



C O R E

CORE VCT I PLC

**Unaudited Interim Report and Accounts
for the six months ended 30 June 2007**

Investment Objective

Core VCT I plc ("Core VCT I" 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 of realised gains and investors' capital.

Investment Approach

- The Company invests management buyout and development capital, typically in established, private companies, which show:
 - Sufficient operating critical mass and an established economic model; and
 - Quality management teams with the key skills in place to deliver a well-defined business model.
- The Company is managed by Core Capital LLP ("Core Capital" or "the Manager") who invest amounts generally in the range of £3 - 8 million across the five Core VCTs in companies valued at £5 - £25 million.

Fund Structure

Core VCT I 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 per share, will the Manager be entitled to 30% of distributions from the Company.

■ Maximise distributions of income and capital

Core VCT I 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 its interests in delivering this liquidity for Shareholders as well as maximising overall investment performance.

Ordinary Shares	30 June 2007	30 June 2006	31 December 2006
Net asset value per share	98.32 pence	95.33 pence	97.02 pence
Net asset value total return to date per share	101.42 pence	96.33 pence	98.02 pence
Share price (mid-market)	90 pence	100 pence	100 pence
Earnings per share	3.39 pence	0.86 pence	2.55 pence
Net cumulative dividends paid per share	3.10 pence	1.00 pence	1.00 pence

B Shares	30 June 2007	30 June 2006	31 December 2006
Net asset value per share	1.00 pence	1.00 pence	1.00 pence
Net asset value total return to date per share	1.00 pence	1.00 pence	1.00 pence
Share price (mid-market)	4.50 pence	4.50 pence	4.50 pence
Earnings per share	0.00 pence	0.00 pence	0.00 pence
Net cumulative dividends paid per share	0.00 pence	0.00 pence	0.00 pence

Chairman's Statement

I am pleased to present my report on the Company for the six months ended 30 June 2007.

Results

The Net Asset Value (NAV) total return per Ordinary Share was 101.42p as at 30 June 2007, comprising a NAV per Ordinary Share of 98.32p and cumulative dividends paid of 3.10p per Ordinary Share. This is an increase over the total return to 31 December 2006 of 3.47%. A surplus of £371,331 was earned during the six month period.

Dividends

Core VCT I is structured to maximise distributions of both capital and income to Shareholders over the life of the Company. Following the completion of the initial investment programme of the Fund a final dividend is planned to be declared after the end of the full financial year to 31 December 2007 comprising a substantial proportion of the cash assets at that time.

Future dividends will be derived primarily from investment realisations as they arise. In the meantime, the Company earns income from its managed cash assets, and over time should start to earn income from the unquoted investments made. This has produced a revenue return surplus of 1.19p per Ordinary Share in this period, which it is intended will be distributed after the end of the full financial year.

VCT Qualifying Status

At 30 June 2007, 63.41% of its total investments at that date were represented by VCT qualifying investments, and after the period-end a further new investment was completed which has now taken the Fund to 76.87% in respect of the required 70% threshold for VCT purposes.

Investments

The Manager's Review refers in more detail to the prospects of the investment portfolio, and in particular to a recent investment, Baxter, where we have chosen to make a provision. Good progress elsewhere and the completion of a number of acquisitions by portfolio companies underline our confidence in the valuation gains we anticipate in future. The net increase in the valuation of the Portfolio was £232,000 or some 3.65%.

Change in Directors

Due to increasing demands on her time outside of the Company, Helen Bagan is retiring from the Board today. We are very grateful for Helen's contribution to the development of the Company to date and wish her well for the future.

We welcome John Brimacombe as a non-executive director who joins the Board today. 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 of Kelway Holdings Limited, one of the investee companies of the Core VCTs, and we look forward to his contribution.

Information for Shareholders

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

Share Price

Both the Ordinary Shares (CR.) and the B Shares (CR.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 disposing of shares within three years will result in loss of tax relief, and that their holding of B Shares forms an integral part of their investment along with their holding of Ordinary Shares.

Peter Smail

Chairman

9 August 2007

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 (telephone 0870 162 3100) or should you prefer visit their website at www.capitaregistrars.com.

