CORE

CORE VCT III PLC

Annual Report and Accounts
for the year ended 31 December 2008

Performance Summary

	As at 31 December 2008		As at 31 December 2007	
	Ordinary Shares	B Shares	Ordinary Shares	B Shares
Net asset value per share	79.15 pence	0.01 pence	102.59 pence	0.01 pence
Total return per share[1]	82.65 pence	0.01 pence	104.09 pence	0.01 pence
Share price (mid-market)	50.00 pence	3.50 pence	80.00 pence	3.50 pence

	Year ended 31 December 2008		Year ended 31 December 2007	
	Ordinary Shares	B Shares	Ordinary Shares	B Shares
Revenue return per share	1.08 pence	–	2.10 pence	–
(Decrease)/Increase in total return since inception[2]	(12.5%)	–	10.15%	–
Cumulative Dividends paid and proposed per share[3]	16.50 pence	–	3.50 pence	–
Total expense ratio[4]	1.76%	–	1.30%	–

[1] Total return per share comprises closing net asset value per share plus cumulative dividends per share paid to date.
[2] Decrease in total return since inception compares total return per share to opening net asset value per share.
[3] Consists of proposed dividends of 13.0p (2007 - 2.0p) and dividends paid to date of 3.50p; (2007 - 1.5p)
[4] Total expense ratio has been calculated using total operating costs divided by closing net assets.

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Investment Objective

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

Investment Approach

We invest management buyout and development capital, typically in:

- Established, private companies, which show:
  - sufficient operating critical mass, with an established economic model
  - quality management teams with the key skills in place to deliver a well-defined business model
- Amounts of £3 - £8 million in companies valued at £5 - £25 million.

Company Structure

Core VCT III is structured as follows:–

- **No Annual Management fees**
  Only when Shareholders have received the first 60 pence of distributions, which together with an assumed 40 pence of initial tax relief will have realised them 100 pence, will the Manager start to be entitled to 30% of distributions from the Company (for further information please see Note 3 to the Accounts on page 27) .
- **Maximise distributions of income and capital**
  Core VCT III has a policy to distribute all proceeds from realised investments. The Company has no fixed life but intends to naturally liquidate and distribute its assets over time. The Manager's incentives are structured to align their interests in delivering this liquidity for Shareholders as well as maximising overall investment performance.

Investment Policy

Core VCT III intends 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 of its assets in private companies. These investments are unquoted, and include, but are not limited to, Management Buy-Outs (MBOs) and Development Capital for expansion or acquisition funding for established companies. After 31 December 2008, 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 its 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 Companies 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.

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

Gearing

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

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

Chairman's Statement

Results

The Net Asset Value (NAV) Total Return per Ordinary Share was 82.65p as at 31 December 2008, comprising a NAV per Ordinary Share of 79.15p and cumulative dividends paid of 3.5p per Ordinary Share. This is a reduction from the NAV Total Return to 31 December 2007 of 20.6%, compared to a 29.9% reduction in the value of the FTSE All share index over the same period. A deficit of £3,539,472 was recorded during the year ended 31 December 2008.

The major causes of the reduction in Net Asset Value over the year ended 31 December 2008 are:–

- An aggregate reduction in the valuation of the unquoted portfolio of 31%, or some £2.45 million. Primarily, this arises from the use of comparative quoted company earnings multiples in valuing the portfolio reflecting the significant falls in the quoted markets over this period; and
- The continuing capital losses on the financial instrument portfolio managed by Credit Suisse, equivalent to 5.2 p per share.

The Managers' Review contains a more detailed analysis of the unquoted investment portfolio. Overall, however, trading to date has held up well and in many cases debt and gearing levels have been reduced, both of which have contributed to a lower fall in NAV than experienced in the market comparatives mentioned above.

Merger Proposal

Agreement has been reached with Core I and Core II to put proposals to shareholders to merge the VCTs to achieve cost efficiencies. The merger, if approved, would be effected on a relative net asset basis by Core I and Core II being placed in members' voluntary liquidations pursuant to section 110 of the Insolvency Act 1986 and their assets and liabilities transferred to Core III in consideration for new shares in Core III. Shareholders should note that a merger on this basis will be outside the provisions of the Takeover Code. Documents setting out the full details of the proposal to merge the VCTs will be circulated to shareholders shortly.

Each of these VCTs has completed its initial investment programme, and following the completion of the merger, all shareholders would benefit from the following:–

- An increased ability to pay larger dividends to shareholders;
- Reduced proportionate operating costs following the merger;
- Enhanced investment flexibility by virtue of the larger overall size of funds managed in a single listed VCT.

We urge all shareholders to read the shareholder documentation and approve the proposals.

Dividends

Core VCT III is structured to maximise distributions of both capital and income to Shareholders over the life of the Company. Now that the investment programme has achieved the basis for establishing the associated tax reliefs, we are working as a priority towards returning the proportion of the Company we do not intend to invest into unquoted private equity investments, approximating to 30p per share of the original capital raised. However, the following issues have reduced or delayed our ability to do this so far in the life of the Company:

- Firstly, the performance since inception of the portfolio managed by Credit Suisse as described above has produced a total return of –14.02% (compared to our expectation of a 5% pa return). This underperformance is the subject of ongoing discussions with Credit Suisse;
- We currently have an amount of 20.4p per share of liquid assets. Of this amount, it is proposed that 13p is paid out to shareholders in dividends as explained in more detail below. Given the sharply reduced availability of banking finance to our investee companies, the remainder will be reserved to support existing portfolio investments should that be necessary, and also to provide working capital for the future running costs of the merged VCT.
- It will be also observable that the level of merger and acquisition activity in the UK, which could have reasonably been expected to permit exits from investments, is sharply reduced.

In relation to the year ended 31 December 2008 we are recommending an income dividend of 1p, subject to shareholder approval payable on 30 June 2009 to shareholders on the register at 12 June 2009. In addition, we are recommending a special dividend of 12p to be paid which does not require shareholder approval but is conditional upon the merger being effected (leading to the benefits as described above). The payment date for this dividend will be set out in the merger documentation. These dividends will bring the cumulative dividends paid to 16.5p per share which amounts to a net annual yield of 8.3% on the net cost of subscription after tax relief.

Investments

In line with the completion of the Company's investment programme last year, no new investments were made. We must however, be prepared to support the existing investments with further capital if required, and a net £1.26 million was invested in the year in this way. A substantial amount of work has gone into preparing the portfolio for the recession which we are now experiencing.

The Manager's Review refers in more detail to the prospects of the investment portfolio, which now comprises 10 investments with a cost of £11.04 million and a valuation of £9.7 million.

Share Price and Share buy backs

Both the Ordinary Shares (CR3) and the B Shares (CR3.B) are fully listed shares. Prices are available on www.londonstockexchange.com and the Ordinary Share price is published daily in the Financial Times. Shareholders are reminded that their holding of B Shares forms an integral part of their investment along with their holding of Ordinary Shares.

We are conscious that the mid price of the shares is at a discount to the Net Asset Value. This discount has widened over recent months, as it has for many other VCTs, which simply reflects the lack of liquidity in the secondary market. In addition, whilst Core VCT III does have the ability to buy back shares, we are not anticipating making any share buy backs for the foreseeable future so that we are best placed as a Company to maximise distributions made to all shareholders, as referred to above. Communications from a number of our shareholders has expressed their support for this approach. We would also remind shareholders that we view the NAV Total Return, rather than the share price, as the preferred measure of performance, as it encompasses the value of the current portfolio and the amount of cash distributed to shareholders over the life of their investment.

Information for Shareholders

The Board supports open communication with investors and welcomes any comments or questions you may have, and full contact details are provided at the back of this Report.

Outlook

The current economic and investment outlook remains very uncertain, and 2009 is set to be a challenging year. Our investments cannot be immune from these economic pressures, although the active management that goes into the portfolio has prepared us as far as possible to withstand at least those pressures that we can reasonably foresee.

