paid on 26 August 2011.

Following completion of the Proposals, the proforma NAV is now 77.72p, prior to payment of the 10p interim capital dividend. This NAV takes into account the transaction costs, the discount on transferring the

assets to Core Capital I LP and the valuation of the underlying portfolio as at 30 June 2011.

## Outlook

Notwithstanding current market conditions and with the Proposals now completed, our focus is entirely on managing the existing portfolio and maximising value in order to progress an exit programme over the next couple of years. If exit opportunities at attractive prices arise, they will be pursued vigorously.

**Peter Smaill**

*Chairman*

25 August 2011

# Investment Portfolio Summary

as at 30 June 2011

	Date of initial investment	Investment cost <sup>(i)</sup> £'000	Book cost <sup>(ii)</sup> £'000	Valuation £'000	% of net assets by value
<b>Unquoted Investments (Level 3)</b>					
<b>Kelway Holdings Limited</b> <sup>(iii)</sup> IT services	Nov-06	5,206	9,957	19,866	49.1
<b>SPL Services Limited</b> <sup>(iii)</sup> Provider of courier services to the medical sector	Jul-07	5,824	7,485	4,089	10.1
<b>Pureleaf Limited</b> <b>(trading as Momentous Moving Excellence)</b> Provider of removal and storage services	Jan-07	4,850	4,016	3,540	8.8
<b>Brasserie Bar Co. Limited</b> <sup>(iii)</sup> Operator of restaurants in the premium casual dining sector	Apr-06	3,000	2,600	3,045	7.5
<b>Adapt Group Limited</b> IT managed service provider	Jun-06	1,501	2,066	2,186	5.4
<b>Colway Limited</b> <sup>(iii)</sup> Office and graphic supplies	May-06	3,500	2,202	1,843	4.6
<b>Allied International Holdings Limited</b> Destination management company	Nov-09	1,995	1,995	1,819	4.5
<b>Ark Home Healthcare Limited</b> <sup>(iii)</sup> "Buy & Build" domiciliary care	Jun -10	2,005	2,005	1,810	4.5
<b>CP Newco Limited</b> <b>(comprising Cording Land LLP)</b> A real-estate investment and asset management company	Dec-08	1,400	1,400	1,400	3.5
<b>Augentius Fund Administration LLP</b> Provider of fund management administration services	Oct-06	101	101	101	0.2
<b>Core (BVI) Limited</b> Investment in BVI to hold interest in new LP	Jun-11	1	1	1	–
<b>Total investments</b>		<b>29,383</b>	<b>33,828</b>	<b>39,700</b>	<b>98.2</b>
<b>Net current assets</b>				<b>746</b>	<b>1.8</b>
<b>Net assets</b>				<b>40,446</b>	<b>100.0</b>

<sup>(i)</sup> Original investment cost

<sup>(ii)</sup> 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.

<sup>(iii)</sup> These investments were transferred to Core Capital I LP on 8 July 2011.

# Manager's Review

## Investment Highlights

- £0.6 million was invested in two existing portfolio companies.
- Investment Portfolio now comprises 11 investments with a cost of £29.4 million and a value of £39.7 million.
- The Company was 93.6% invested in qualifying companies as at 30 June 2011, exceeding the required minimum to be over 70% invested for VCT purposes.

## Existing Investments

We invested a further £0.6 million into SPL Services Limited to provide additional working capital funding. We invested a further £15,000 into Ark Home Healthcare Limited to acquire management shares. This was split equally across the Core VCTs.

The Lehman Brothers Treasury Floating Rate Note was realised generating profits of £0.2 million. This had been written off in 2009.

Following the approval of the Proposals on 7 July 2011, we are not intending to make any new investments. Our focus is now purely on managing the portfolio to exit.