For enquiries concerning the performance of the Company, please contact the 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

Investment Portfolio Summary

as at 30 June 2007

	Date of Investment	Book cost £'000	Valuation £'000	% of net assets by value
Qualifying investments (unquoted)				
Kelway Holdings Limited IT Services	November 2006	1,250	1,875	17.3%
Ma Hubbards Limited Managed freehold pubs	July 2005	1,500	1,500	13.8%
Blanc Brasseries Holdings plc Premium casual dining brasseries	April 2006	1,000	1,000	9.2%
Colway Limited (trading as London Graphic Centre and Red Box) Office and graphics supplies	May 2006	1,000	1,000	9.2%
Adapt Group Limited (formerly Highpitch Limited) Internet connections and co-location services	June 2006	980	980	9.1%
Pureleaf Limited (Baxter International) Removal company	January 2007	660	267	2.5%
Total qualifying investments		6,390	6,622	61.1% ¹
Non-qualifying investments				
Augentius Fund Administration LLP Fund administrator	October 2006	30	30	0.3%
Unlisted securities		1,508	1,508	13.9%
Funds and trusts		1,380	1,462	13.6%
Listed securities		1,149	1,270	11.7%
Short-dated variable securities		500	500	4.6%
Total non-qualifying investments		4,567	4,770	44.1%
Total investments		10,957	11,392	105.2%
Other assets			554	5.1%
Current liabilities			(1,122)	(10.3%)
Net assets			10,824	100.0%

¹ Book value of total qualifying investments represents 58.32% of the total book value of investments. The VCT investment tests are measured broadly on original cost of investments, including cash balances, and this gives the figure of 63.41% quoted in the Chairman's Statement on page 1 and the Manager's Review on page 4 in relation to progress towards achieving a minimum of 70% of total investments invested in qualifying investments before 31 December 2007.

Manager's Review

Investment Highlights

- VCT qualifying investment level of 70% exceeded after the period-end, ahead of 31 December 2007 deadline.
- The Investment Portfolio now comprises eight investments with a cost of £7.8 million and a value of £8.1 million (seven investments with cost of £6.4 million and value of £6.7 million as at 30 June 2007).
- Three of the companies in the investment portfolio have completed, or agreed to complete, substantial acquisitions.

VCT Qualifying Status

At 30 June 2007, Core VCT I was 63.41% invested in qualifying VCT investments which has increased to 76.87% following the completion of investments since the period-end.

New Investments

We completed one new investment and one further investment in the period to 30 June 2007 as follows:-



Pureleaf Limited (Baxter International)

	Cost	Valuation
At 30 June 2007	£660,000	£267,000
Drawn-down after period-end	£428,000	£428,000
Total	£1,088,000	£693,000

We completed the management buy in (MBI) of Baxter in January with total funding of £8 million, in which the Core Funds collectively invested £4.35 million. Core VCT I invested £1.09 million including a further £428,000 drawn-down after the period-end.

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

Since the completion of the MBI, we have uncovered a number of areas where we anticipate pursuing claims against the vendors. We have made a provision for the financial effects of what we have discovered (including the anticipated costs of these actions) notwithstanding our confidence in recovering the sums due and the majority of our costs in pursuing these claims, and based on our assessment of legal opinion of the strength of these claims. Following extensive legal advice, we anticipate a successful outcome and will keep Shareholders informed of developments as appropriate.



Adapt Group Limited (formerly Highpitch Limited)

Cost	Valuation
£980,040	£980,040

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

We first invested in Highpitch (formerly trading as MNet) in June 2006 as a small participant in the mezzanine debt of the £7.5 million management buy out (MBO) of the business. Since then, the business has grown significantly, rebranded as Adapt, and in June this year acquired Centric Telecom. We took the opportunity to increase our investment at this time to fund this acquisition, structured with an attractive ongoing yield.

SPL Services Limited

Since 30 June 2007, one further new investment of £1 million has been completed, in SPL Services Limited, a specialist courier company.