Overall the stocks in the portfolio were from the outset deliberately selected to represent a portfolio of trades with below average exposure to consumer discretionary expenditure economic cycles, although that does not guarantee that they are unaffected or exempt from the firm-specific risk profiles which are a feature of the small unlisted corporate sector. Whilst the Company does not plan to make new investments, there will be opportunities for our existing investments to make acquisitions at lower prices and so take advantage of these conditions.

Peter Smaill

Chairman

29 April 2009

Manager's Review

Investment Highlights

- Investment Portfolio now comprises 10 investments with a cost of £11.04 million and a value of £9.7 million;
- The Company was 73% invested in qualifying companies as at 31 December 2008, exceeding the required minimum to be over 70% invested for VCT purposes;
- In aggregate, trading has held up across the portfolio, exceeding the levels achieved in 2007. Valuations, however, have fallen, primarily as a result of the reductions in earnings multiples used from comparative quoted companies;
- No new trading investments were completed, and a net £1.26 million was invested into existing portfolio investments during the year.

New Investments

As we have stated in our previous reports, we have taken a cautious approach in assessing new investment opportunities, and we completed no new investments in 2008. This means we have some £3.4 million in available cash and cash equivalents to be invested alongside a similar amount in Core VCT II. Whilst there is no shortage of companies seeking funding, we have not yet seen quality businesses reflecting reduced valuations fully. We anticipate that this will change during 2009 and we will find opportunities that may be amongst the most attractive we have seen for several years.

Matching these timescales to the investment requirements of VCTs does require careful planning, and we have established three new companies which are actively seeking acquisitions in their chosen sectors.

Existing Investments

For a substantial proportion of 2007 and almost all of 2008, most of our time has been spent managing the existing investment portfolio. Wherever possible, we have sought to prepare for the downturn that is now evident – reducing costs early, and where possible repaying or restructuring bank debt. In this climate, maintaining sales and profit levels means gaining market share; in aggregate, we are pleased that turnover and profits in 2008 are actually ahead of last year.

We are also continuing to pursue an acquisition led growth strategy for many of our larger businesses; pricing is more attractive, risk can be shared with or laid off to previous owners, and opportunities will be plentiful over the next 1 – 2 years. A further £1.4 million was invested into 3 existing companies during the year and it is important that we continue to support the most successful management teams and businesses to take advantage of these opportunities.

Valuations have fallen by 31% over the year. In most cases, this is due to the reductions in comparative earnings multiples of quoted companies. Whilst earnings have risen in many instances in our portfolio, this has not been enough to overcome such significant scale of de-rating. This also underlines an obvious consequence of the downturn, in that we are not planning to seek exits for any of our investments for the foreseeable future. Our strategy is to hold, support and grow our investments through well structured and selective acquisitions in order to grow scale and lay the foundations for profit growth in the future.

Collectively, this means a delay to the realisation of returns and the distributions of proceeds to our shareholders. However, we believe this approach will ultimately produce the returns we are working to achieve.

Each investment is described below:

Kelway Holdings Limited

Cost £1,952,000
Valuation: £2,680,000

Kelway is a fast growing IT reseller targeting organisations with 250 to 1,000 employees. Turnover was £98 million in the year ended 31 March 2008, and is forecast to exceed this in the current year. The company repaid all its bank debt this year. Kelway completed a major acquisition in 2007 and is actively exploring a number of opportunities currently.

Pureleaf Limited (Baxters International)

Cost £1,819,000
Valuation: £1,318,000

Baxters is a long established removals and storage business with substantial freehold property and a long standing relationship with the Ministry of Defence, for whom Baxters carries out a significant amount of long term storage.

After a difficult start to this investment in 2007, we settled our substantial claims against the vendors and Baxters now has a strong balance sheet with substantial net assets, unencumbered freehold assets and no senior bank debt. Substantial new commercial contracts have been won which will start to add to the profitability of the business, and a small acquisition was completed in 2008.

SPL Services Limited

Cost £2,114,000
Valuation: £1,250,000

SPL Services is a specialist logistics business servicing the pharmaceutical sector.

This investment had a difficult start in 2007 but we have worked hard to restore value and the prospects for growth, and invested further to support the business. Management has been strengthened, new overseas operations have been established in India and Singapore, and we have restructured the senior bank debt position so that we have created significant headroom to complete a turnaround. The business is now making good progress, has won some major contracts, is exceeding its budget and has returned to profitability. We are hopeful that this business will now be in a position to make a strong recovery.

Blanc Brasseries Holdings plc

Cost £1,000,000
Valuation: £800,000

Brasserie Blanc now operates 8 units, and will open its 9th unit in Portsmouth in April. Despite the obvious risks to consumer spending, Blanc is trading ahead of expectations, and particularly well in the 6 units opened or refurbished since the business was acquired in 2006. Bank gearing is modest, with substantial undrawn facilities. Whilst we are not committing to opening new sites in the current climate, there will be a time to accelerate our growth through the acquisition or development of new units at lower cost than has been possible to date. This is likely to require further capital from ourselves, other shareholders and management. In the meantime, the business has now achieved the scale to be profitable and cash generative.

Colway Limited (trading as Red Box)

Cost £1,000,000
Valuation: £458,000

Colway is a long established office and graphic supplies business, with three principal divisions – Business, Systems, and Retail. Turnover has grown from £15.5m to approximately £20m and whilst turnover growth has slowed, it is still forecast to be maintained at the levels achieved last year. Having completed five acquisitions since the date of our investment, the latest one in February 2009, we anticipate completing further acquisitions during 2009.

Manager's Review

Adapt Group Limited

Cost £124,000
Valuation: £158,000

Adapt is a virtual network operator (VNO) providing telecoms solutions to small and medium sized businesses.

This business continues to grow turnover and EBITDA, and has significant further growth potential. Our investment is structured as a high yielding investment, and we have received £23,000 since inception in addition to the valuation increase over cost as detailed above.

Augentius Fund Administration LLP

Cost £35,000
Valuation: £35,000

Augentius is a leading onshore administrator of private equity funds and was formerly Ansbacher Fund Services. The business operates from London, Guernsey, New York, Hong Kong and Singapore, and provides out-sourced administration services to many leading private equity and property funds.

This small investment has a cash yield of 9.5%. The business is trading strongly, but we have made no increase in the valuation given the immaterial size of this investment.

Investment Portfolio Summary
as at 31 December 2008

	Date of initial investment	Book cost £'000	Valuation £'000	% of equity held	% of net assets by value
Qualifying Investments (unquoted)					
Kelway Holdings Limited IT services	November 2006	1,952	2,680	9.5%	20.5%
Pureleaf Limited (Baxters International) Removal Company	January 2007	1,819	1,318	24.1%	10.1%
SPL Services Limited Specialist courier company focusing on the medical industry	July 2007	2,114	1,250	25.9%	9.6%
Blanc Brasseries Holdings plc Premium casual dining brasseries	April 2006	1,000	800	11.9%	6.1%
Colway Limited (trading as Red Box) Office and graphics supplies	May 2006	1,000	458	21.5%	3.5%
Adapt Group Limited Internet connections and co-location services	June 2006	124	158	0.5%	1.2%
		8,009	6,664		51.0%
Other Qualifying Investments					
BRG Trading Limited[1]	December 2008	1,000	1,000	49.9%	7.6%
Syncap Management Limited[1]	December 2008	1,000	1,000	49.9%	7.6%
CP Newco Limited[1]	December 2008	1,000	1,000	49.9%	7.6%
Total qualifying investments		11,009	9,664		73.8%
Non-qualifying investments					
Listed Securities, Funds and Trusts		969	246		2.0%
Fixed Interest Securities		1,491	1,491		11.4%
Augentius Fund Administration LLP Fund administrator	October 2006	35	35		0.3%
Total non-qualifying investments		2,495	1,772		13.7%
Total investments		13,504	11,436		87.5%
Other assets			1,767		13.5%
Current liabilities			(131)		(1.0%)
Net assets			13,072		100.0%

[1]These companies have been set up for the purpose of engaging in qualifying trades in the future.

Book value of total qualifying investments represents 81.5% of the total book value of investments. The VCT investment tests are measured broadly on original cost of investments, including cash balances.