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

### Kelway Holdings Limited

#### All Core Capital LLP managed funds

First Investment:	Nov-06
Total Investment Cost:	£5,206,000
Total equity held:	24%

#### Core VCT plc only

Cost:	£5,206,000
Merger Cost:	£9,957,000
Valuation:	£19,866,000
Valuation basis:	Earnings Multiple
% of equity held:	24%

Year ended 31 March	2011	2010
	£'000	£'000
Sales	260,875	178,140
EBIT	8,515	6,580
Profit before tax	7,923	6,404
Net assets	27,099	20,411



**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 2011 in excess of £260 million, a growth of over 46% compared to the prior year. Kelway has a strong, largely ungeared balance sheet with net assets as at 31 March 2011 of approximately £27 million. This performance has been driven through a combination of 5 successfully completed acquisitions since our initial investment, in addition to significant organic growth across all business areas. Kelway's most recent acquisition completed in December 2010 was the acquisition of the managed services specialist ISC Computers. This acquisition brings the total combined group turnover to well over £300 million and was paid for through newly secured bank facilities. Kelway was ranked as the 16th fastest growing UK company in the Sunday Times Fast Track Buy-out 100 published in February 2011.

## SPL Services Limited

## Logistics Business

### All Core Capital LLP managed funds

First Investment:	Jul-07
Total Investment Cost:	£5,824,000
Total equity held*:	65%

### Core VCT plc only

Cost:	£5,824,000
Merger Cost:	£7,485,000
Valuation:	£4,089,000
Valuation basis:	Earnings Multiple
Total income received:	£99,000
Total return:	£4,188,000
% of equity held*:	65%

\* fully diluted

Year ended 31 July	2010	2009
	£'000	£'000
Sales	8,269	7,021
EBIT	(528)	326
Loss before tax	(791)	(254)
Net assets	1,242	2,120



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 six months to 30 June 2011, a further £0.6 million has been invested for further working capital requirements.

## 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:	59.3%

### Core VCT plc only

Cost:	£4,850,000
Merger Cost:	£4,016,000
Valuation:	£3,540,000
Valuation basis:	NAV
% of equity held:	59.3%

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 troop removal and long term storage. The business has recently benefited from an improvement in its contracted storage rates which has brought the business back into profitability. MME has a strong balance sheet with substantial unencumbered freehold assets and no significant bank debt. The company is able to leverage this balance sheet strength to make bolt-on acquisitions if the right opportunities become available.

## Brasserie Bar Co. Limited (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*:	38.6%

### Core VCT plc only

Cost:	£3,000,000
Merger Cost:	£2,600,000
Valuation:	£3,045,000
Valuation basis offer:	EBITDA
% of equity held*:	27.8%

\* fully diluted

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.

In the year to 30 June 2011, EBITDA was 12% above budget, despite the challenges posed by winter weather disruption and additional spring bank holidays.

BBCo is in the process of completing a significant fundraising with Core Capital LLP which will provide the capital required for a more rapid pace of expansion.

# Manager's Review

## 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:	£2,186,000
Valuation basis offer:	Turnover Multiple
Total income received:	£484,000
Total return:	£2,670,000
% 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 2011 remains robust against last year's trading on the back of tough market conditions. The company has maintained a very high level of total turnover as being contracted revenues. Profitability has been maintained from last year keeping up with the efficiency improvements.

## 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*:	65%

### Core VCT plc only

Cost:	£3,500,000
Merger Cost:	£2,202,000
Valuation:	£1,843,000
Valuation basis:	Earnings Multiple
Total income received:	£335,000
Total return:	£2,178,000
% of equity held*:	50%

Year ended 31 March	2011	2010
	£'000	£'000
Sales	20,894	18,299
EBIT	460	(392)
Profit/(loss) before tax	79	(1,153)
Net assets	2,964	3,214



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

Colway has completed two acquisitions during 2010 and one acquisition in 2011. It has further funding available to complete more acquisitions and has a number of opportunities under consideration.

\* fully diluted

## 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:	65.5%

### Core VCT plc only

Cost:	£1,995,000
Merger Cost:	£1,995,000
Valuation:	£1,819,000
Valuation basis:	Gross Profit Multiple
% of equity held:	22.2%

Year ended	2010	2009
31 December*	USD'000	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 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 to provide working capital funding. The financial year ending December 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 DMC operation. We have introduced new management at a senior level, eliminated senior debt to zero and provided further funding to be used for growth and acquisitions. We continue to hold several discussions over potential merger and acquisition targets.