Existing Portfolio



Ma Hubbards Limited

Cost	Valuation
£1,500,000	£1,500,000

The business operates freehold pubs offering value for money food in the North Midlands. The valuations of freehold pubs remains strong, and we have taken advantage of this by disposing of some underperforming sites at premiums over our cost to reduce bank debt. We have also appointed a new manager following the change in control of the previous corporate manager, Honeycombe, whom we anticipate will improve profitability from the existing sites where revenue remains on track.

This investment is syndicated with Electra VCTs.





Kelway Holdings Limited

Cost	Valuation
£1,250,000	£1,875,000

Kelway is a fast growing IT reseller targeting organisations with 250 to 1,000 employees. The company has made good progress since our investment last year, and completed a substantial acquisition in June, acquiring Elcom. This brings the combined forecast revenues to over £90 million and has been completed without any senior debt to Kelway's balance sheet. Accordingly, to reflect the fair value of the investment, the valuation has been increased based on its current and budgeted turnover and EBIT and in part the values implied by the Elcom transaction.



Blanc Brasseries Holdings plc

Cost	Valuation
£1,000,000	£1,000,000

Blanc Brasseries currently operates five units in the premium casual dining market and is looking to grow to 20 units within 3 years. The business model has been successfully re-worked in preparation for the roll-out of future sites. Finding sites on attractive economic terms has taken longer than originally expected, but there is now a strong contracted pipeline of sites in place. These restaurants will also feature in the forthcoming BBC 2 TV series, "The Restaurant". We would anticipate increasing the valuation of this investment once the implementation of the roll-out has been commenced.



Colway Limited (trading as London Graphic Centre and Red Box)

Cost	Valuation
£1,000,000	£1,000,000

London Graphic Centre is a long established office and graphic supplies business. Since our original investment, the business has rebranded its core B2B activities as Red Box, and secured two acquisitions, in the latter of which other Core Funds invested additional mezzanine funding. With further acquisitions identified, we see this business growing to over £30 million in turnover compared to the £15.5 million at the date of our original investment in 2006, placing it firmly as one of the largest independent stationery and office supplies businesses serving the London market.



Augentius Fund Administration LLP

Cost	Valuation
£30,144	£30,144

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

This small investment has a cash yield of 9.5%. The business is winning new clients rapidly, but we have made no increase in the valuation given its size and stage.

Developments at Core Capital

Following the closing of the Offers of both Core VCTs IV & V, Core Capital now has a total of some £65 million of VCT funds under management. As a part of Core Capital's evolution in managing this growth, a number of changes have been made to the team. These include the retirement of Mark Storey as a partner, and the ending of Ian Henderson-Londono's consulting arrangement. David Steel, previously at KPMG, has been appointed as investment executive, and joins the founders, Stephen Edwards and Walid Fakhry. As mentioned in the Chairman's Statement, John Brimacombe joins the Boards of each of Core VCTs I, II & III following the retirement of Helen Bagan.

Future Investments

Following 30 June 2007, Core VCT I has completed its investment programme and is over 70% invested in qualifying investments as is required by 31 December 2007 to maintain VCT qualifying status. Following this, and as the portfolio matures, we will look forward to valuation increases as the results of our initial investment, and subsequent developments which in many cases include subsequent acquisitions, bring demonstrable value to the portfolio.



Unaudited Income Statement

(incorporating the Revenue Account of the Company for the six months ended 30 June 2007)

	Notes	Six months ended 30 June 2007 (unaudited)		
		Revenue £	Capital £	Total £
Realised (losses)/gains on investments	8	–	(81,796)	(81,796)
Unrealised gains/(losses) on investments	8	–	332,066	332,066
Income	5	224,252	–	224,252
Transaction costs and investment management expense	1 c)	(2,100)	(10,336)	(12,436)
Other expenses		(72,817)	–	(72,817)
Return on ordinary activities before taxation		149,335	239,934	389,269
Tax on ordinary activities		(19,124)	1,186	(17,938)
Return attributable to equity Shareholders		130,211	241,120	371,331
Return per 1p Ordinary Share	6	1.19p	2.20p	3.39p
Dividends paid				
Final dividend paid for year ended 31 December 2006 of 2.10p per share		229,836	–	229,836
Final dividend paid for period from 13 October 2004 to 31 December 2005 of 1.00p per share		–	–	–