10 Largest investments

	Book cost £'000	Valuation £'000	% of net assets by value
Kelway Holdings Limited	1,952	2,680	20.5%
Pureleaf Limited	1,819	1,318	10.1%
SPL Services Limited	2,114	1,250	9.6%
BRG Trading Limited	1,000	1,000	7.6%
Syncap Management Limited	1,000	1,000	7.6%
CP Newco Limited	1,000	1,000	7.6%
Blanc Brasseries Holdings plc	1,000	800	6.1%
Treasury 4% 2009	511	510	3.9%
Colway Limited	1,000	458	3.5%
Rexam plc 7.125% 2009	268	269	2.2%
Total of 10 largest investments	11,664	10,285	78.7%

Board of Directors

Peter Smaill

Status: Independent, non-executive Chairman

Age: 54

Date of appointment: 11 October 2005

Peter has pursued a career in private equity investment spanning more than 25 years, focusing on mid-market transactions of all types. He has been associated with many successful exits of buyouts, buyins and growth capital investments throughout the UK. A law graduate of Edinburgh University, Peter trained at 3i and had a period with Gresham Trust plc, specialising in Business Expansion Scheme financings, prior to developing his career at National Westminster Bank Plc. He was a Director of NatWest Equity Partners Limited (now Bridgepoint Capital Limited), and headed its Edinburgh office in 1989. He was Director of the NatWest IT Fund from 1996 to 2000, which achieved successful flotations for investments on AIM, Techmark and NASDAQ, as well as via trade sales. Subsequently he moved to LICA Development Capital Limited in London where he was Co Managing Director, developing information technology strategy and tax related products, before joining Dunedin Capital Partners Limited, where he was a Director from 2002 to 2004. He was non-executive chairman of Portman Holdings Limited, a MBO which he led in 1996 and successfully exited in February 2007. In January 2006 he joined Fairfax, an innovative international investment business, and was appointed a director of Fairfax Investment Management Limited. Peter was appointed as Chairman of Core VCT I plc on 29 November 2004 and Core VCT II plc in October 2005.

The Rt. Hon. The Lord Walker of Worcester, MBE, PC

Status: Non-executive Director

Age: 76

Date of appointment: 11 October 2005

Lord Walker has pursued both an active business career and a distinguished career in British politics. He was elected a Conservative Member of Parliament in 1961 for Worcester, and became the youngest member of the Shadow Cabinet in 1965 and the youngest Cabinet member in 1970. He remained a member of all Conservative Cabinets from 1970 to 1990. In 1990, he left the Cabinet and returned to his business activities and took on a series of executive and non-executive board positions including British Gas plc (1990-1996), and Tate & Lyle plc (1990-2001). He was Chairman of Allianz Cornhill Insurance plc until June 2006 and is Vice Chairman of Dresdner Kleinwort Limited. He is a non-executive Director of the London International Financial Futures and Options Exchange, a non-executive director of Caparo plc and Caparo Group Limited and a non-executive director of ITM Power plc. He is also a director of the International Tax and Investment Centre and is vice president of the German-British Chamber of Industry and Commerce. Lord Walker was appointed as a Director of Core VCT I plc on 29 November 2004 and Core VCT II plc in October 2005.

John Brimacombe

Status: Independent, non-executive Director

Age: 39

Date of appointment: 9 August 2007

John is MD of Jobstream Group plc and an Operating Partner of Sussex Place Ventures. He was a co-founder of NGame Limited and was also President of Mforma Group Inc. John is a non-executive director and shareholder of Kelway Holdings Limited, one of the investee companies of the Core VCTs. John was appointed as a Director of Core VCT I plc and Core VCT II plc in August 2007.

Directors' Report

The Directors present the third Annual Report and Accounts of the Company for the year ended 31 December 2008.

Business and principal activities

The principal activity of the Company during the year 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 9 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 0.01p each and the B Shares of 0.01p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority (UKLA) and began trading on 10 March 2006.

The Company intends to revoke investment company status in order to effect the payment of capital dividends. However the Comany 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 year, please see the Chairman's Statement on page 4 and the Manager's Review on pages 6-8. 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.

Share price

The Board monitors the share price of the Ordinary Shares and the B Shares.

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 35-38.

Issue of shares

The Company has not issued any Ordinary Shares or B Shares during the year under review nor bought back any shares.

As at 31 December 2008 the issued Ordinary Share capital of the Company was £1,651 and the issued B Share capital of the Company was £2,474. The number of Shares in issue as at 31 December 2008 was 16,510,859 Ordinary Shares and 24,736,288 B Shares.

Results

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Capital return transferred to reserves	(3,718,493)	815,519
Revenue return after taxation for the period	179,021	345,967
Total return attributable to shareholders for the period	(3,539,472)	1,161,486

Dividend

The Directors will be recommending a final dividend of 1p per share to Shareholders at the Annual General Meeting to be held on 18 June 2009 which will be payable on 30 June 2009 to Shareholders who are on the Register on 12 June 2009. In addition a special dividend of 12p will be paid subject to the merger being effected.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on page 10 of this Annual Report. Peter Smaill and Lord Walker were both appointed to the Board on 11 October 2005 and subsequently re-elected at the AGM held on 2 November 2006. John Brimacombe was appointed to the Board on 9

Directors' Report

August 2007. In accordance with the Company's Articles of Association and the AIC Code of Corporate Governance ("the AIC Code"), Lord Walker will retire by rotation, and being eligible will offer himself for re-election, at the Annual General Meeting of the Company to be held on 18 June 2009.

The Directors' interests (including holdings of connected persons) in the issued capital of the Company as at 31 December 2008 were:

	Shares held on 31 December 2008		Shares held on 31 December 2007	
	Ordinary Shares	B Shares	Ordinary Shares	B Shares
Peter Smaill	30,900	23,175	30,900	23,175
Lord Peter Walker	31,200	23,400	31,200	23,400
John Brimacombe	–	–	–	–

There have been no further changes in the holdings of the Directors since 31 December 2008.

No options over the share capital of the Company have been granted to the Directors. No Director has a service contract with the Company. The Company does not have any employees.

Management

Core Growth Capital LLP was appointed Manager to the Company on 11 October 2005, and changed its name to Core Capital LLP on 3 October 2006. The Management Agreement is for an initial period of four 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 has subscribed for 50% of the B Shares in issue. For further information please see note 3 to the accounts on page 27. 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 Statement on page 18.

Aberdeen Asset Management PLC acts as both Administrator and Company Secretary to the Company under an Agreement dated 23 May 2008. 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 £18,539 was paid in respect of the year covered by this report. There are no compensation provisions on termination of this agreement.

VCT status monitoring

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

Auditors

Ernst & Young LLP were reappointed as Auditors of the Company at the Annual General Meeting held on 4 June 2008 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 35-38.

Substantial interests

As at 29 April 2009 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

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

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11.00 am on 18 June 2009 at the offices of Core Capital LLP, 103 Baker Street, London, W1U 6LN is set out on pages 40-43 of this Annual Report and a personalised proxy form is included with shareholders' copies of this Annual Report.

The notice of the meeting includes a resolution to re-appoint Lord Walker as Director of the Company and brief biographical details of all Directors can be found on page 10 of this Annual Report. The Board supports the re-election of Lord Walker and believes that he brings 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:

Articles of Association (Resolution 7)

The law in relation to companies is currently undergoing a number of changes following the introduction of new companies legislation in the United Kingdom under the Companies Act 2006 (2006 Act). The changes are being implemented in stages, with some parts already in force and the final parts due to be implemented in October 2009. Some of the changes will apply automatically to the Company, whilst others will require the Company to take specific steps to take advantage of, or exclude, as the case may be, the effect of the changes. In order to accommodate all the proposed changes to the Company's existing Articles of Association (Existing Articles) to reflect those provisions of the 2006 Act which are currently in force, your Board is proposing that new Articles of Association (New Articles) are adopted at this year's Annual General Meeting. Accordingly, Resolution 7 is a special resolution relating to the adoption of the New Articles. Shareholders should note that since it is expected that the 2006 Act will not be fully in force until October 2009 at the earliest, there may be further changes to be made to the New Articles at the Company's next Annual General Meeting to ensure full compliance with the 2006 Act. The principal changes proposed to be made to the Existing Articles at the Company's Annual General Meeting are detailed in the Appendix at the back of this Annual Report.

