

C O R E

CORE VCT V PLC

**Annual Report and Accounts
for the period ended 31 December 2007**

Performance Summary

Ordinary Shares	31 December 2007	30 June 2007
Net asset value per share	92.86 pence	92.99 pence
Total return in period per share ¹	92.86 pence	92.99 pence
Share price (mid-market)	100 pence	100 pence
Earnings per share	(2.20) pence	(1.59) pence
Cumulative dividends paid per share	0.00 pence	0.00 pence
Total expense ratio ²	2.34%	1.07%

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

² Total expense ratio has been calculated using total operating costs divided by closing net assets.

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Investment Objective

Core VCT V plc ("Core VCT V" or "the Company") is a tax efficient listed company which aims to achieve an attractive yield from its underlying investments ('Mezzanine and Private Equity Investments'), to be distributed to shareholders as tax free dividends of both income and capital gains over time.

Core VCT V will invest alongside Core VCT IV plc, and has a co-investment policy with the other Core VCTs managed by Core Capital LLP ('the Manager' or 'Core Capital').

Investment Approach

Core Capital 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, of which £1 - £3 million may typically be provided by Core VCT V and Core VCT IV plc.

Fund Structure

Core VCT V is structured as follows :-

- **No Annual Management fees**
There are no annual management fees paid to Core Capital. Instead, Core Capital receives a share of the investment profits generated from the underlying investments;
- **Provide attractive distributions**
The Company intends to provide shareholders with an attractive level of income by distributing all available profits generated through income and capital gains, including the planned 30p per share distribution of the cash assets of the fund after the third year.

Investment Policy

Core VCT V seeks to achieve its overall Investment Objective, consistent with maintaining its qualifying status as a VCT, by pursuing the following Investment Policy:–

Asset Allocation

The Company may invest all 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 businesses. After 31 December 2009, the Company must have in excess of 70% of its assets invested in Qualifying Investments as defined for VCT purposes.

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.

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;
- Ensuring a spread of investments is achieved.

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, or may have, substantial borrowings from third party lenders.

Chairman's Statement

Results

The Total Return per Ordinary Share was 92.86p as at 31 December 2007, comprising a Net Asset Value (NAV) per Ordinary Share of 92.86p and cumulative dividends paid of nil p per Ordinary Share. This is a decrease over the initial opening NAV per share of 94.5p, following the closing of the Offers on 5 April 2007, which raised £11 million alongside a similar amount from Core VCT IV plc ("Core VCT IV"), as reported in the Interim Report for the period ended 30 June 2007.

Dividends

Core VCT V intends to provide Shareholders with an attractive level of income by distributing all available profits generated through income and capital gains. However, at this early stage in the Company's life, the majority of the assets were held as cash assets managed by Credit Suisse, which produced interest income of £77,745 in the period. A final dividend of 0.5 pence per share is being recommended by the Directors, comprising a substantial proportion of the income earned in the year.

Future dividends will be derived from the distribution of the remaining cash assets after the end of the financial year ending 31 December 2009, when prudent to do so, and from income and capital gains realised from the unquoted investments.

Investments

One new investment was completed in the period, as detailed further in the Manager's Review, being a £1 million mezzanine loan to London Graphic Centre alongside the same amount provided by Core VCT IV. Your Manager continues to see many investment opportunities and expects to be able to benefit from any pricing reductions that may be experienced during 2008.

Change in Directors

Hylton Murray-Philipson resigned as a director on 7 November 2007 and was replaced by Stephen Edwards, a Partner of Core Capital LLP.

Information for Shareholders

The Board supports open communication with investors and welcomes any comments or questions you may have. Company contact information is provided at the back of this Report.

Share Price and Secondary Market

The Ordinary Shares (Code: CR5) are fully listed shares and prices are available on www.londonstockexchange.com and published daily in the Financial Times. Shares can be bought and sold using a stockbroker, as with shares in other listed companies. Shareholders are reminded that they must hold their shares for at least 5 years in order to retain tax reliefs obtained. Shareholders should take advice before acquiring or disposing of shares.

For shareholders considering selling their shares, however, we recommend that you contact the Company Secretary, Matrix-Securities Limited, in the first instance. Contact details can be found on page 35.

Outlook

Having raised a combined £22 million with Core VCT V, your Fund has achieved a good sized investment pool from which to complete investments of the size and type intended. The economic outlook has become more uncertain over the last few months, and we anticipate that this will continue. Your Manager will be looking to benefit from new opportunities during the year, which may be negotiated at more attractive prices.

Ray Maxwell

Chairman

26 March 2008

Manager's Review

Investment Highlights

- Completed first new investment, at a cost of £1 million, into London Graphic Centre.

New Investments



Colway Limited (trading as London Graphic Centre and Red Box) **Cost £1,000,000**
Valuation: £1,124,000

London Graphic Centre is a long established office and graphic supplies business, in which Core VCTs I – III originally invested in 2006 in support of the Management Buy Out (MBO). Since that date, the business has rebranded its core B2B activities as Red Box, and completed three acquisitions. The larger of these, the acquisition of a £5 million turnover business called JPS, required additional funding which Core VCT V provided alongside Core VCT IV as a mezzanine investment.

The investment terms are typical of those that can be achieved in smaller mezzanine transactions – a yield of some 14% per annum, plus some equity upside. With further acquisitions identified, we see this business growing to over £30 million in turnover compared to the £15.5 million at the date of our original investment in 2006, placing it firmly as one of the largest independent stationery and office supplies businesses serving the London market.

Our valuation increase is consistent with that applied to the other Core VCTs, and reflects the modest equity holding of Core VCT V based upon the adoption of an earnings based valuation, reflecting the good performance compared to plan and the company's increase in scale following the completion of the acquisitions. In addition, income of some £48k has been booked for the period.

Future Investments

We are in the early stages of building an investment portfolio in selected private companies for Core VCT V. Following the deterioration in credit markets in the second half of 2007, we chose to slow our investment rate in the expectation that we would see more attractive opportunities during 2008, and be able to take advantage of any downward pressure on the pricing of new opportunities. We believe this approach has placed the Fund in a strong position as it completes its investment programme over the next two years.

Investment Portfolio Summary

as at 31 December 2007

	Date of initial investment	Book cost £'000	Valuation £'000	% of equity held	% of net assets by value
Qualifying Investments (unquoted)					
Colway Limited (trading as London Graphic Centre) Office and graphics supplies	Aug 2007	1,000	1,124	2.9%	11.0%
Total qualifying investments		1,000	1,124	2.9%	11.0%
Non-qualifying investments					
Listed securities		2,522	2,426		23.7%
Funds and Trusts		3,586	3,468		33.9%
Total non-qualifying investments		6,108	5,894		57.6%
Total investments		7,108	7,018		68.6%
Other assets			3,396		33.1%
Current liabilities			(176)		(1.7%)
Net assets			10,238		100.0%

Book value of total qualifying investments represents 11.0% of the total book value of investments. The VCT investment tests are measured broadly on original cost of investments, including cash balances, and this gives the figure of 9.65% in relation to progress towards achieving a minimum of 70% of total investments invested in qualifying investments before 31 December 2009.