Trading between FY2009 and FY2010 showed a 17% year on year revenue improvement and for the first 6 months trading of FY2011 we are seeing in excess of a 40% improvement in revenues over the same period of FY2010. We are expecting that Allied will get back to profitability by the end of FY2011, which lifts the company on to the next phase of this turnaround investment.

\*unaudited management accounts.

## Ark Home Healthcare Limited

## Domiciliary Care

### All Core Capital LLP managed funds

First Investment:	Jun-10
Total Investment Cost:	£4,015,000
Total equity held*:	20.5%

### Core VCT plc only

Cost:	£2,005,000
Valuation:	£1,810,000
Valuation basis:	Branch EBITDA Multiple
% of equity held:	7.9%

\* fully diluted

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 completed a number of transactions since. The most recent of which was the acquisition of the New Start Agency in February 2011. Ark has also established a complex care business which provides care to more acute injuries and conditions. Ark intends acquiring a further 18 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.

## 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
Total income received:	£40,000
Total return:	£141,000
% of equity held:	-

Year ended	2009	2008
30 September	£'000	£'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 administration services to many leading private equity and property funds. This small investment has a cash yield of 9.5%.

## Unaudited Income Statement

for the six months ended 30 June 2011

	Notes	Six months to 30 June 2011 (unaudited)		
		Revenue £	Capital £	Total £
Movement in investment holding gains	6	–	1,513,838	1,513,838
Net gains/(losses) on sale of investments	6	–	209,145	209,145
Exchange differences		–	–	–
Income	3	96,476	–	96,476
Transaction costs and investment management expenses		–	–	–
Other expenses		(144,466)	(510,000)	(654,466)
<b>Net return on ordinary activities before taxation</b>		<b>(47,990)</b>	<b>1,212,983</b>	<b>1,164,993</b>
Tax on ordinary activities		–	–	–
<b>Net return attributable to equity shareholders</b>		<b>(47,990)</b>	<b>1,212,983</b>	<b>1,164,993</b>
<b>Return per Ordinary Share</b>	<b>5</b>	<b>(0.11)p</b>	<b>2.80p</b>	<b>2.69p</b>

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

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

There were no other gains or losses in the six months ended 30 June 2011 and accordingly, no statement of Total Recognised Gains and Losses has been prepared.

All revenue and capital items derive from continuing activities.

## Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 June 2011

	Six months ended 30 June 2011 (unaudited) £	Six months ended 30 June 2010 (unaudited) £	Year ended 31 December 2010 (audited) £
Opening Shareholders' funds	39,280,587	37,704,677	37,704,677
Over accrual of merger costs in prior years	–	–	21,484
Net return for the period	1,164,993	3,131,885	1,554,426
<b>Closing Shareholders' funds</b>	<b>40,445,580</b>	<b>40,836,562</b>	<b>39,280,587</b>

Six months to 30 June 2010 (unaudited)			Year to 31 December 2010 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
–	3,289,295	3,289,295	–	1,914,333	1,914,333
–	(21,328)	(21,328)	–	(125,290)	(125,290)
–	–	–	–	716	716
64,485	–	64,485	162,847	–	162,847
(363)	(896)	(1,259)	(634)	(19,075)	(19,709)
(194,704)	–	(194,704)	(378,471)	–	(378,471)
<b>(130,582)</b>	<b>3,267,071</b>	<b>3,136,489</b>	<b>(216,258)</b>	<b>1,770,684</b>	<b>1,554,426</b>
(4,604)	–	(4,604)	–	–	–
<b>(135,186)</b>	<b>3,267,071</b>	<b>3,131,885</b>	<b>(216,258)</b>	<b>1,770,684</b>	<b>1,554,426</b>
<b>(0.31)p</b>	<b>7.54p</b>	<b>7.23p</b>	<b>(0.50)p</b>	<b>4.09p</b>	<b>3.59p</b>

## Principal Risks and Uncertainties

The Company's assets consist of unquoted investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic risks, the loss of approval as a Venture Capital Trust, failure to comply with other regulatory requirements, and broader risks such as reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Annual Report for the year ended 31 December 2010, in note 18 to the accounts. The Company's principal risks and uncertainties have not changed materially since the date of that report and it is not envisaged that there will be any changes to the risks and uncertainties in the remaining six months of the financial year.