The proposed New Articles are available for inspection at the Company's registered office from the date of this Annual Report until the close of the Annual General Meeting.

By order of the Board

For Aberdeen Asset Management PLC
Company Secretary
29 April 2009

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 18 June 2009. 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 21. 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 Peter Smaill and John Brimacombe are independent of the Manager. When considering the level of Directors' fees, the Board takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and 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 year under review.

It is not considered appropriate at the current time to relate any portion of the fees paid to the Directors, who are all non-executive, to performance. However, members of the Manager own 50% of the B Shares through which they effectively receive 30% of all income and capital after such time as the Ordinary Shareholders have received the effective initial cost of 60 pence plus a hurdle rate return of 5% per annum. Lord Peter Walker is a Director and shareholder of Caparo plc which is a partner in Core Capital LLP (for further information on the incentive fee and on Lord Walker's connection to the Caparo Group Limited please see Notes 3 and 21 respectively of the Notes to the Accounts on pages 27 and 38). Lord Walker was paid director's fees of £6,000 during the year under review.

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

The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £100,000 per annum. It is intended that this policy will continue for the year ended 31 December 2009 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. Notwithstanding the above provision, each Director is required to submit himself for re-election in any period of three consecutive Annual General Meetings. Directors retiring by rotation are then eligible for re-election. In accordance with these provisions, Lord Walker will offer himself for re-election at the Annual General Meeting to be held on 18 June 2009.

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

Directors' emoluments

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

	Year ended 31 December 2008	Year ended 31 December 2007 £
Peter Smaill	7,500	7,500
Helen Bagan	–	3,669
Lord Peter Walker	6,000	6,000
John Brimacombe	6,000	2,331
	19,500	**19,500**

The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

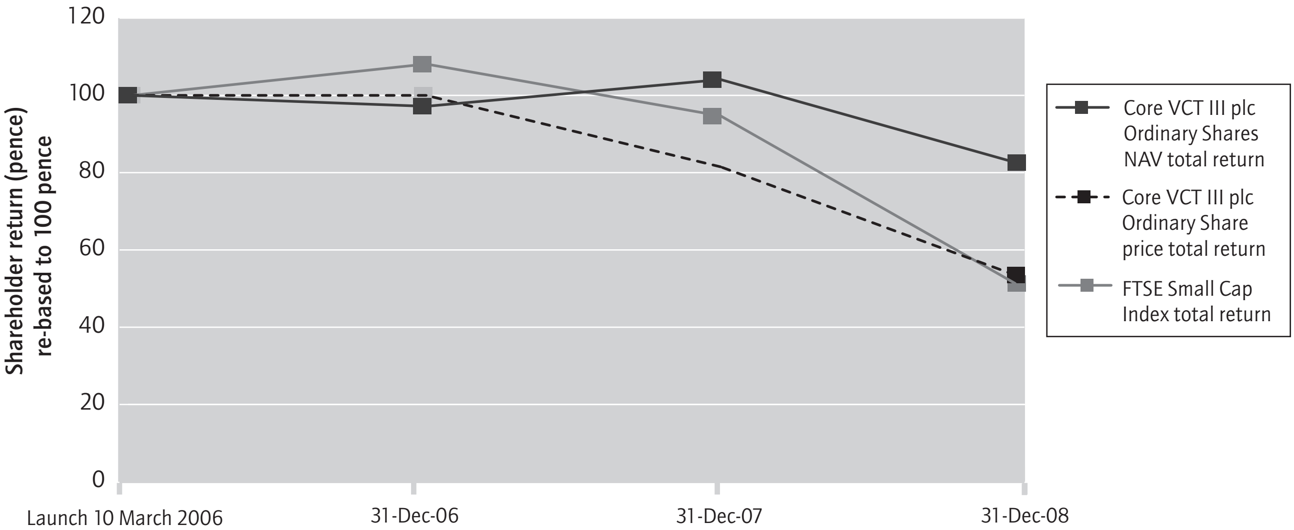
The Directors received no further emoluments in respect of their services. Aggregate fees in respect of qualifying services for all Directors for the year ended 31 December 2008 amounted to £19,500 (2007: £19,500).

Total shareholder return

The following graph charts the total cumulative shareholder return of the Company since the Ordinary Shares were first admitted to the Official List of the UK Listing Authority on 10 March 2006 compared to the total cumulative shareholder return of the FTSE 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. 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.

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



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

Aberdeen Asset Management PLC
Company Secretary
29 April 2009

Corporate Governance Statement

The Directors of Core VCT III plc have adopted the Association of Investment Companies Code of Corporate Governance ("AIC Code") for the year ended 31 December 2008. 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 not appointed a Senior Independent Director as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive Directors. 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 10.

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 AIC 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 year under review the Board held six formal meetings. The attendance of the Directors is summarised in the table below:

Director	Number of meetings (attended/held)
Peter Smaill	6/6
Lord Walker	5/6
John Brimacombe	6/6

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. Lord Walker will retire by rotation and being eligible offers himself for re-election at the Annual General Meeting of the Company to be held on 18 June 2009.

	Date of appointment	Last re-election	Next retirement by rotation/ re-election due
Peter Smaill	11 Oct 2005	AGM 2008	AGM 2011
John Brimacombe	9 Aug 2007	AGM 2008	AGM 2010
Lord Walker	11 Oct 2005	AGM 2007	AGM 18 June 2009

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 2005), 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 Lord Walker, are independent of the Manager. John Brimacombe is a non-executive director and shareholder of Kelway Holdings Limited, in which the Core VCTs have invested. The Board considers that this relationship does not unduly affect Mr Brimacombe's independence from the Manager. All Directors have been appointed to the boards of Core VCT I plc and Core VCT II plc, which are 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 these cross-directorships do not unduly affect their independence from the Manager due to the parallel investments the companies intend to, and are, making. Further, the Board rigorously reviews and monitors all investments made by the Manager, whether common to all three VCTs or not, to ensure they meet the Company's investment policy. The Board believes that this, along with the annual review of the Manager, is sufficient to ensure that they remain independent from the Manager. 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 38 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. In addition and following on from the change in the Articles of Association at last years AGM, a Directors conflicts of interests register has been created and authorised by the Board.

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

Corporate Governance Statement

for re-election at the relevant intervals. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The review concluded that the Board is functioning well and there are no issues of concern.

The Manager

Under the terms of a Management Deed dated 11 October 2005, the Company has appointed Core Capital LLP (formerly Core Growth Capital LLP) as Manager of the Company. The Manager 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 rules of the UKLA. The Board and Manager operate in a supportive, co-operative and open environment and the Board regularly reviews the performance of the Manager. Details of the principal investments made by the Company are given in the Manager's Review on pages 6-8. There are no management fees payable to the Manager. Details of the management incentive structure whereby members of the Manager have subscribed for B shares in the Company are set out in Note 3 to the accounts on page 27.

The continued appointment of Core Capital LLP as Investment Manager to the Company on the existing terms has been approved by the Board. The Board considers the arrangements 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 considers the quality of management, the levels of staffing, the investment process and the results achieved to date. From time to time the Board makes suggestions as to the development of processes and considers the changes proposed by management as to the ownership and operation of the management contract. The Board continues to put emphasis on the achievement as a result of the key test of 70% of your Company's assets being in qualifying assets for VCT purposes by the time of the third anniversary of subscription.

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

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

Internal control

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

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

The Board has put in place ongoing procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers and controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board's satisfaction by the Manager, primarily through the medium of a balanced and diversified portfolio; this approach is described in more detail in the Manager's 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 year under review. 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 14-15.

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 Company invites communications from Shareholders and contact details are provided on page 39.

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 of 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 20 of this report.

The Report of the Auditors is set out on page 21 of this report.