10 Largest investments

	Book cost £'000	Valuation £'000	% of net assets by value
Colway Limited (trading as London Graphic Centre)	1,000	1,124	11.0%
City Financial Investment funds Liquidity fund	834	869	8.5%
Harewood structured investment	674	692	6.8%
Artemis income fund	638	620	6.1%
Schroder income maximiser unit trust	684	617	6.0%
Harewood structured investment	625	584	5.7%
Neptune investment fund	450	449	4.4%
i-shares DJ Euro exchange traded fund	385	364	3.6%
3i Infrastrure limited shares	308	321	3.1%
Acencia Debt Strategies Ltd	297	308	3.0%
Total of 10 largest investments	5,895	5,948	58.2%

Board of Directors

Ray Maxwell

Status: Independent, non-executive Chairman

Age: 57

Date of appointment: 6 December 2006

Ray is a Venture Partner of Invesco Private Capital and has nearly three decades of investment experience and specialises in the selection of international private equity partnership funds. Ray serves on several Private Equity fund advisory boards and is on the Board of London Business School's Private Equity Institute. Ray was also appointed Chairman of Core VCT IV plc on 6 December 2006.

Paul Richards

Status: Independent, non-executive Director

Age: 45

Date of appointment: 6 December 2006

Paul is head of Investment Companies at institutional stockbrokers Fairfax IS plc and was formerly Head of the Investment Trust Corporate Finance at Collins Stewart. He has considerable experience in advising investment trusts and closed end funds and in particular has advised a number of private equity funds. Paul is also a director of Core VCT IV plc.

Stephen Edwards

Status: Non-executive Director

Age: 44

Date of Appointment: 7 November 2007

Stephen is a partner in Core Capital LLP, a specialist investor in smaller-middle market companies in the UK, and the investment manager for Core VCT IV plc and Core VCT V plc. He has over 19 years' experience in private equity and corporate finance, having worked with Grosvenor, Mercury Asset Management and ProVen Private Equity prior to co-founding Core Capital in 2004. Stephen is also a director of Core VCT IV plc.

Directors' Report

The Directors present the first Annual Report and Accounts of the Company for the period from incorporation on 5 October 2006 to 31 December 2007.

Business and principal activities

The principal activity of the Company during the period under review was investment in a diverse selection of established unquoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the Investment Portfolio Summary on page 6 of this Report. A review of the Company's business during the period is contained in the Chairman's Statement and Manager's Review.

The Ordinary Shares of 0.01 p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority (UKLA) and began trading on 24 April 2007.

The Company is an investment company as defined in section 266 of the Companies Act 1985 and has satisfied the requirements for provisional approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

Future developments

The Company will continue to pursue its investment objective as set out at the beginning of this Report, in line with its Investment Policy.

Business review and performance review

For a review of the Company's development and performance during the period, please see the Chairman's Statement on page 4 and the Manager's Review on page 5. The Performance Summary on page 1 provides data on the Company's key performance indicators.

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:—

■ Net Asset Value (NAV)

Net Asset Value is calculated monthly, with a full valuation of the Unquoted investments carried out every six months in accordance with the International Private Equity 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 naturally liquidate and distribute all its assets over time. In particular, the Company has a policy to distribute all proceeds from realised investments (the

original capital invested plus realised profits less losses), as well as income after expenses. In addition, the Company intends to return Cash Assets after the initial three year investment period.

Share price

The Board monitors the share price of the Ordinary Shares through the Manager.

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.

Principal risks and uncertainties

For details on the principal risks and uncertainties of the Company, please see Note 18 to the Account on pages 31-34.

Issue of shares

On incorporation the authorised share capital of the Company was £53,000 comprising 53,000 Ordinary Shares of £1.00 each (of which two were issued, fully paid to the subscribers of the Memorandum of Association).

At an Extraordinary General Meeting held on 6 December 2006 50,000 unissued Ordinary Shares were redesignated into 50,000 non-voting Redeemable Preference Shares of £1 each, and each of the two issued shares and remaining 2,998 unissued Ordinary Shares of £1 each in the Company were subdivided into 30,000,000 Ordinary Shares of 0.01 pence each.

On 6 December 2006, so as to enable the Company to obtain a certificate under section 117 of the Companies Act 1985, Core Capital LLP was allotted 50,000 Redeemable Preference Shares of £1 each at par for cash, paid up to one quarter of their nominal value. The Redeemable Preference Shares were paid up in full on 5 April 2007, and redeemed by the Company out of the proceeds of the Offer for Subscription launched on 11 December 2006. Each of the Redeemable Preference Shares were redesignated as 10,000 Ordinary Shares of 0.01 pence each pursuant to the Articles of Association, creating 500,000,000 Ordinary Shares of 0.01 pence each.

Of the 530,000,000 authorised Ordinary Shares of 0.01 pence each, a total of 11,056,219 were issued between 11 December 2006 and 5 April 2007 at a price of £1 per share raising a total of £11,056,219 (before costs). Of these 11,056,219 issued shares, 1,056,219 were issued pursuant to the over-allotment facility under the Offer.

The Company has not issued any new Ordinary Shares since the close of the Offer on 5 April 2007 nor has it bought back any shares during the period under review.

On 10 December 2007 51,250 Ordinary Shares of 0.01 pence each were forfeited by the Company, in accordance with the Company's Articles of Association, due to non-payment of the purchase price. These shares were subsequently cancelled by the Company.

As at 31 December 2007 the issued Ordinary Share capital of the Company was £1,102. The number of shares in issue as at 31 December 2007 was 11,024,969 Ordinary Shares.

The Company's application to the High Court to reduce the Share Premium account of the Company was approved by an Order of the Court on 19 December 2007 and registered at Companies House on 21 December 2007. The cancellation of the share premium account has created a special reserve that can be used, amongst other things, to fund buy-backs of the Company's shares when the Directors consider that it is in the best interests of the Company to do so.

Results

	Period ended 31 December 2007 £
Capital return transferred to reserves	(236,202)
Revenue return after taxation for the period	67,919
Total return attributable to shareholders for the period	(168,283)

Dividend

The Directors will be recommending a final dividend of 0.5 pence per share to Shareholders at the Annual General Meeting to be held on 30 April 2008 which will be payable on 15 May 2008 to Shareholders who are on the Register on 18 April 2008.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on page 7 of this Annual Report. Walid Fakhry was appointed a director and Stephen Edwards was appointed director and secretary on 5 October 2006 and each resigned from their respective positions on 6 December 2006. The two initial subscribers transferred their one ordinary share of £1 each to each of Walid Fakhry and Stephen Edwards on 6 December 2006 and these were subsequently subdivided as described in the Issue of shares section above. Ray Maxwell, Hylton Murray-Philipson and Paul Richards were all appointed to the Board on 6 December 2006 and subsequently re-elected at the AGM held on 7 November 2007. Hylton Murray-Philipson resigned from the Board on 7 November 2007 and Stephen Edwards was appointed to the Board on this date. In accordance with the Company's Articles of Association and the AIC Code of Corporate Governance ("the

AIC Code"), Ray Maxwell will retire by rotation, and being eligible offer himself for re-election at the Annual General Meeting ("AGM") of the Company to be held on 30 April 2008. Having been newly appointed to the Board, Stephen Edwards will also offer himself for re-election at the AGM. In accordance with the AIC Code, as a member of the Manager, Stephen Edwards will offer himself for re-election annually.

The Directors' interests in the issued capital of the Company as at 31 December 2007 were:

<i>Ordinary Shares held on 31 December 2007</i>	
Ray Maxwell	5,275
Hylton Murray-Philipson	5,275
Paul Richards	5,275
Stephen Edwards	10,000

There have been no further changes in the holdings of the Directors since 31 December 2007. 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 Capital LLP was appointed Manager to the Company on 7 December 2006. The Management Agreement is for an initial period of five years and thereafter until their 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 is entitled to a performance incentive in the form of a profits share, whereby the Manager is entitled to receive 30% of the investment profits. For further information please see note 3 to the accounts on page 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 Corporate Governance Report on page 16.

Matrix-Securities Limited acts as both Administrator and Company Secretary to the Company under and Agreement dated 21 September 2006. The appointment is for an initial period of three years and thereafter may be terminated by not less than six month's notice in writing to expire after the initial period. A fee of £20,898 was paid in respect of the period covered by this report. There are no compensation provisions on termination of this agreement.