## Related Party Transactions

Details of related party transactions in accordance with Disclosure and Transparency Rule 4.2.8 can be found in Note 9 to the Accounts on page 15.

## Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the summarised set of financial statements have been prepared in accordance with the pronouncement of interim reporting issued by the Accounting Standards Board;
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- the summarised set of financial statements gives a true and fair view of the assets, liabilities and financial position and profit and loss of the Company as required by DTR 4.2.4R; and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein)

For and on behalf of the Board:

**Peter Smail**, *Chairman*

25 August 2011

# Unaudited Balance Sheet

as at 30 June 2011

	Notes	As at 30 June 2011 (unaudited) £	As at 30 June 2010 (unaudited) £	As at 31 December 2010 (audited) £
<b>Non-current assets</b>				
Investments at fair value	6	39,699,628	40,531,622	37,531,992
<b>Current assets</b>				
Debtors and prepayments		304,068	224,744	370,159
Cash at bank		967,079	256,360	1,470,957
		1,271,147	481,104	1,841,116
<b>Creditors: amounts falling due within one year</b>		(525,195)	(176,164)	(92,521)
<b>Net current assets</b>		745,952	304,940	1,748,595
<b>Net assets</b>		<b>40,445,580</b>	<b>40,836,562</b>	<b>39,280,587</b>
<b>Capital and reserves</b>				
Called up Ordinary share capital	7	4,330	4,330	4,330
Called up B share capital	7	2,887	2,887	2,887
Share premium account	7	30,879,638	30,858,154	30,879,638
Capital reserve	7	4,063,604	4,347,008	2,850,621
Special distributable reserve	7	5,818,227	5,818,227	5,818,227
Revenue reserve	7	(323,106)	(194,044)	(275,116)
<b>Equity shareholders' funds</b>		<b>40,445,580</b>	<b>40,836,562</b>	<b>39,280,587</b>
<b>Net assets per 0.01p</b>				
Ordinary Share	8	93.39p	94.30p	90.70p
<b>Net assets per 0.01p</b>				
B Share	8	0.01p	0.01p	0.01p

# Unaudited Cash Flow Statement

for the six months ended 30 June 2011

	Six months ended 30 June 2011 (unaudited) £	Six months ended 30 June 2010 (unaudited) £	Year ended 31 December 2010 (audited) £
<b>Operating activities</b>			
Investment income received	100,086	162,981	258,149
Investment management fees paid	–	(3,527)	(4,610)
Other cash payments	(208,109)	(270,542)	(540,213)
Operating activities in relation to merger	–	(52,705)	(63,919)
<b>Net cash outflow from operating activities</b>	<b>(108,023)</b>	<b>(163,793)</b>	<b>(350,593)</b>
<b>Taxation</b>			
Tax paid	–	(4,604)	–
<b>Capital expenditure and financial investments</b>			
Purchase of investments	(605,000)	(3,002,788)	(3,302,789)
Disposals of investments	209,145	2,116,181	3,812,259
Exchange differences	–	–	716
<b>Net cash (outflow)/inflow from capital expenditure and financial investments</b>	<b>(395,855)</b>	<b>(886,607)</b>	<b>510,186</b>
Called up share capital received	–	200,000	200,000
<b>Net cash (outflow)/inflow before financing</b>	<b>(503,878)</b>	<b>(855,004)</b>	<b>359,593</b>
<b>(Decrease)/increase in cash</b>	<b>(503,878)</b>	<b>(855,004)</b>	<b>359,593</b>
<b>Reconciliation of net cash flow to movement in net cash</b>			
(Decrease)/increase in cash	(503,878)	(855,004)	359,593
Opening cash	1,470,957	1,111,364	1,111,364
<b>Net cash for the period</b>	<b>967,079</b>	<b>256,360</b>	<b>1,470,957</b>
<b>Reconciliation of net revenue before taxation to net cash flow from operating activities</b>			
Return on ordinary activities before taxation	1,164,993	3,136,489	1,554,426
(Profit)/loss on realisations of investments	(209,145)	21,328	125,290
Movement in investment holdings	(1,513,838)	(3,289,295)	(1,914,333)
Exchange differences	–	–	(716)
Decrease in debtors	18,292	106,624	85,858
Increase/(decrease) in creditors	431,675	(86,234)	(137,198)
Movement in merger accruals	–	(52,705)	(63,920)
<b>Net cash flow from operating activities</b>	<b>(108,023)</b>	<b>(163,793)</b>	<b>(350,593)</b>