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 accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the net return for the year. In preparing those accounts, the Directors are required to:

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

The Directors confirm that the accounts comply with the above requirement.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985 and 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the Core Capital LLP website, which is maintained by the Company's investment manager. The maintenance and integrity of the website maintained by Core Capital LLP is, so far as it relates to the Company, the responsibility of Core Capital LLP.

In accordance with Chapter 4 of the Disclosure and Transparency Rules, and to the best of their knowledge, each Director of Core VCT III plc ("the Company") confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. Furthermore, each Director certifies that the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

By order of the Board

Peter Smaill
Director
29 April 2009

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

We have audited the financial statements of Core VCT III plc for the year ended 31 December 2008 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' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 whether 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 as described in the contents section and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Performance Summary, the 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 judgements 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 2008 and of its Net Return for the year then ended;
- 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; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Registered auditor, London

29 April 2009

Income Statement

	Notes	Revenue £	Year ended 31 December 2008 Capital £	Total £	Revenue £	Year ended 31 December 2007 Capital £	Total £
Unrealised (losses)/gains on investments	9	–	(3,030,483)	(3,030,483)	–	841,644	841,644
Net realised (losses)/gains on investments	9	–	(640,001)	(640,001)	–	57,988	57,988
Income	2	443,681	–	443,681	481,618	–	481,618
Transaction costs and investment management expense	3	(3,052)	(59,981)	(63,033)	(5,760)	(102,182)	(107,942)
Other expenses	4	(219,138)	–	(219,138)	(111,628)	–	(111,628)
Return on ordinary activities before taxation		**221,491**	**(3,730,465)**	**(3,508,974)**	**364,230**	**797,450**	**1,161,680**
Tax on ordinary activities	6	(42,470)	11,972	(30,498)	(18,263)	18,069	(194)
Return attributable to equity shareholders		**179,021**	**(3,718,493)**	**(3,539,472)**	**345,967**	**815,519**	**1,161,486**
Return per Ordinary Share	8	**1.08p**	**(22.52)p**	**(21.44)p**	**2.10p**	**4.94p**	**7.04p**

There were no other gains or losses in the year ended 31 December 2008.

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

No operations were acquired or discontinued in the year.

The notes on pages 25-38 form part of these financial statements.

Balance Sheet
as at 31 December 2008

	Notes	31 December 2008 £	£	31 December 2007 £	£
Non Current assets					
Investments at fair value	9		11,435,869		15,378,919
Current assets					
Debtors and prepayments	11	1,465,635		1,569,273	
Cash at bank	17	301,216		125,464	
		1,766,851		1,694,737	
Creditors: amounts falling due within one year					
Corporation tax	12	(31,226)		–	
Accruals	12	(99,905)		(132,778)	
		(131,131)		(132,778)	
Net current assets			1,635,720		1,561,959
Net assets			**13,071,589**		**16,940,878**
Capital and reserves					
Called up Ordinary Share capital	13		1,651		1,651
Called up B Share capital	13		2,474		2,474
Share premium account	14		7,799,528		7,799,528
Capital reserve - realised	14		(673,107)		14,903
Capital reserve - unrealised	14		(2,067,933)		962,550
Special distributable reserve	14		7,799,530		7,799,530
Revenue reserve	14		209,446		360,242
Total equity shareholders' funds			**13,071,589**		**16,940,878**
Net asset value per 0.01p Ordinary Share	15		**79.15p**		102.59p
Net asset value per 0.01p B Ordinary Share	15		**0.01p**		0.01p

The notes on pages 25-38 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 29 April 2009 and were signed on its behalf by:

Peter Smaill

Chairman

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Opening Shareholders' funds		16,940,878	16,026,755
(Loss)/Profit for the year		(3,539,472)	1,161,486
Dividends paid in year	7	(329,817)	(247,363)
Closing Shareholders' funds at 31 December 2008		13,071,589	16,940,878

Cash Flow Statement

for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £	£	Year ended 31 December 2007 £	£
Operating activities					
Investment income received		243,865		403,434	
Investment management fees paid		(13,864)		(28,921)	
Other cash payments		(250,314)		(199,030)	
Net cash (outflow)/inflow from operating activities	16		(20,313)		175,483
Taxation					
UK Corporation tax repayment/(paid)			709		(39,991)
Investing activities					
Acquisition of investments	9	(8,582,141)		(7,544,175)	
Disposal of investments	9	9,107,314		7,291,727	
			525,173		(252,448)
Equity Dividends paid			(329,817)		(247,363)
Increase/(Decrease) in cash	17		175,752		(364,319)

The notes on pages 25-38 form part of these Financial Statements.

Notes to the Accounts
for the year ended 31 December 2008

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and prior year, 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, the 2003 Statement of Recommended Practice, '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.

Investments are recognised and de-recognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investment.

The Company manages its investments with a view to profiting from the receipt of dividends and changes in fair value of equity investments.

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.

(vi) Investments are impaired when the asset value falls below cost.

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 financial liabilities are recognised on a time-apportioned basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

Notes to the Accounts
for the year ended 31 December 2008

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

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

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

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

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital reserve - 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

	2008 £	2007 £
Income from investments		
– from loan stock	235,753	145,827
– from dividends	100,593	281,178
– from fixed and variable interest securities	92,605	29,613
	428,951	456,618
Interest income		
Bank interest	14,730	25,000
Total income	443,681	481,618
Total income comprises		
Dividends	100,593	281,178
Interest	343,088	200,440
	443,681	481,618
Income from investments comprises		
Listed UK securities	92,605	205,580
Funds and Trusts	100,593	–
Unlisted UK securities	235,753	251,038
	428,951	456,618

Included in loan stock interest is an amount of £203,224 relating to the reconstruction of SPL Services Limited. This income was recognised in the year and capitalised in return for Ordinary shares as part of the reconstruction. No cash flow took place in relation to this element of the reconstruction.

3 Transaction costs and investment management expense

	Revenue 2008 £	Capital 2008 £	Total 2008 £	Revenue 2007 £	Capital 2007 £	Total 2007 £
Third Party – transaction costs	–	48,538	48,538	–	81,812	81,812
Core Capital LLP – management fees	–	–	–	–	–	–
Credit Suisse – transaction costs	–	2,288	2,288	–	3,090	3,090
Credit Suisse – management fees	3,052	9,155	12,207	5,760	17,280	23,040
Total	3,052	59,981	63,033	5,760	102,182	107,942

Core Capital LLP advise the Company on investments in qualifying companies under an agreement dated 11 October 2005. The agreement is for an initial period of four years and thereafter until 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 has subscribed for 12,368,144 B Shares of 0.01p each, being 50% of the B Shares of 0.01p each that have been issued.

This effectively provides them with a carried interest of 30 per cent of the distributions of income and capital after the Ordinary shareholders have received back:–

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

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

Given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the value of the B Shares) the Board consider that the fair value of these shares at the year end is £1,237, being 0.01p per share. This is the subscription price paid by the Manager, and as the Manager has paid this value in cash, there is no investment management expense in the current year.

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 year ended 31 December 2008 is £48,538 (2007: £81,812).

4 Other expenses

	2008 £	2007 £
Directors' remuneration (including NIC) (see note 5)	19,041	20,043
IFA trail commission	24,222	(4,489)
Administration fees	49,678	24,325
Broker's fees	8,813	8,813
Auditors' fees – audit	19,764	14,100
– other services	2,233	1,998
Taxation services	2,937	2,938
Registrar's fees	10,569	7,281
Printing	8,567	8,179
Legal and professional fees	2,937	7,167
Directors' insurance	3,856	6,210
Subscriptions	13,619	13,580
Sundry	722	1,483
Provision against Loan Interest receivable	52,180	–
	219,138	111,628

Charges for non-audit services provided by the auditors for the year ended 31 December 2008 relate to the provision of the review of the interim report. The Directors consider the auditors were best placed to provide this service. The Board Committee reviews the nature and extent of non audit services to ensure that independence is maintained.