VCT status monitoring

The Company appointed PricewaterhouseCoopers LLP ("PWC")

Directors' Report

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 reappointed as Auditors of the Company at the Annual General Meeting held on 7 November 2007 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 31-34.

Substantial interests

As at 26 March 2008 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

The Company's policy is to pay all creditors' invoices within 30 days of the invoice date unless otherwise agreed. At 31 December 2007 the average credit period for creditors was 74 days (this is exceptionally high due to receipt of a large invoice just before the period end).

Annual General Meeting

A notice and proxy form for the Annual General Meeting of the Company to be held at 9.35 am on 30 April 2007 at One Jermyn Street, London SW1Y 4UH are set out on pages 36-42 of this Annual Report.

The notice of the meeting includes resolutions to re-appoint Ray Maxwell and Stephen Edwards as Directors of the Company and brief biographical details can be found on page 7 of this Annual Report. The Board supports the re-election of both directors and believes that both bring valuable skill, experience and expertise to the Company.

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 8) and the disapplication of pre-emption rights (Resolution 9) under sections 80 and 95 of the Companies Act 1985 ("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 in accordance with section 89 of the Act. Resolution 8 will enable the Directors to allot up to an aggregate nominal amount not exceeding £276 with regard to the Ordinary Shares 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. This authority, unless previously renewed or revoked, will expire on the fifth anniversary of the date of the passing of this resolution.

Under section 89 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 9 will enable this requirement to be disapplied in the specific circumstances named in the Resolution. These are in relation to a rights issue, to fund a purchase of shares and also pursuant to any future 5 per cent. "top-up" offer. This resolution is proposed as a special resolution and will require the approval of at least 75% of the votes cast at the meeting.

This authority, unless previously renewed or revoked, will expire on the earlier of the Annual General Meeting of the Company to be held in 2009 and the date which is fifteen months after the date on which the resolution is passed 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 7 November 2007 respectively. The Directors have no immediate intention of exercising these powers.

Authority to purchase the Company's own shares (Resolution 10)

This resolution authorises the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985. The authority is limited to a maximum number of 1,652,643 Ordinary 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 2009 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 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 the shares.

As a consequence of the tax relief available to investors who purchase new VCT shares, market liquidity is restricted. The additional new reserve created by the cancellation of the share premium account may be used to off-set 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 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.

Procedures for the Directors to authorise conflicts of interest (Resolution 11)

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. From 1 October 2008 a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. 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 Companies Act 2006 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 Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. It is proposed to amend the Company's articles of association to give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

The existing article 19 contains a requirement to disclose interests in any contract, arrangement, transaction or proposal with the Company which closely follows the statutory requirement in section 317 of the Companies Act 1985 which is to be restated in sections 177 and 182 of the Companies Act 2006. As the requirements of the existing and future law apply in any event it is proposed that article 19 in its current form be deleted and replaced by a new article 19 and article 19A.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. First, the proposed alteration to the Company's articles of association provides that only Directors who have no interest in the matter being considered will be able to take the relevant decision, and second, the general duties of directors apply including the duty on each Director in taking the decision to act in a way he or she considers, in good faith, will be most likely to promote the Company's success for the benefit of its members as a whole. The proposed alteration to the Company's articles of association will allow the Directors to impose limits or conditions when giving authorisation if they think this is appropriate.

The proposed alteration to the Company's articles of association contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

This resolution is proposed as a special resolution and will require the approval of 75% of the votes cast at the meeting

By order of the Board

For Matrix-Securities Limited

Company Secretary

26 March 2008

Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of Schedule 7A of the Companies Act 1985. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 30 April 2008. 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 detailed as such.

Remuneration policy

The remuneration policy and the remuneration of individual Directors is determined by the Board as a whole, of which Ray Maxwell and Paul Richards 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 make-up 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 period 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. The Manager, of which Stephen Edwards is a member, is entitled to a performance incentive in the form of a profit share, whereby the Manager is entitled to receive 30% of the investment profits once the total return of the Company is in excess of the opening net asset value of 94.5 pence per share and the total return of an underlying investment exceeds the original cost of that investment. For further details please see note 3 to the Accounts on page 25.

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 2008 and subsequent years.

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 1985, 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. Directors retiring by rotation are then eligible for re-election. As a member of the Investment Manager, Stephen Edwards will offer himself for re-election annually in accordance with the AIC Code of Corporate Governance.

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 (audited information)

The total emoluments in respect of qualifying services of each person who served as a Director during the period are as set out in the table below. The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

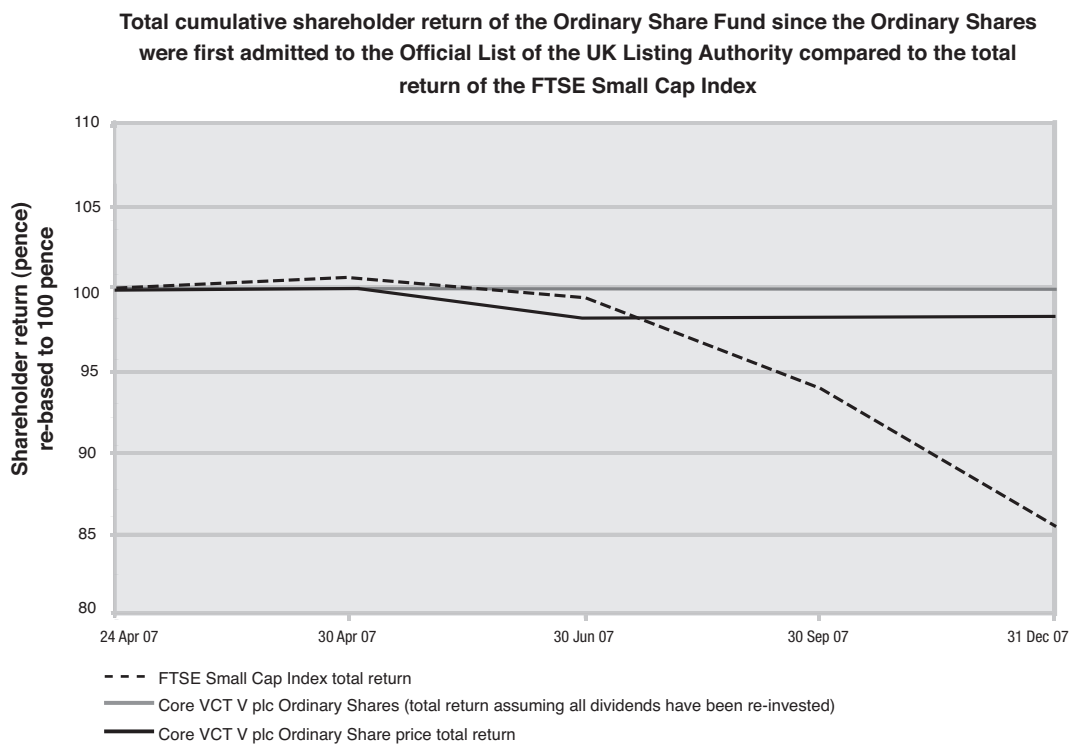
	Period to 31 December 2007 £
Ray Maxwell	8,016
Hylton Murray-Philipson	5,540
Paul Richards	6,415
Stephen Edwards	waived
	19,971

The Directors received no further emoluments in respect of their services. As a member of the Investment Manager, Stephen Edwards has waived his director's fee. Aggregate fees in respect of qualifying services for all Directors for the period from 6 December 2006 to 31 December 2007 amounted to £19,971.