## Notes to the Unaudited Financial Statements

for the six months ended 30 June 2011

- The unaudited interim results have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2010. Unquoted investments have been valued in accordance with IPEVC guidelines. These statements have been prepared on a going concern basis and nothing has happened that would change the Directors' going concern assessment from the last audited financial statements to 31 December 2010. 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 12 months from the date the financial statements were approved. At 30 June 2011, 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.
- Earnings for the first six months should not be taken as a guide to the results of the financial year to 31 December 2011.

### 3. Income

	Six months ended 30 June 2011 (unaudited) £	Six months ended 30 June 2010 (unaudited) £	Year ended 31 December 2010 (audited) £
Fixed and variable interest securities	–	1,295	1,988
Loan stocks	94,202	54,542	150,194
Bank interest	2,274	8,648	10,665
<b>Total income</b>	<b>96,476</b>	<b>64,485</b>	<b>162,847</b>

### 4. Taxation

There will be no tax charge due by the Company since total expenses (including fees allocated to capital) are expected to be more than income.

### 5. Earnings and return per share

	Six months ended 30 June 2011 (unaudited) £	Six months ended 30 June 2010 (unaudited) £	Year ended 31 December 2010 (audited) £
(i) Total return from ordinary activities after taxation	1,164,993	3,131,885	1,554,426
<b>Basic return per share</b>	<b>2.69p</b>	<b>7.23p</b>	<b>3.59p</b>
(ii) Net revenue return from ordinary activities after taxation	(47,990)	(135,186)	(216,258)
<b>Revenue return per share</b>	<b>(0.11)p</b>	<b>(0.31)p</b>	<b>(0.50)p</b>
(iii) Net capital return from ordinary activities after taxation	1,212,983	3,267,071	1,770,684
<b>Capital return per share</b>	<b>2.80p</b>	<b>7.54p</b>	<b>4.09p</b>
(iv) Weighted average number of ordinary shares in issue in the period	43,301,414	43,301,414	43,301,414

## 6. Investments

	Listed (Level 1) £	Unlisted (Level 3) £	Total £
Valuation at 31 December 2010	–	37,531,992	37,531,992
Purchases at cost	–	653,798	653,798
Sale proceeds	(209,145)	–	(209,145)
Net gains on sale of investments	209,145	–	209,145
Investment holding gains	–	1,513,838	1,513,838
Valuation at 30 June 2011	–	39,699,628	39,699,628
Book cost at 30 June 2011	–	33,828,025	33,828,025
Investment holding gains at 30 June 2011	–	5,871,603	5,871,603
Valuation at 30 June 2011	–	39,699,628	39,699,628

The Purchases include deferred consideration of £47,798 which is not included within purchase of Investments in the Cash Flow Statement.