Notes to the Accounts
for the year ended 31 December 2008

5 Directors' remuneration

	2008 £	2007 £
Directors' emoluments		
Peter Smaill	7,500	7,500
Lord Peter Walker	6,000	6,000
Helen Bagan	–	3,669
John Brimacombe	6,000	2,331
	19,500	19,500
Employer's NIC	(459)	543
	19,041	20,043

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.

6 Taxation on ordinary activities

		2008 £	2007 £
a)	**Analysis of charge in the year**		
	Revenue charge	42,470	18,069
	Credited to capital return	(11,972)	(18,069)
	Under provision in prior year	–	194
		30,498	194
b)	**Factors affecting tax charge for the year**		
	Total return on ordinary activities before tax	(3,508,974)	1,161,680
	Add/(less): unrealised losses/(gains)	3,030,483	(841,644)
	Add/(less): non-taxable realised losses/(gains)	640,001	(57,988)
	Less: capitalised transaction costs and investment management expense	59,981	102,182
	Revenue return on ordinary activities before taxation	221,491	364,230
	Corporation tax @ 20.72% (2007: 19.75%)	45,885	71,935
	Non-taxable UK dividend income	(2,686)	(53,866)
	(Over)/Under provision in prior year	(729)	194
	Taxation on revenue return	42,470	18,263
	Capitalised expenditure allowable and credited to capital return	(11,972)	(19,571)
	Additional losses carried forward	–	1,502
	Credited to capital return	(11,972)	(18,069)
	Current tax charge for year	30,498	194

Investment trust companies are exempt from tax on capital gains if they meet the HM Revenue & Customs criteria set out in section 274 Income Tax Act 2007 for a given year. Therefore, any capital return is not included in the above reconciliation.

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 £Nil (2007: £1,502).

7 Dividends and other appropriations

Amounts recognised as distributions to equity holders in the year:

	2008 £	2007 £
Ordinary Shares – final dividend for the year ended 31 December 2007 of 2.0p (2006: 1.5p) per share	329,817	247,363

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. Previously dividends were recognised in respect of the year to which they related.

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 ITA 2007 are considered.

	2008 £	2007 £
Revenue available for distribution by way of dividends for the year	179,021	345,967
Proposed final dividend of 1p per Ordinary Share for the year ended 31 December 2008 (2007: 2.0p)	165,109	329,817

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

8 Return per Ordinary Share

	2008 £	2007 £
Total earnings after taxation:	(3,539,472)	1,161,486
Basic earnings per share (note a)	**(21.44)p**	**7.04p**
Net revenue from ordinary activities after taxation	179,021	345,967
Revenue return per share (note b)	**1.08p**	**2.10p**
Net realised capital (losses)/gains	(640,001)	841,644
Net realised capital (losses)/gains	(3,030,483)	57,988
Capital expenses	(48,009)	(84,113)
Total capital return	(3,718,493)	815,519
Capital return per share (note c)	**(22.52)p**	**4.94p**
Weighted average number of shares in issue in the year	16,510,859	16,510,859

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.

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

Notes to the Accounts
for the year ended 31 December 2008

9 Investments

	Listed Funds and Trusts £	Unlisted ordinary shares £	Loan stock £	Investments in associated companies £	Fixed and variable interest securities £	Funds and trusts £	Total £
Cost at 31 December 2007	3,422,572	1,841,543	4,947,388	2,958,605	–	1,246,261	14,416,369
Reallocation	1,246,261	–	–	–	–	(1,246,261)	–
Unrealised(losses)/gains at 31 December 2007	(102,581)	1,463,969	(356,000)	(42,838)	–	–	962,550
Valuation at 31 December 2007	4,566,252	3,305,512	4,591,388	2,915,767	–	–	15,378,919
Purchases at cost	265,178	4,120,760	265,336	–	5,279,908	–	9,931,182
Sale proceeds	(3,721,846)	–	(124,729)	(2,564,257)	(3,792,916)	–	(10,203,748)
Realised (losses)/gains	(242,958)	–	(6,521)	(394,348)	3,826	–	(640,001)
(Decrease)/increase in unrealised appreciation	(620,812)	(1,982,419)	(470,052)	42,838	(38)	–	(3,030,483)
Closing valuation at 31 December 2008	245,814	5,443,853	4,255,422	–	1,490,780	–	11,435,869
Cost at 31 December 2008	969,207	5,962,300	5,081,476	–	1,490,818	–	13,503,801
Unrealised (losses) at 31 December 2008	(723,393)	(518,447)	(826,054)	–	(38)	–	(2,067,932)
Valuation at 31 December 2008	245,814	5,443,853	4,255,422	–	1,490,780	–	11,435,869

Reconciliation of cash movement to investment transactions

The associated companies are Core Holdings I Limited, Core Holdings II Limited and Core Holdings III Limited.

Purchases above of £9,931,182 include non-cash transactions, being inspecie transfers of assets from Core Holdings I Limited of £384,272 Core Holdings II Limited of £369,187 and Core Holdings III Limited of £320,267 and £275,315 of accrued interest capitalised on the restructure of SPL Services Limited. There were no trades outstanding at 31 December 2008 (2007:£2). Deducting these amounts leaves purchases of £8,582,141 as shown in the cash flow statement.

Sales proceeds above of £10,203,748 include non-cash transactions of £1,096,434 being inspecie disposals of Core Holdings I Limited, Core Holdings II Limited and Core Holdings III Limited and the restructure of SPL Services Limited. Deducting these amounts leaves sale proceeds of £9,107,314 as shown in the cash flow statement.

Following the recent revaluation of the unlisted assets, the following assets have been treated as impaired at the balance sheet date:

	Cost £	Impairment £
Pureleaf Limited	1,819,000	(500,464)
Blanc Brasseries	1,000,000	(200,143)
Colway Limited	1,000,002	(541,642)
SPL Services Limited	1,466,924	(864,179)
Total	5,285,926	(2,106,428)

10 Significant interests

At 31 December 2008 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
Core Holdings I Limited	1	–	1	33.3%
Core Holdings II Limited	1	–	1	33.3%
Core Holdings III Limited	1	–	1	33.3%
BRG Trading Limited	1,000,000	–	1,000,000	49.9%
CP Newco Limited	1,000,000	–	1,000,000	49.9%
Syncap Management Limited	1,000,000	–	1,000,000	49.9%
SPL Services Limited	1,061,300	1,052,836	2,114,136	25.9%
Pureleaf Limited	191,363	1,627,388	1,818,751	24.1%
Colway Limited	300,002	700,000	1,000,002	21.5%
Blanc Brasseries Holdings plc	1,000,000	–	1,000,000	11.9%
Kelway Holdings Limited	395,832	1,556,250	1,952,082	9.5%

The above companies are incorporated in the United Kingdom.

Whilst the Company has significant interests as set out above, it has not equity accounted for its 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 IV plc and Core VCT V plc that have made investments to 31 December 2008 in the following companies:

	Core VCT I plc £	Core VCT II plc £	Core VCT IV plc £	Core VCT V plc £	Total at cost £	% of equity held by funds managed by Core Capital LLP
BRG Trading Limited	–	1,000,000	–	–	1,000,000	100%
CP Newco Limited	–	1,000,000	–	–	1,000,000	100%
Syncap Management Limited	–	1,000,000	–	–	1,000,000	100%
Colway Limited	1,000,002	1,000,002	1,000,000	1,000,000	4,000,004	72.3%
SPL Services Limited	1,466,924	2,114,136	–	–	3,581,060	70.0%
Pureleaf Limited	1,212,500	1,818,750	–	–	3,031,250	64.3%
Blanc Brasseries Holdings plc	1,000,000	1,000,000	–	–	2,000,000	35.6%
Kelway Holdings Limited	1,301,388	1,952,082	–	–	3,253,470	25.4%
Adapt Group Limited	980,040	123,635	–	–	1,103,675	4.6%

11 Debtors

	2008 £	2007 £
Amounts due within one year:		
Accrued income	49,463	154,879
Prepayments	10,047	8,690
Called up share capital unpaid	1,400,000	1,400,000
Other debtors	6,125	5,704
	1,465,635	1,569,273

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

12 Creditors: amounts falling due within one year

	2008 £	2007 £
UK Corporation tax	31,226	–
Accruals	99,905	132,778
	131,131	132,778

13 Called up share capital

	2008 £	2007 £
Authorised:		
Ordinary Shares of 0.01p each: 22,020,000	2,202	2,202
B Shares of 0.01p each: 33,030,000	3,303	3,303
	5,505	5,505
Allotted, called-up and fully paid:		
Ordinary Shares of 0.01p each: 16,510,859 (2007: 16,510,859)	1,651	1,651
B Shares of 0.01p each: 24,736,288	2,474	2,474

The Ordinary Shares are entitled to all of the income and capital of the Company until they have received back:

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

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

After that point, the B Shares are entitled to 60% of the future income and remaining capital for distribution to all Shareholders.