Total shareholder return

The graph below charts the total cumulative shareholder return of the Ordinary Shares since the shares were first admitted to the Official List of the UK Listing Authority on 24 April 2007 (assuming all dividends are re-invested) compared to the total

cumulative shareholder return of the FTSE SmallCap 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 re-based to 100 pence which is equivalent to the opening share price of the Company. The principal activity of the Company during this first period since incorporation has been to raise initial funds. An explanation of the performance of the Company is given in the Chairman's Statement and the Manager's Review.



The total return per share has been shown separately on the graph because the Directors believe that it represents a more accurate reflection of the Company's performance.

By order of the Board

Matrix-Securities Limited

Company Secretary

26 March 2008

Corporate Governance Statement

The Directors of Core VCT V plc have adopted the Association of Investment Companies Code of Corporate Governance ("AIC Code") for the period ended 31 December 2007. 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 do 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 and the Administrator, 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 Paul Richards 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.

The Chairman's other significant time commitments are disclosed on page 7.

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. The Board, through the Manager, regularly monitors the level of the share price discount and, if necessary, takes action to reduce it.

Given the size and structure of the Company and the Board, the Board does not believe it is necessary to appoint an Audit Committee or a Nominations and Remuneration Committee. The roles and responsibilities of these Committees have been included in the schedule of matters specifically reserved for decision by the Board following the recommendations of the Combined Code where these are considered to be appropriate to the Company. The Board allocates separate sections of the Agendas for Board meetings for 'Audit matters', 'Nomination matters' and 'Remuneration matters'. Under 'Audit matters' the Board reviews the internal financial and non-financial controls, accounting policies and the contents of the Interim and Annual Reports to Shareholders and has full responsibility for the appointment and removal of the external auditors. The Company's external auditors are invited to attend meetings as appropriate.

The Chairman and Board are involved at an early stage in the process of structuring the launch of any Offers that may be agreed by the Board.

In the period under review the Board held nine formal meetings. The attendance of the Directors is summarised in the table below:

Director	Attendance (attended/no. of meetings)
Ray Maxwell	8/9
Paul Richards	8/9
Hylton Murray-Philipson	9/9
Stephen Edwards	1/1

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 1985, 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. Ray Maxwell and Stephen Edwards will retire by rotation at the Annual General Meeting of the Company to be held on 30 April 2008 and being eligible offer themselves for re-election.

	Date of appointment	Last re-election	Next retirement by rotation/re-election due
Ray Maxwell	6-Dec-2006	AGM 7-Nov-07	AGM 30-Apr-2008
Paul Richards	6-Dec-2006	AGM 7-Nov-07	AGM 2009
Stephen Edwards	7-November-2007	N/A	AGM 30-Apr-2008

As a member of the Manager, Stephen Edwards will offer himself for re-election annually in accordance with the recommendations of the AIC Code.

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. While 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 any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that all of the Directors with the exception of Stephen Edwards are independent of the Manager. All the Directors have been appointed to the board of Core VCT IV plc, which is also managed by the Manager. The AIC Code recommends that directors who sit on the boards of more than one company managed by the same Manager should not be regarded as independent. The Board believes that their appointments to the Boards of Core VCT V plc and Core VCT IV plc do not unduly affect their independence from the Manager due to the parallel investments which both VCTs intend to make. The Board believes that this shared interest enables the Board to review and monitor the Manager rigorously. Independence provisions under Chapter 15 of the UKLA Listing Rules in relation to directors' appointments to companies managed by the same Manager are currently subject to transitional arrangements. The Board intends to keep this matter under review and will report on this in future years. For further details please see Note 21 of the Notes to the Accounts on page 34 on related party transactions. 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 relating to such investments.

The Board aims to include a balance of skills, experience, ages 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 performance of the Board and the Chairman is reviewed regularly as part of the internal control process. The Board does not therefore believe that a formal system of performance evaluation of the Board and its Chairman is appropriate to the Company at the current time.

The Manager

Under the terms of a Management Deed dated 7 December 2006, the Company has appointed Core Capital LLP as Manager of the Company. The Manager will manage and advise the Company so that it will ensure that the Company will satisfy and continue to satisfy the conditions for approval as a venture capital trust as set out in section 274 of ITA (previously section 842AA of the Income and Corporation Taxes Act 1988) and the

Corporate Governance Statement

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 page 5. There are no management fees payable to the Manager. Details of the management incentive structure whereby the Manager is entitled to receive 30% of the investment profits are set out in Note 3 to the accounts on page 25.

The continued appointment of Core Capital LLP as Manager to the company on the existing terms was approved by the Board on 12 March 2008. 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 and levels of staffing, the investment process and the results achieved to date. As noted in the Chairman's Statement and Manager's Review, good progress had been made in establishing a portfolio which should, based on the Manager's projections, ensure that the key test of 70% of your Company's assets qualify for VCT purposes, will be achieved by 31 December 2009.

The Board considers it too early to form a view as to relative performance given the timing of investments. From time to time the Board initiate discussions on investment process and portfolio activity with the aim of developing the capacity of the Manager to deliver investor value at acceptable risk as the level of invested capital rises.

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 profits share from investment profits.

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 Managers' Report.

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 period under review. The first formal review took place on 12 March 2008. 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 12-13.

Relations with Shareholders

Communication with Shareholders is given a high priority. All Shareholders receive a copy of the Annual and Interim Reports. There is an opportunity to question the Directors at the Annual General Meeting to which all Shareholders are invited. Shareholders also receive a Newsletter in respect of the quarters in which they do not receive either the Annual or the Interim Reports.

The Board as a whole approves the contents of the Chairman's Statement and Manager's Review which form part of the Annual and Interim Reports to Shareholders in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects.

The Company counts all proxy votes and indicates to Shareholders at each General Meeting the balance for and against each resolution and the number of abstentions, after it has been dealt with on a show hands. The details of proxy votes for each resolution are published on the Manager's website after each General Meeting.

The Notice of the Annual General Meeting is included in this Annual Report and is normally sent to Shareholders at least 20 working days before the meeting.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 18 of this report.

The Report of the Auditors is set out on page 19 of this report.

The non-audit services provided by the auditors for the period ended 31 December 2007 related to the review of the interim report. The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing such statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure

that the financial statements comply with the Companies Act 1985. They have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements may be published on a website that is managed by an organisation other than the Manager or the Board of Directors. The Auditors have represented to your Board that their work does not involve any consideration of the maintenance and integrity of such websites and accordingly the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were approved. Visitors to any website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdictions.



Independent Auditors' Report to the Shareholders of Core VCT V plc

We have audited the financial statements of Core VCT V plc for the period ended 31 December 2007 which comprise the Income Statement, Balance Sheet, Reconciliation of Movement in Shareholders' Funds and Cash Flow Statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and

consider whether it is consistent with the audited financial statements. The other information comprises only the Performance Summary, Investment Objective, Investment Policy, the Chairman's Statement, the Manager's Review, the Investment Portfolio Summary, Board of Directors, the Directors' Report, the unaudited part of the Directors' Remuneration Report, Corporate Governance Statement, and the Statement of Directors' Responsibilities, Shareholder Enquiries, Notice of the Annual General Meeting and Corporate Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its Net Return for the period then ended;
- and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Registered auditor, London
26 March 2008

Income Statement

for the period from 6 December 2006 to 31 December 2007

	Notes	Period from 6 December 2006 to 31 December 2007		
		Revenue £	Capital £	Total £
Unrealised losses on investments	9	–	(89,581)	(89,581)
Realised losses on investments	9	–	(93,037)	(93,037)
Income	2	253,515	–	253,515
Transaction costs and Investment management expense	3	(4,608)	(53,584)	(58,192)
Other expenses	4	(180,988)	–	(180,988)
Return on ordinary activities before taxation		67,919	(236,202)	(168,283)
Tax on ordinary activities	6	–	–	–
Return attributable to equity shareholders		67,919	(236,202)	(168,283)
Return per Ordinary Share	8	0.89p	(3.09)p	(2.20)p

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

There were no other gains or losses in the period ended 31 December 2007.