Six months ended 30 June 2006 (unaudited)			Year ended 31 December 2006 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
–	1,250	1,250	–	(56,578)	(56,578)
–	(25,387)	(25,387)	–	93,617	93,617
245,184	–	245,184	507,398	–	507,398
–	(16,165)	(16,165)	(4,298)	(49,567)	(53,865)
(77,759)	–	(77,759)	(153,715)	–	(153,715)
167,425	(40,302)	127,123	349,385	(12,528)	336,857
(35,716)	2,812	(32,904)	(66,702)	9,419	(57,283)
131,709	(37,490)	94,219	282,683	(3,109)	279,574
1.20p	(0.34)p	0.86p	2.58p	(0.03)p	2.55p
–	–	–	–	–	–
109,446	–	109,446	109,446	–	109,446

Unaudited Balance Sheet

as at 30 June 2007

	Notes	As at 30 June 2007 (unaudited) £	As at 30 June 2006 (unaudited) £	As at 31 December 2006 (audited) £
Non-current assets				
Investments at fair value	8	11,391,859	9,305,574	10,436,107
		11,391,859	9,305,574	10,436,107
Current assets				
Debtors and prepayments		814,842	215,275	219,551
Current investments		–	1,044,055	–
Cash at bank		(260,548)	44,052	161,093
		554,294	1,303,382	380,644
Creditors: amounts falling due within one year		(1,122,324)	(102,973)	(125,413)
Net current (liabilities)/assets		(568,030)	1,200,409	255,231
Net assets		10,823,829	10,505,983	10,691,338
Capital and reserves	7			
Called up Ordinary Share capital		109,346	109,446	109,446
Called up B Share capital		72,964	72,964	72,964
Capital redemption reserve		100	–	–
Share premium account		5,113,629	10,227,258	5,113,629
Capital reserve – unrealised		435,180	(25,387)	93,617
Capital reserve – realised		(210,895)	(25,829)	(110,452)
Special distributable reserve		5,104,625	–	5,113,629
Revenue reserve		198,880	147,531	298,505
Total equity shareholders' funds		10,823,829	10,505,983	10,691,338
Net asset value per share (attributed assets basis)				
Net asset value per 1p Ordinary Share	9	98.32p	95.33p	97.02p
Net asset value per 1p B Share	9	1.00 p	1.00p	1.00p

Unaudited Reconciliation of Movements in Shareholders' Funds for the six months ended 30 June 2007

	Six months ended 30 June 2007 (unaudited) £	Six months ended 30 June 2006 (unaudited) £	Year ended 31 December 2006 (audited) £
Opening Shareholders' funds	10,691,338	10,521,210	10,521,210
Net share capital bought back in the period	(9,004)	–	–
Profit for the period	371,331	94,219	279,574
Dividends paid in period	(229,836)	(109,446)	(109,446)
Closing Shareholders' funds	10,823,829	10,505,983	10,691,338

Unaudited Summarised Cash Flow Statement

for the six months ended 30 June 2007

	Notes	Six months ended 30 June 2007 (unaudited) £	Six months ended 30 June 2006 (unaudited) £	Year ended 31 December 2006 (audited) £
Operating activities				
Income received		210,809	215,046	561,280
Transaction costs paid		(9,810)	(23,578)	(38,552)
Other cash payments		(121,399)	(263,054)	(425,807)
Net cash inflow/(outflow) from operating activities		79,600	(71,586)	96,921
UK Corporation Tax paid		–	–	(26,164)
Investing activities				
Acquisitions of investments	8	(2,771,239)	(12,856,572)	(22,189,371)
Disposals of investments	8	2,508,838	4,526,861	12,790,303
Net cash outflow from investing activities		(262,401)	(8,329,711)	(9,399,068)
Equity Dividends paid		(229,836)	(109,446)	(109,446)
Cash outflow before financing and liquid resource management		(412,637)	(8,510,743)	(9,437,757)
Financing				
Share Capital bought back		(9,004)	–	–
Management of liquid resources				
Increase in current investments		–	(1,044,055)	–
Decrease in cash for the period		(421,641)	(9,554,798)	(9,437,757)