In the event of liquidation before that date, the Ordinary Shares are entitled to 40%, and the B Shares to 60%, of the assets remaining after:

(i) the Ordinary Shares have received back their Effective Initial Cost of investment of 60p per share, and

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

(iii) after the B Shares have received two thirds of the Hurdle Rate Return due to the Ordinary Shareholders.

Ordinary Shares have one vote per share. Until such time as the Ordinary Shares have received 60p per share and the Hurdle Rate Return, the B Shares will only be entitled to vote in the event that the resolution being put to the meeting is one to amend any provision of the Company's Articles.

14 Share capital and reserves

Company	Called up Share capital £	Called up B Share capital £	Share premium account £	Capital reserve (realised) £	Capital reserve (unrealised) £	Special distributable reserve £	Revenue reserve £	Total £
As at 1 January 2008	1,651	2,474	7,799,528	14,903	962,550	7,799,530	360,242	16,940,878
Realised (losses)	–	–	–	(640,001)	–	–	–	(640,001)
Unrealised (losses)	–	–	–	–	(3,030,483)	–	–	(3,030,483)
Capitalised expenses less tax credit	–	–	–	(48,009)	–	–	–	(48,009)
Dividends	–	–	–	–	–	–	(329,817)	(329,817)
Return for year	–	–	–	–	–	–	179,021	179,021
At 31 December 2008	1,651	2,474	7,799,528	(673,107)	(2,067,933)	7,799,530	209,446	13,071,589

The cancellation of 50% of the Company's Share Premium Account (as approved at the Extraordinary General Meeting held on 7 October 2005 and by order of the Court dated 23 August 2006) has provided the Company with a special distributable reserve. The purpose of the reserve is to fund market purchases of the Company's shares, 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 in determining distributable reserves.

15 Net asset values per share

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

At this early stage in the Company's life, the Board considers that liquidation is unlikely, and that attributing to the B Shares purely the capital contributed of 0.01 penny per share reflects the Board's best estimate at 31 December 2008 of the B Shares' entitlement to assets at 31 December, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B Shares' entitlement to the Company's assets).

The net asset values per share have been calculated by reference to the numbers of shares in issue at 31 December 2008, being 16,510,859 Ordinary Shares of 0.01p each and 24,736,288 B Shares of 0.01p each.

	Total attributable net assets 2008 £	Net asset value (pence per share) 2008 £
Ordinary Shares of 0.01p each		
In accordance with the Articles	**11,800,429**	**71.47 p**
Additional entitlement to assets on the attributed basis	1,268,686	7.68 p
Attributed basis	**13,069,115**	**79.15 p**
B Shares of 0.01p each		
In accordance with the Articles	**1,271,160**	**5.13 p**
Reduced entitlement to assets on the attributed basis	(1,268,686)	(5.12 p)
Attributed basis	**2,474**	**0.01 p**

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

	2008 £	2007 £
Return on ordinary activities before taxation	(3,508,974)	1,161,680
Losses/(Gains) on investments	3,670,484	(899,632)
Decrease/(Increase) in debtors	104,059	(84,878)
(Decrease)/Increase in creditors and accruals	(32,829)	313
Non cash movement	(253,053)	(2,000)
Net cash (outflow)/ inflow from operating activities	(20,313)	175,483

17 Analysis of changes in net funds

	2008 £	2007 £
At beginning of year	125,464	489,783
Cash flows	175,752	(364,319)
At 31 December 2008 – cash at bank (net funds)	301,216	125,464

18 Financial Instruments

The Company's financial instruments in both years comprised:

- 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 2008:

	2008 (Book value) £	2008 (Fair value) £	2007 (Book value) £	2007 (Fair value) £
Assets at fair value through profit and loss				
Investments managed by Core Capital LLP	9,699,275	9,699,275	10,812,667	10,812,667
Investments managed by Credit Suisse	1,736,594	1,736,594	4,566,252	4,566,252
Cash at bank	301,216	301,216	125,464	125,464
Loans and receivables				
Called up share capital unpaid	1,400,000	1,400,000	1,400,000	1,400,000
Accrued income	49,463	49,463	154,879	154,879
Other debtors	16,172	16,172	14,394	14,394
Other creditors	(131,131)	(131,131)	(132,778)	(132,778)
	13,071,589	13,071,589	16,940,878	16,940,878

The Core Capital investment portfolio consists of unquoted investments representing 74.2% (2007: 63.8%) of net assets. This portfolio has a 100% (2007: 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 13.3% (2007: 27.0%) 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 process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Manager. No single investment is permitted to exceed 15% of total 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.

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.

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

The Board considers that the values of investments in unquoted equity and loan stock instruments are ultimately sensitive to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The impact on net assets of unquoted investments if there were to be a 15% movement in overall share prices for the year would have been an increase or decrease of £1,454,891 (2007:£1,184,535). The impact on net assets if there were to be a 15% movement in overall share price for listed quoted securities for the year would have been an increase or decrease of £260,489 (2007:£684,938).

The above figures 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 investments, as the returns are set by reference to interest rates and premiums agreed at the time of the initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

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

Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk is:

	2008 £	2007 £
Financial assets		
Debt Securities	1,490,780	–
Loan stock investments	4,255,422	7,475,302
Called up share capital unpaid	1,400,000	1,400,000
Accrued income	49,463	154,879
Other debtors (excluding prepayments)	6,125	5,000
Cash and cash equivalents	301,216	125,464
Total	7,503,006	9,160,645

The Company has an exposure to credit risk in respect of the loan stock investments it has made in investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe.

£42,169 of the accrued income shown above was due within 12 months of the year end. The balance of £7,294 is due upon repayment of the loans, which could be in up to 5 years time.

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

	2008 £	2007 £
Repayable within		
Less than 1 year	1,490,780	–
3 to 4 years	1,380,885	888,000
4 to 5 years	1,318,287	4,899,802
More than 5 years	1,556,250	1,687,500
Total	5,746,202	7,475,302

These loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to loan stock investments have 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 counterparties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. This risk is considered to be small as most of the Company's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery. 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.

There are no assets that are past due repayment dates.

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 on page 35.

The interest rate profile of the Company's financial net assets at 31 December 2008 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	5,689,667	–	–	5,689,667		
Debt securities	–	1,232,122	258,658	1,490,780	5.73	0.39
Loan stock	–	4,255,422	–	4,255,422	5.02	5.90
Cash	–	–	301,216	301,216		
Debtors	1,465,635	–	–	1,465,635		
Creditors	(131,131)	–	–	(131,131)		
Total	7,024,171	5,487,544	559,874	13,071,589		

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	7,903,617	–	–	7,903,617		
Loan stock	–	7,475,302	–	7,475,302	5.47	5.60
Cash	–	–	125,464	125,464		
Debtors	1,569,273	–	–	1,569,273		
Creditors	(132,778)	–	–	(132,778)		
Total	9,340,112	7,475,302	125,464	16,940,878		

Floating rate cash earns interest based on LIBOR rates.

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

Liquidity risk

The investment in equity and fixed interest stocks of unquoted companies that the Company holds are not traded. They are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The company's ability to sell investments may also be constrained by the requirements set down by VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that 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 due within one year and are comfortably covered by 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 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 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

Lord Walker is also a Director of Caparo plc, which is a member of the Manager, Core Capital LLP. No amounts have been paid or are payable to Caparo plc. £nil (2007: £nil) were due to the Manager at 31 December 2008. 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.