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

No operations were acquired or discontinued in the period.

The notes on pages 23–34 form part of these financial statements.

Balance Sheet

as at 31 December 2007

	Notes	£	31 December 2007	
			£	£
Investments at fair value	9			7,018,219
Current assets				
Debtors and prepayments	11	2,655,525		
Cash at bank	17	741,118		
			3,396,643	
Creditors: amounts falling due within one year				
Other creditors		78,724		
Accruals		97,825		
	12		(176,549)	
Net current assets				3,220,094
Net assets				10,238,313
Capital and reserves				
Called up Ordinary Share capital	13			1,102
Share premium account	14			–
Capital reserve - realised	14			(146,621)
Capital reserve - unrealised	14			(89,581)
Special distributable reserve	14			10,405,494
Revenue reserve	14			67,919
Total equity shareholders' funds				10,238,313
Net asset value per 0.01 p Ordinary Share	15			92.86p

The notes on pages 23–34 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 March 2008 and were signed on its behalf by:

Ray Maxwell

Director

Reconciliation of Movements in Shareholders' Funds

for the period from 6 December 2006 to 31 December 2007

	Period from 6 December 2006 to 31 December 2007 £
Opening Shareholders' funds	–
Net share capital subscribed for in the period	10,406,596
Loss for the period	(168,283)
Closing Shareholders' funds at 31 December 2007	10,238,313

Cash Flow Statement

for the period from 6 December 2006 to 31 December 2007

	Notes	Period from 6 December 2006 to 31 December 2007 £	
		£	£
Operating activities			
Investment income received		235,824	
Investment management fees paid		(14,707)	
Other cash payments		(85,758)	
Net cash inflow from operating activities	16		135,359
Investing activities			
Acquisition of investments	9	(8,819,500)	
Disposal of investments	9	1,618,663	
			(7,200,837)
Cash outflow before financing			(7,065,478)
Financing			
Issue of ordinary shares		8,406,218	
Issue costs		(599,622)	
			7,806,596
Increase in cash for the period	17		741,118

The notes on pages 23–34 form part of these Financial Statements.

Notes to the Accounts

for the period ended 31 December 2007

1 Accounting policies

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

a) Basis of accounting

The accounts have been prepared under the fair value rules of the Companies Act 1985, and in accordance with applicable accounting standards and, to the extent that it does not conflict with the Companies Act 1985 and UK accounting standards, the 2003 Statement of Recommended Practice ("SORP"), 'Financial Statements of Investment Trust Companies', revised December 2005.

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 Venture Capital Valuation (IPEVCV) guidelines published in 2005:

- (i) Investments which have been made in the last 12 months 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) Where investments 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 to that company's maintainable earnings (the ratio used being based on a comparable listed company or sector but the resulting value being discounted to reflect lack of marketability). 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 a company, this value will be used.
- (v) Where a company's underperformance against plan indicates a permanent diminution in the value of the investment, this amount is transferred to the realised reserve from the unrealised reserve.

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. Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield.

Notes to the Accounts

for the period ended 31 December 2007

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.

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.

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 the 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 – realised 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

	2007 £
Income from investments	
– from loan stock	48,424
– from dividends	126,687
	175,111
Interest income	
Bank interest	78,404
	78,404
Total income	253,515
Total income comprises	
Dividends	126,687
Interest	126,828
	253,515
Income from investments comprises	
Listed UK securities	126,687
Unlisted UK securities	48,424
	175,111

3 Transaction costs and investment management expense

	Revenue 2007 £	Capital 2007 £	Total 2007 £
Third Party – transaction costs	–	37,667	37,667
Core Capital LLP – management fees	–	–	–
Credit Suisse – transaction costs	–	2,093	2,093
Credit Suisse – management fees	4,608	13,824	18,432
Total	4,608	53,584	58,192

Core Capital LLP advise the Company on investments in qualifying companies under an agreement dated 7 December 2006. The agreement is for an initial period of five years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

In return for acting as investment manager, the Manager shall be entitled to a performance incentive from time to time in the form of a profit share, whereby the Manager is entitled to receive 30% of the Investment Profits, only when the following 2 conditions have been achieved:

- the Total Return of the VCT is in excess of the Opening NAV of 94.5p; and
- the Total Return of an underlying investment exceeds the original cost of that investment.

The Manager has also agreed to ensure that the annual operating cost of the Company do not exceed an annual amount being 1.5% of the gross funds raised under the Offer.

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 the other VCTs managed by Core Capital. The amount of such costs for the period ended 31 December 2007 is £37,667.

4 Other expenses

	2007 £
Directors' remuneration (including NIC) (see note 5)	23,000
IFA trail commission	30,843
Administration fees	20,898
Broker's fees	8,813
Auditors' fees – audit	17,625
– other services	1,998
Taxation services	2,938
Registrar's fees	8,813
Printing	6,342
Legal and professional fees	44,091
Directors' insurance	6,746
Subscriptions	8,704
Sundry	177
	180,988

Charges for non-audit services provided by the auditors for the period ended 31 December 2007 relate to the provision of the review of the interim report. The Directors consider the auditors were best placed to provide these services. The Board Committee reviews the nature and extent of non audit services to ensure that independence is maintained.

Notes to the Accounts

for the period ended 31 December 2007

5 Directors' remuneration

	2007 £
Directors' emoluments	
Ray Maxwell	8,016
Hylton Murray-Philipson (resigned 7 November 2007)	5,540
Andrew Richards	6,415
Stephen Edwards (appointed 7 November 2007)	–
	19,971
Employer's NIC and VAT	3,029
	23,000

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 employees other than Directors. Stephen Edwards only received emoluments in his capacity as a partner in Core Capital LLP.

6 Taxation on ordinary activities

	2007 £
a) Analysis of charge in the period	
Current tax charge for period	–
b) Factors affecting tax charge for the period	
Total return on ordinary activities before tax	(168,283)
Add: unrealised losses	89,581
Add: non-taxable realised losses	93,037
Add: capitalised transaction costs and investment management expense	53,584
Revenue return on ordinary activities before taxation	67,919
Corporation tax @ 19.75%	13,414
Non taxable UK dividend income	(24,270)
Non-taxable expenses	8,012
Additional losses carried forward	2,844
Taxation on revenue return	–
Capitalised expenditure allowable and credited to capital return	(10,583)
Additional losses carried forward	10,583
Credited to capital return	–
Current tax charge for period	–

Investment trust companies are exempt from tax on capital gains if they meet the Inland Revenue criteria set out in S274 Income Tax Act 2007 for a given year.

Deferred taxation

There is no unrecognised deferred tax asset recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The amount not recognised is £13,427.

7 Dividends and other appropriations

Any proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

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.

	2007 £
Revenue available for distribution by way of dividends for the period	67,919
Proposed final dividend of 0.5 pence per Ordinary Share for the period ended 31 December 2007	55,125

8 Return per Ordinary Share

	Period from 6 December 2006 to 31 December 2007 £
Total earnings after taxation:	(168,283)
Basic earnings per share (note a)	(2.20)p
Net revenue from ordinary activities after taxation	67,919
Revenue return per share (note b)	0.89p
Net realised capital losses	(93,037)
Net unrealised capital gains	(89,581)
Capital expenses	(53,584)
Total capital return	(236,202)
Capital return per share (note c)	(3.09)p
Weighted average number of shares in issue in the period	7,650,851

Notes

- a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
b) Revenue return per share is net revenue after taxation divided by the weighted average number of shares in issue.
c) Capital return per share is total capital return divided by the weighted average number of shares in issue.