Notes to the Unaudited Interim Financial Statements

1. Principal accounting policies

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

a) Basis of accounting

The accounts have been prepared under the fair value rules of the Companies Act 1985, and in accordance with United Kingdom Generally Accepted Accounting Practice and, to the extent that it does not conflict with the Companies Act 1985, and UK accounting standards, the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', revised December 2005, amended October 2006.

b) Investments

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

Unquoted investments are valued by the Directors in accordance with the following rules, which are consistent with the International Private Equity Venture Capital Valuation (IPEVVCV) guidelines published in 2005:

- (i) Investments which have been made in the last twelve months are valued 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 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 historic, current or forecast 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, provision against cost is made and charged to the realised reserve.

c) Transactions 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 period 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.

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 period end is £54,723, being 1p 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 period, other than to the Cash Assets Investment Manager.

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.

Third party transaction costs arose from aborted transactions where such costs were not otherwise recoverable. Under the agreement with the Manager, these costs are to be borne by the Company and by the other VCTs managed by Core Capital. The amount of such costs for the period ended 30 June 2007 is £3,531 (30 June 2006: £13,967, 31 December 2006: £32,541).

d) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield. Provisions are made against such income receivable as soon as it is considered doubtful that such income will be received.

2. The total column of the Income Statement is the profit and loss account of the Company. There were no other gains and losses in the six months ended 30 June 2007, or the comparative periods.
3. All revenue and capital items in the Income Statement derive from continuing operations.
4. Earnings for the six months ended 30 June 2007 should not be taken as a guide to the results for the year ending 31 December 2007.

5. Income

	Six months ended 30 June 2007 (unaudited) £	Six months ended 30 June 2006 (unaudited) £	Year ended 31 December 2006 (audited) £
Dividends	48,676	–	8,310
Short dated securities	74,056	95,926	253,953
Overseas OEIC funds	–	13,441	17,383
Loan stocks	94,382	39,126	119,857
Bank interest	7,138	96,691	107,895
	224,252	245,184	507,398

6. Earnings and return per share

	Six months ended 30 June 2007 (unaudited) £	Six months ended 30 June 2006 (unaudited) £	Year ended 31 December 2006 (audited) £
i) Total earnings after taxation	371,331	94,219	279,574
Basic earnings per share	3.39p	0.86p	2.55p
ii) Net revenue from ordinary activities after taxation	130,211	131,709	282,683
Revenue return per share	1.19p	1.20p	2.58p
Net realised capital (losses)/gains	(81,796)	1,250	(56,578)
Net unrealised capital gains/(losses)	332,066	(25,387)	93,617
Capital expenses	(9,150)	(13,353)	(40,148)
iii) Total capital return	241,120	(37,490)	(3,109)
Capital return per share	2.20p	(0.34)p	(0.03)p
iv) Weighted average number of shares in issue in the period	10,941,588	10,944,556	10,944,556

The basic earnings, revenue return and capital return per share shown above for each period are respectively based on numerators i)-iii), each divided by iv), the weighted average number of shares in issue in the period.

None of the returns to date are attributable to the B Shares.

7. Capital and reserves (unaudited)

	Called up Ordinary Share capital	Called up B Share capital £	Capital redemption reserve £	Share premium account £
At 1 January 2007	109,446	72,964	–	5,113,629
Losses on disposal of investments	–	–	–	–
Increase in unrealised appreciation	–	–	–	–
Costs of investment transactions	–	–	–	–
Transaction costs net of tax relief	–	–	–	–
Management fees on Credit Suisse portfolio	–	–	–	–
Own shares purchased in the period	(100)	–	100	–
Realisation of previously unrealised depreciation	–	–	–	–
Net revenue for the period	–	–	–	–
Dividends paid	–	–	–	–
At 30 June 2007	109,346	72,964	100	5,113,629