## 7. Share capital and reserves

	Called-up Ordinary Share capital £	Called-up B Share capital £	Share premium account £	Capital reserve £	Special distribu- table reserve £	Revenue reserve £	Total £
As at							
31 December 2010	4,330	2,887	30,879,638	2,850,621	5,818,227	(275,116)	39,280,587
Net realised gains on investments	–	–	–	209,145	–	–	209,145
Movements in investment holding gains	–	–	–	1,513,838	–	–	1,513,838
Costs relating to proposals	–	–	–	(510,000)	–	–	(510,000)
Net return for the period	–	–	–	–	–	(47,990)	(47,990)
At 30 June 2011	4,330	2,887	30,879,638	4,063,604	5,818,227	(323,106)	40,445,580

On 3 August 2011, the Company received court approval to transfer £30,879,638 being the amount standing to the credit of the share premium account to a special distributable reserve.

## Notes to the Unaudited Financial Statements

for the six months ended 30 June 2011

### 8. Net asset values

The net asset values per share, as disclosed in the balance sheet, are based on the attributable assets at the balance sheet date and assume that no break up of the Company will occur. 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 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.

Whilst the Board considers that liquidation is unlikely, attributing to the B shares purely the capital contributed of 0.01 pence per share reflects the Board's best estimate at 30 June 2011 of the B shares' entitlement to assets at 30 June, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B shares' entitlement to the Company's assets). The Net Asset Values per share have been calculated by reference to the number of shares in issue as at 30 June 2011.

	As at 30 June 2011 £	As at 30 June 2010 £
<b>Share Capital:</b> 43,301,414 ordinary shares of 0.01p	4,330	4,330
28,867,227 B shares of 0.01p	2,887	2,887
	<b>7,217</b>	<b>7,217</b>

	Total attributable net assets 30 June 2011	Net asset value £ (pence per share)
<b>Ordinary Shares of 0.01p each in accordance with the Articles</b>	31,843,857	73.54
Additional entitlement to assets on attributed basis	8,595,949	19.85
	<b>40,439,806</b>	<b>93.39</b>
<b>B Shares of 0.01p each in accordance with the Articles</b>	8,598,836	29.79
Reduced entitlement to assets on attributed basis	(8,595,949)	(29.78)
	<b>2,887</b>	<b>0.01</b>

## 9. Related Party Transactions

David Dancaster who was appointed a non executive Director, is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo plc. No amounts have been paid or are payable to Caparo plc. Enil was due to the Manager at 30 June 2011.

Details of the carried interest arrangements between the Company and the Manager are set out in Note 3 of the Annual Report & Accounts to 31 December 2010.

## 10. Post Balance Sheet Event

Following shareholder approval at the General Meeting held on 7 July 2011, Ark Home Healthcare Limited, Brasserie Bar Co. Limited, Colway Limited, Kelway Limited, SPL Services Limited and Core Mezz II Limited (held in Core VCT IV and Core VCT V plc) were transferred to Core Capital I LP and a capital dividend of 10p was declared on 3 August 2011 to be paid on 26 August 2011. The NAV at 30 June 2011, following adjustment for the transfer of assets but prior to payment of the capital dividend would be 77.72p.

11. The financial information for the six months ended 30 June 2011 and 30 June 2010 has neither been audited nor reviewed.
12. These are not statutory accounts in terms of Section 434 of the Companies Act 2006. Statutory accounts for the year to 31 December 2010, which received an unqualified audit report and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2010 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
13. Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, 103 Baker Street, London W1U 6LN.

# 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). Calls cost 10p per minute plus network extras.

## 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 Limited, 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.

## 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](mailto:Stephen.Edwards@Core-Cap.com)  
Walid Fakhry        Tel: 020 3179 0915 or by email [Walid.Fakhry@Core-Cap.com](mailto: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](mailto: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.

## Indicative Financial Calendar

26 August 2011

Payment of 10p Capital Dividend

During November 2011

Interim Management Statement to 30 September 2011

During April 2012

Publish annual results to 31 December 2011

During June 2012

Annual General Meeting

# Corporate Information

## Directors

Peter Smaill (Chairman)

John Brimacombe\*

David Dancaster

\*(Senior Independent Director and Chairman of the Audit Committee)

## Company 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 Limited

Northern House

Woodsome Park

Fennay Bridge

Huddersfield HD8 0LA

(Tel: 0871 664 0300)

Company No : 5572561

[www.core-cap.com](http://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 permissible 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.