9 Investments

	Fully listed £	Unlisted ordinary shares £	Loan stock £	Funds and trusts £	Total £
Purchases at cost	3,520,593	300,000	700,000	4,298,907	8,819,500
Sale proceeds	(898,037)	–	–	(720,626)	(1,618,663)
Realised gains/(losses)	(100,713)	–	–	7,676	(93,037)
(Decrease)/increase in unrealised appreciation	(95,829)	(176,000)	300,000	(117,752)	(89,581)
Closing valuation at 31 December 2007	2,426,014	124,000	1,000,000	3,468,205	7,018,219
Cost at 31 December 2007	2,521,843	300,000	700,000	3,585,957	7,107,800
Unrealised (losses)/gains at 31 December 2007	(95,829)	(176,000)	300,000	(117,752)	(89,581)
Valuation at 31 December 2007	2,426,014	124,000	1,000,000	3,468,205	7,018,219

Notes to the Accounts

for the period ended 31 December 2007

10 Significant interests

At 31 December 2007 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
Colway Limited	300,000	700,000	1,000,000	3.0%

The above company is incorporated in the United Kingdom.

Whilst the Company has significant interests as set out above, it has not equity accounted for its investment. Instead, the investment is accounted for at market value. As the Company is an investment fund, this treatment is permitted under FRS 9: Associates and Joint Ventures.

Core Capital LLP also advises Core VCT I plc, Core VCT II plc, Core VCT III plc and Core VCT IV plc that have made investments to 31 December 2007 in the following companies:

	Core VCT I plc	Core VCT II plc	Core VCT III plc	Core VCT IV plc	Total at cost	% of equity held by funds managed by Core Capital LLP
	£	£	£	£	£	
Colway Limited	1,000,002	1,000,002	1,000,002	1,000,000	5,000,006	55.0%

11 Debtors

	2007 £
Amounts due within one year:	
Accrued income	47,690
Prepayments	7,835
Called up share capital unpaid	2,600,000
	<hr/>
	2,655,525

Called up share capital unpaid is in accordance with the arrangements set out in the prospectus.

12 Creditors: amounts falling due within one year

	2007 £
Trade creditors	48,724
Other creditors	30,000
Accruals	97,825
	176,549

13 Called up share capital

	2007 £
Authorised:	
Ordinary Shares of 0.01 p each: 530,000,000	5,300
Allotted, called-up and fully paid:	
Ordinary Shares of 0.01 p each: 11,024,969	1,102

On incorporation the authorised share capital of the Company was £53,000 comprising 53,000 Ordinary Shares of £1.00 each (of which two were issued, fully paid at a subscription price of £1.00 each to the subscribers of the Memorandum of Association).

At an Extraordinary General Meeting held on 6 December 2006 50,000 unissued Ordinary Shares were redesignated into 50,000 non-voting Redeemable Preference Shares of £1 each, and each of the two issued shares and remaining 2,998 unissued Ordinary Shares of £1 each in the Company were subdivided into 30,000,000 Ordinary Shares of 0.01 pence each.

On 6 December 2006, so as to enable the Company to obtain a certificate under section 117 of the Companies Act 1985, Core Capital LLP was allotted 50,000 Redeemable Preference Shares of £1 each at par for cash, paid up to one quarter of their nominal value. The Redeemable Preference Shares were paid up in full on 1 March 2007, and redeemed by the Company out of the proceeds of the Offer for Subscription launched on 11 December 2006. Each of the Redeemable Preference Shares were re-designated as 10,000 Ordinary Shares of 0.01 pence each pursuant to the Articles of Association, creating 500,000,000 Ordinary Shares of 0.01 pence each.

Of the 530,000,000 authorised Ordinary Shares of 0.01 pence each, a further 11,056,219 were issued between 1 March 2007 and 5 April 2007 at a price of £1 per share raising a total of £11,056,219 (before costs). Of these 11,056,219 issued shares, 1,056,219 were issued pursuant to the over-allotment facility under the Offer.

The Company has not issued any new Ordinary Shares since the close of the Offer on 5 April 2007 nor has it bought back any shares during the period under review.

On 10 December 2007 51,250 Ordinary Shares of 0.01 pence each were forfeited by the Company, in accordance with the Company's Articles of Association, due to non-payment of the purchase price. These shares were subsequently cancelled by the Company.

Notes to the Accounts

for the period ended 31 December 2007

14 Share capital and reserves

	Called up Share capital	Share premium account	Capital reserve (realised)	Capital reserve (unrealised)	Special distributable reserve	Revenue reserve	Total
	£	£	£	£	£	£	£
As at 6 December 2006	–	–	–	–	–	–	–
Net share capital issued	1,102	10,405,494	–	–	–	–	10,406,596
Cancellation of the share premium account (note)	–	(10,405,494)	–	–	10,405,494	–	–
Realised losses	–	–	(93,037)	–	–	–	(93,037)
Unrealised losses	–	–	–	(89,581)	–	–	(89,581)
Capitalised management fees less tax credit	–	–	(53,584)	–	–	–	(53,584)
Return for the year	–	–	–	–	–	67,919	67,919
At 31 December 2007	1,102	–	(146,621)	(89,581)	10,405,494	67,919	10,238,313

Note: The cancellation of the Company's Share Premium Account (as approved at the Extraordinary General Meeting held on 6 December 2006 and by order of the court dated 19 December 2007) has provided the Company with a special distributable reserve. The purpose of the reserve is to fund market purchases of the Company's shares, and to write off existing and future losses, should the Company revoke its investment company status and be obliged to take into account capital losses determining distributable reserves.

15 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the period, and on 11,024,969 Ordinary Shares, being the number of Ordinary Shares in issue on that date.

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

	2007 £
Net revenue before taxation	67,919
Investment management fees charged to capital	(53,584)
Increase in debtors	(55,525)
Increase in creditors and accruals	176,549
Net cash inflow from operating activities	135,359

17 Analysis of changes in net funds

	2007 £
At beginning of period	–
Cash flows	741,118
At 31 December 2007 – cash at bank (net funds)	741,118

18 Financial Instruments

The Company's financial instruments in the period comprise:

- Equity and fixed and floating rate interest 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 2007:

	2007 (Book value) £	2007 (Fair value) £
Assets at fair value through profit and loss		
Investments managed by Core Capital LLP	1,124,000	1,124,000
Investments managed by Credit Suisse	5,894,219	5,894,219
Cash at bank	741,118	741,118
Loans and receivables		
Called up share capital unpaid	2,600,000	2,600,000
Accrued income	47,690	47,690
Other debtors	7,835	7,835
Other creditors	(176,549)	(176,549)
	10,238,313	10,238,313

The Core Capital investment portfolio consists of unquoted investments representing 11.0% of net assets. This portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies. The Credit Suisse portfolio comprises a range of ready realisable equity linked investments, representing 55.9% of net assets.

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 2. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Manager. No single investment is permitted to exceed 15% of total 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. In the case of the Credit Suisse portfolio, derivative instruments are often used to hedge against market risk.

Notes to the Accounts

for the period ended 31 December 2007

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 most of its assets in the form of sterling denominated investments in small companies, and holds the remainder in a portfolio of equity instruments managed by Credit Suisse.

The investment made by the Manager in an unquoted company, irrespective of the instruments the Company actually holds, (whether shares or loan stock) carries a full market risk, even though some of the loan stock 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 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 table below shows the impact on profit and net assets if there were to be a 15% movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes 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 instruments, as the returns are set by reference to interest rates and premiums agreed at the time of 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. Where unquoted investments have been valued on an earnings basis, the sensitivity has been calculated by assuming a fall of 15% in the price earnings ratio used to value that investment. Where investments are valued at cost, adjustments have been made to their implied enterprise value.