Shareholder Enquiries:

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars, Capita IRG plc, Northern House, Woodsome Park, Fennay Bridge, Huddersfield HD8 0LA (Tel: 0871 664 0300 (calls cost 10p per minute plus network extras), if calling from overseas dial +44 208 639 3399) or should you prefer visit their website at www.capitaregistrars.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 other Shareholder enquiries, including the sale of shares, please contact the Company Secretary and Administrator, Aberdeen Asset Management plc, telephone 0845 300 2830) or alternatively visit their website www.aberdeen-asset.com, email: vcts@aberdeen-asset.com

CORE VCT III PLC

(Registered in England and Wales No. 5572561)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of the Company will be held at 11.00 am on 18 June 2009 at the offices of Core Capital LLP, 103 Baker Street, London W1U 6LN for the following purposes:-

ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 31 December 2008, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2008 as set out in the Annual Report and Accounts of the Company for the year ended 31 December 2008.
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 Lord Walker as a Director of the Company.
6. To declare a final dividend for the year ended 31 December 2008 of 1p to the holders of Ordinary Shares of 0.01p each ("Ordinary Shares").
7. THAT the Articles of Association in the form produced to the meeting and signed by the Chairman for the purposes of identification, be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

Aberdeen Asset Management PLC

Secretary

Registered Office
One Bow Churchyard
London EC4M 9HH

29 April 2009

NOTICE of the ANNUAL GENERAL MEETING

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 and on a poll, 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, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras – if calling from overseas please dial +44 208 639 3399) to request additional copies of the proxy form.

(ii) In accordance with section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act.

Persons nominated to receive information rights under section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with section 149 (2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

(iii) 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 (excluding weekends) 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, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR.

(iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting.

(v) As at 29 April 2009, the Company's issued share capital comprised 16,510,859 Ordinary Shares and 24,736,288 B Shares. Each Ordinary Share carries one vote at a general meeting of the Company and each B Share shall only be entitled to one vote in the event that the resolution being put to the meeting is one to amend the Articles of Association or where a takeover offer has been made and remains open for acceptance. After such time as the Ordinary Shareholders have received from the Company by way of dividends, return of capital or otherwise in aggregate, an amount equal to 60p per Ordinary Share and the Hurdle Rate Return (an amount equal to 5% pa, compounded annually and calculated on a daily basis on such part of the Effective Initial Cost (60p being the 100p subscription price less 40% income tax relief) that remains to be repaid to the Ordinary Shareholders) the B Shares shall carry the same voting rights as the Ordinary Shares, provided that any B Shares issued for cash (rather than by way of a bonus issue) shall not entitle the holders in respect of such shares to more than 29.9% of the votes at any general meeting of the Company. The total number of voting rights attached to the Ordinary Shares and B Shares would be 41,247,147 in aggregate.

(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 16 June 2009 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 16 June 2009 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.

(vii) The Register of Directors' Interests shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

APPENDIX

Summary of the changes to the Articles of Association of the Company

Principal changes included in the New Articles
Part A – General Changes

1 Deletion of procedures not allowed in the 2006 Act

The 2006 Act does not use the concept of a members' extraordinary resolution (using just ordinary resolution and special resolution), extraordinary general meetings (members' meetings are simply general meetings with only the annual general meeting being specially named), or authorised share capital. The New Articles have been amended to reflect these changes.

The 2006 Act does not allow the chairman of a members' vote there is a tie, the provision in the Current Articles allowing the chairman a second or casting vote has been removed.

2 Use of the Model Articles

The Model Articles make provision for a number of aspects covered by the Current Articles. The opportunity to use the up to date proposed standard wording has been taken in relation to uncertificated shares (New Article 6.1), proceedings at a general meetings (New Articles 12.3 to 12.5), votes of members at meetings (New Articles 13.7 and 13.8), and signing of instruments to which the Company's seal is affixed (New Article 22.5).

3 Definitions

Definitions for ""1985 Act", "2006 Act", "Associated Company", "Deferred Shares", "Ordinary Shares", Redeemable Preference Shares", "writing", "hard copy form", "electronic form", "electronic means" and "address" have been added to Current Article 1. Article 1 has also been amended to clarify how references to statutory provisions, enactments and EC Directives in the Articles are to be interpreted.

Part B – Specific Changes

1 Transfer of Shares

New Article 8.3 places a duty upon directors to send notice and give reasons to the transferee when refusing to register a transfer of shares.

2 Convening of Annual General Meetings

Current Article 11.1 provides that not more than 15 months shall elapse between one Annual General Meeting and the next. Section 336(1) of the 2006 Act requires Annual General Meetings to be held within 6 months of the company's accounting reference date. New Article 11.1 has been amended to reflect this position.

3 Appointment and rights of Proxies

New Article 11.4 allows a member to appoint more than one proxy, provided that each proxy is appointed to exercise rights attached to different shares held by him.

New Article 11.5 states that every form of proxy accompanying a notice of general meeting must provide for at least three-way voting.

New Article 12.11 gives proxies the right to demand, or join in demanding, a poll.

New Article 13.8 states the maximum time limits for delivery of proxy appointment notices.

4 Age Limit for Directors

Current Article 16.3 provides that section 293 of the 1985 Act applies to the Company. Section 293 of the 1985 Act provided that no person shall be director after he or she reaches the age of 70. The statutory restriction on the age of directors has not been repeated in the 2006 Act. The New Articles do not include an age limit for Directors as such a provision might be found to be unenforceable under the Employment Equality (Age) Regulations 2006.

5 Directors' conflicts of interest

Previous amendments made to the Company's Articles empowered the directors to authorise a conflict and allow a director to vote on a matter in which he has an interest. Following institutional investor guidance and market practice it is proposed that the Company's Articles should be changed to reflect the policy that the directors will not usually authorise conflict situations. New Articles 18 and 19 reflect this policy.

6 Directors Powers to establish Pensions and other Financial Schemes

New Article 19B gives directors the power to establish, maintain, contribute to and participate in any pension or financial scheme (including schemes for acquisition of shares in the Company of its holding Company) for the benefit the Company's employees or persons related to them.

7 Payment of Dividends

New Article 23.9 makes specific provision to allow for payment of dividends by inter-bank transfer direct to the account of the person entitled to payment and by other means as may be agreed (in addition to payment by cheque in the usual way).

8 Shareholder meetings possible multiple locations

New Article 12.4 and 12.5 allow for members' meeting to be held in multiple locations.

9 Directors' and officers' indemnity and insurance

New Article 29 has been amended to exclude the Auditors.

10 Liability of Members

The Companies Act 2006 contains changes to the content of a company's memorandum of association and provides that a company's objects are unrestricted unless the company's articles of association specifically restrict the company's objects.

The relevant provisions of the Companies Act (expected to come into force on 1 October 2009) significantly reduce the constitutional significance of a company's memorandum, providing that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. In addition to that the company's memorandum of association currently contains its name, a statement that the company is public company, the location of its registered office, the company's objects (which set out the scope of the activities the Company is authorised to undertake and which are drafted to give a wide scope), a statement that the liability of its members is limited, and a statement of the company's share capital. On the change of law becoming effective those additional provisions and in particular the company's objects are to be treated as provisions of the company's articles of association, unless and until shareholders decide otherwise.

It is anticipated that on the coming into force of the relevant provision of the Companies Act the articles of association of the Company shall be amended by deleting all the provisions of the Company's memorandum of association.

The statement in the Memorandum that the liability of the members is limited is to be retained. A specific statement to that effect will be introduced to the Company's Articles as new Article 30.

Corporate Information

Directors
Peter Smaill (Chairman)
Lord Walker
John Brimacombe

All of whom are non-executive and of:
One Bow Churchyard
London
EC4M 9HH

Secretary and administrator
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149 St. Vincent Street
Glasgow
G2 5NW

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103 Baker Street
London
W1U 6LN

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

Receiving Agent
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