	2007 £
	Profit and net assets
If overall share prices fell by 15%, with all other variables held constant – decrease	(748,636)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(6.79)p

	2007 £
	Profit and net assets
If overall share prices increase by 15%, with all other variables held constant – increase	748,636
Increase in earnings, and net asset value, per Ordinary share (in pence)	6.79p

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:

	2007 £
Financial assets	
Securities	6,018,219
Loan stock investments	1,000,000
Called up share capital unpaid	2,600,000
Accrued income	47,690
Other debtors (excluding prepayments)	7,835
Cash and cash equivalents	741,118
Total	10,414,862

The Company has an exposure to credit risk in respect of the loan stock investment it has made into an investee company, which has little security attached to it, and where it does, such security ranks beneath any bank debt that an investee company may owe.

£46,750 of the accrued income shown above was due within 2 months of the year-end.

The following table shows the maturity of the loan stock investment referred to above.

	2007 £
Repayable within	
5 years	1,000,000
Total	1,000,000

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

Called up share capital unpaid is supported by bank guarantees, so is considered to be low credit risk.

There could also be a failure by counter-parties 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. In respect of any quoted investment transactions that are undertaken, the Company uses brokers with a high credit quality, and these trades usually have a short settlement period. Accordingly, counterparty risk is considered to be relatively low.

Interest rate risk

The Company's fixed and floating rate interest 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.

Due to the short time to maturity of some of the Company's floating rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

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 above.

The interest rate profile of the Company's financial net assets at 31 December 2007 was:

	Financial assets on which no interest paid £	Fixed rate financial assets £	Floating rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity	6,018,219	–	–	6,018,219		
Loan stocks	–	1,000,000	–	1,000,000	14.98	4.7
Cash	–	–	741,118	741,118		
Debtors	2,655,525	–	–	2,655,525		
Creditors	(176,549)	–	–	(176,549)		
Total	8,497,195	1,000,000	741,118	10,238,313		

Notes to the Accounts

for the period ended 31 December 2007

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Interest rate sensitivity

Although the Company holds an investment in loan stock that pays interest, the Board does not believe that the income of this instrument is materially interest rate sensitive, as the majority of the loan is at a fixed rate 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 for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to 5 years or more from the year-end.

To counter these risks to the Company's liquidity, the Manager maintains sufficient ready realisable investments within the Credit Suisse portfolio to meet running costs and other commitments.

All creditors and accruals are all due within one year and are comfortably covered by the funds within the Credit Suisse portfolio 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 are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk.

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

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the 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 the United Kingdom.

21 Related party transactions

Stephen Edwards is a member of the Manager, Core Capital LLP. 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. £35,959 was due to the Manager at 31 December 2007.

The Manager received a fee of 5.5% of the gross proceeds of the Offer, equalling £599,622.

Shareholder enquiries:

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN (telephone 01252 821390) or should you prefer visit their website at www.shareregistrars.uk.com.

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

Stephen Edwards on 020 7317 0150 or by e-mail on Stephen.Edwards@Core-Cap.com

Walid Fakhry on 020 7317 0145 or by e-mail on Walid.Fakhry@Core-Cap.com

For Shareholders considering selling their shares, please contact the Company Secretary, Matrix-Securities Limited, One Jermyn Street, London SW1Y 4UH or by telephone on 020 7925 3300 and ask for Robert Brittain or Ross Lacey.

CORE VCT V PLC

(Registered in England and Wales No. 5957415)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the second Annual General Meeting of the Company will be held at 9.35 am (or as soon thereafter as the Annual General Meeting of Core VCT IV plc has been concluded or adjourned) on 30 April 2008 at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH 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 period from 5 October 2006 to 31 December 2007, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the period from 5 October 2006 to 31 December 2007 as set out in the Annual Report and Accounts of the Company for the period ended 31 December 2007.
3. To re-appoint Ernst & Young LLP of 1 More London Place, London SE1 2AF as Auditors.
4. To authorise the Directors to determine the remuneration of the auditors.
5. To re-elect Ray Maxwell as a Director of the Company.
6. To re-elect Stephen Edwards as a Director of the Company.
7. To declare a final dividend for the period ended 31 December 2007 of 0.5 pence per share, payable on 15 May 2008 to Shareholders registered at close of business on 18 April 2008.

SPECIAL BUSINESS

8. THAT in substitution for any existing authorities pursuant to section 80 of the Companies Act 1985 ("the Act") the Directors be generally and unconditionally authorised, in accordance with the Act to:
 - (i) allot relevant securities (within the meaning of section 80) up to an aggregate nominal amount of £272 being approximately 25% of the issued share capital of the Company, this authority to expire on 29 April 2013 (unless previously renewed, varied or revoked by the Company in general meeting); and
 - (ii) the Company may be entitled under the authority conferred or under the renewal thereof to make at any time prior to the expiry of such authority any offer or enter into any agreement which would or might require relevant securities as aforesaid to be allotted after the expiry of such authority and the directors may allot relevant securities accordingly as if the authority conferred thereof had not expired.

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

9. THAT in substitution for any existing authorities pursuant to section 95 of the Act the Directors be and they are hereby empowered to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred upon them by resolution 8 above as if section 89(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities in connection with:
 - (i) the allotment of equity securities having a nominal value not exceeding 10% of the issued share capital of the Company at the date on which this resolution is passed in connection with a rights issue in favour of the holders of relevant securities in which such holders are offered the right to participate, in proportion (as nearly as may be) to the respective holdings but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws or any territory, or of the requirements of any generally recognised body or stock exchange in any territory;
 - (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) having a nominal value not exceeding 10% of the issued share capital of the Company at the date on which this resolution is passed where the proceeds of the allotment may be used in whole or in part to purchase the Company's ordinary shares in the market; and
 - (iii) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i) and (ii) above) from time to time with an aggregate nominal value of up to 5% of the issued share capital of the Company at the date on which this resolution is passed.

This power shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 or, if earlier, on 30 July 2009 (unless previously renewed, varied or revoked by the Company in General Meeting), save that the Company may before the expiry of this authority make an offer or enter into an agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired.

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

10. THAT the Company be and is hereby authorised in accordance with section 166 of the Act to make one or more market purchases (within the meaning of section 163 of the Act) of the ordinary shares of 0.01 pence each in the Company provided that:
- (i) the maximum aggregate number of ordinary shares authorised to be purchased is 1,652,643 representing approximately 14.99 per cent. of the issued share capital as at the date hereof;
 - (ii) the minimum price which may be paid for an ordinary share is 0.01 of a penny per share; and
 - (iii) the maximum price, exclusive of expenses, which may be paid for an ordinary share shall not be more than 105% of the average of the middle market prices for the ordinary shares of the Company as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which that ordinary share is purchased.

This authority shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 or, if earlier, on 30 July 2009 (unless previously renewed, varied or revoked by the Company in general meeting), save that the Company may prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or expected wholly or partly after such expiry.

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

11. THAT the articles of association of the company be altered by deleting article 19 (Directors' Interests) and substituting for that article the following new articles 19 and 19A:

19 Director's interests

19.1 Subject to the provisions of the Act, a Director, notwithstanding his office:

- (a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (b) may act by himself or through his firm in a professional capacity (other than that of auditor) for the Company or any other body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) may be a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any power of appointment.

19.2 The Directors may establish, maintain, participate in or contribute to, or procure the establishment and maintenance of, participation in or contribution to, any pension, annuity, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of the Company, or any of its predecessors in business, or of any company which is a subsidiary undertaking of the Company or is allied to or associated with the Company, or with any such subsidiary undertaking, or who may be or have been Directors or officers of the Company, or of any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and also establish, subsidise and subscribe to any institutions, associations, societies, clubs, trusts or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, or of any such persons as aforesaid, and make payments for or towards the insurance of any such persons as aforesaid, and (subject to the provisions of the Act) establish and contribute to any scheme for the acquisition of shares in the Company or its holding company (whether or not an employees' share scheme) and (subject as aforesaid) lend money to the Company's employees to enable them to acquire such shares, and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with others. Subject always, if the Act shall so require, to particulars with respect to the proposed payment being disclosed to the members of the Company and to the proposal being approved by Ordinary Resolution, any Director shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance, benefit or emolument.

NOTICE of the ANNUAL GENERAL MEETING

19.3 Subject to the provisions of the Act, the Company may by Special Resolution suspend or relax the provisions of Articles 19 and 19A to any extent either generally or in respect of any particular matter, or ratify any transaction not duly authorised by reason of a contravention of Articles 19 or 19A.

19A Director's duty to avoid conflicts of interest - power of Board to authorise matters

19A.1 If there is a situation (a "Relevant Situation") in which a Director is or may be either at the time or at some time in the future (or a person who if he was to be appointed as a director of the Company would or might be either at the time or at some time in the future) in breach of his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest (but for any authorisation of the relevant matter(s) by the Board), the Board (other than the Director, and any other Director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution) may authorise the matter or matters on such terms as it may determine, including terms regulating the continuing performance by the relevant Director of his duties as a director of the Company. Any authorisation of a matter pursuant to this Article shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised. It is the responsibility of the Director who is or may be in breach or the other person who would or might be in breach of his duty under section 175 of the Companies Act 2006 to raise the matter(s) for consideration by the Board.

19A.2 Any terms determined by the Board under Article 19A.1 may be imposed at the time of authorisation or may be imposed or varied subsequently and may be terminated by the Board at any time, and may include (without limitation):

- (a) subject always to these Articles, whether the relevant Director(s) may vote (or be counted in the quorum at a meeting) in respect of any resolution connected with or relating to the relevant matter(s);
- (b) that relevant Director(s) should not receive from the Company information or participate in discussion by the Board or otherwise within the Company connected with or relating to the relevant matter(s); and
- (c) (without prejudice to any other obligations of confidentiality) the application to the relevant Director(s) of a strict duty of confidentiality to the Company in respect of any confidential information of the Company or any company in its group connected with or relating to the relevant matter(s).

19A.3 Except as specified in Article 19A.1, any proposal made to the Board and any authorisation by the Board in relation to a Relevant Situation shall be dealt with in the same way as any other matter may be proposed to and resolved upon by the Board.

19A.4 Any authorisation of a Relevant Situation given by the Board under Article 19A.1 may provide that, where the relevant Director obtains (other than through his position as a Director or employee of the Company or any member of its group) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence or of his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest.

19A.5 A Director, by reason of his holding office as a Director (or of the fiduciary relationship established by holding that office), shall not be liable to account to the Company for any remuneration, profit or other benefit connected with or resulting from:

- (a) any matter authorised under Article 19A.1; or
- (b) any interest permitted under Article 19;

and no contract, arrangement, transaction or proposal shall be liable to be avoided on the grounds of any matter authorised under Article 19A.1 or the Director having any interest permitted under Article 19.

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH

26 March 2008

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Share Registrars Limited, on 01252 821390, to request additional copies.
- (ii) To be valid the enclosed form of proxy for the Annual General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited no less than 48 hours prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN.
- (iii) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person): You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company or its registrars) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (iv) Completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the Annual General Meeting should he subsequently decide to do so.
- (v) As at 26 March 2008, the Company's issued share capital comprised 11,024,969 Ordinary Shares. Each share carries one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at 26 March 2008 is 11,024,969.
- (vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 28 April 2008 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 28 April 2008 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

PROXY FOR THE ANNUAL GENERAL MEETING

for Core VCT V plc

I/We

of (address)

being a member/members of the Company hereby appoint the Chairman of the Meeting, or

.....
of (address)

as my/our proxy to vote, on a poll, in my/our name and on my/our behalf at the Annual General Meeting of the Company to be held at 9.35 am (or as soon thereafter as the Annual General Meeting of Core VCT IV plc has been concluded or adjourned) on 30 April 2008 at the offices of Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH and at any adjournment thereof.

Please indicate with an 'x' in the boxes below how you wish your vote to be cast. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Annual General Meeting (including any motion to amend any resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the resolutions set out in the notice convening the Annual General Meeting, of which resolutions 1 to 8 are proposed as ordinary resolutions and resolutions 9 to 11 are proposed as special resolutions, as follows:

	Resolution	For	Against	Vote withheld
ORDINARY BUSINESS				
Resolution 1	To approve the Annual Report and Accounts for the period ended 31 December 2007.			
Resolution 2	To approve the Directors' Remuneration Report for the period ended 31 December 2007.			
Resolution 3	To re-appoint Ernst & Young LLP as independent Auditors.			
Resolution 4	To authorise the Directors to determine the remuneration of the auditors.			
Resolution 5	To re-elect Ray Maxwell as a Director of the Company.			
Resolution 6	To re-elect Stephen Edwards as a Director of the Company.			
Resolution 7	To declare a final dividend of 0.5 pence per share.			
SPECIAL BUSINESS				
Resolution 8	To authorise the Directors to allot Ordinary Shares.			
Resolution 9	To authorise the Directors to disapply pre-emption rights of members (special resolution).			
Resolution 10	To authorise the Company to make market purchases of Ordinary Shares (special resolution).			
Resolution 11	To delete article 19 (Directors' Interests) of the articles of association and substitute for that article new articles 19 and 19A (Special Resolution).			

Signed Dated

NOTES AND INSTRUCTIONS

- A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote, in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Share Registrars Limited, on 01 252 821390, to request additional copies.
- Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the Meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his/her discretion as to whether, and if so how, he votes. Any alterations to the Form of Proxy should be initialled.
- If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person): You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting.
If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company or its registrars) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- In the case of a Corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- To be effective, this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be completed and deposited at the office of the Company's registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN not later than 48 hours before the time set for the meeting.
- In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
- The completion and return of this form of proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.

Third Fold (Tuck-in)

BUSINESS REPLY SERVICE
LICENCE No. GI2155



**Share Registrars
Craven House
West Street
Farnham
Surrey
GU9 7BR**

First Fold

Second Fold

First Fold

Corporate Information

Directors

Ray Maxwell (Chairman)
Hylton Murray-Philipson (resigned 7 November 2007)
Andrew Paul Richards
Stephen Edwards (appointed 7 November 2007)

All of whom are non-executive and of:

One Jermyn Street
London
SW1Y 4UH

Secretary and administrator

Matrix-Securities Limited
One Jermyn Street
London
SW1Y 4UH

Investment Manager

Core Capital LLP
103 Baker Street
London
W1U 6LN

Auditors

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

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Stockbroker

Brewin Dolphin Securities Limited
PO Box 512
National House
36 St Ann Street
Manchester M60 2EP

www.core-cap.com

Solicitors

SJ Berwin
10 Queen Street Place
London
EC4R 1BE

Bankers

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

Receiving Agent

The City Partnership (UK) Limited
Box 41
196 Rose Street
Edinburgh
EH2 4AT

Cash Assets Investment Manager

Credit Suisse
Private Banking, London Branch
17th Floor
1 Cabot Square
London E14 4QJ

Registrar

Share Registrars Limited
Craven House
West Street
Farnham
Surrey GU9 7EN

Company No : 5957415

Shareholder Notes