Realised capital reserve £	Unrealised capital reserve £	Special distributable reserve £	Revenue reserve £	Total £
(110,452)	93,617	5,113,629	298,505	10,691,338
(81,796)	–	–	–	(81,796)
–	332,066	–	–	332,066
(505)	–	–	–	(505)
(2,345)	–	–	–	(2,345)
(6,300)	–	–	–	(6,300)
–	–	(9,004)	–	(9,004)
(9,497)	9,497	–	–	–
–	–	–	130,211	130,211
–	–	–	(229,836)	(229,836)
(210,895)	435,180	5,104,625	198,880	10,823,829

8. Summary of investments during the period (unaudited)

	Fully listed	Unlisted ordinary shares	Loan stock	Fixed and variable interest securities	Funds and trusts	Total
	£	£	£	£	£	£
Valuation at 1 January 2007	1,240,908	1,787,762	2,814,715	3,171,298	1,421,424	10,436,107
Purchases at cost	407,580	280,822	3,205,382	473,620	–	4,367,404
Sales – proceeds	(371,865)	(1,400)	(159,715)	(3,128,942)	–	(3,661,922)
– realised losses	(65,670)	–	–	(16,126)	–	(81,796)
Increase in unrealised gains/(losses)	59,475	541,000	(309,000)	(75)	40,666	332,066
Valuation at 30 June 2007	1,270,428	2,608,184	5,551,382	499,775	1,462,090	11,391,859
Book cost at 30 June 2007	1,149,434	2,067,184	5,860,382	499,900	1,379,779	10,956,679
Unrealised gains/(losses) at 30 June 2007	120,994	541,000	(309,000)	(125)	82,311	435,180
Valuation at 30 June 2007	1,270,428	2,608,184	5,551,382	499,775	1,462,090	11,391,859

Reconciliation of cash movements in investment transactions

- Purchases of investments above include £1,596,165 settled other than by direct cash payment. Deducting this amount from purchases above leaves acquisitions of £2,771,239 as shown in the Cash Flow Statement.
- Sale proceeds above include £572,203 representing unsettled trades at the period end, and £580,881 received other than by cash received directly. Deducting this total of £1,153,084 from sale proceeds above leaves disposal proceeds of £2,508,838 as shown in the Cash Flow Statement.

9. Net asset values

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

At this early stage in the Company's life, the Board considers that liquidation is unlikely, and that attributing to the B Shares purely the capital contributed of 1 penny per share reflects the Board's best estimate at 30 June 2007 of the B Shares' entitlement to assets at 30 June 2007, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B Shares' entitlement to the Company's assets).

The net asset values per share have been calculated by reference to the numbers of shares in issue at 30 June 2007, as follows:

	As at 30 June 2007 £	As at 30 June 2006 £
10,934,571 (30 June 2006: 10,944,571) 1p Ordinary Shares	109,346	109,446
7,296,381 (30 June 2006: 7,296,381) 1p B Shares	72,964	72,964
	182,310	182,410
	Total attributable net assets £	Net asset value (pence per share)
1p Ordinary Shares		
In accordance with the Articles	9,120,994	83.41 p
Additional entitlement to assets on the attributed basis	1,629,871	14.91 p
Attributed basis	10,750,865	98.32 p
1p B Shares		
In accordance with the Articles	1,702,835	(22.34)p
Reduced entitlement to assets on the attributed basis	(1,629,871)	23.34 p
Attributed basis	72,964	1.00 p

10. Subsequent events

After 30 June 2007, the Company has invested £1 million in SPL Services Limited, a specialist logistics company.

At the date of the original investment in Pureleaf Limited, the Company had committed to invest a further £428,000 in that company, which has now taken place.

11. The financial information for the six months ended 30 June 2007 and 30 June 2006 has neither been audited nor reviewed.
12. The information for the year ended 31 December 2006 does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The financial statements for the year ended 31 December 2006 have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under section 237(2) of the Companies Act 1985.
13. Copies of this statement are being sent to all Shareholders. Further copies are available free of charge from the Company's registered office, One Jermyn Street, London, SW1Y 4UH.

Corporate Information

Directors

Peter Smail (Chairman)
Lord Walker
Helen Bagan (resigned 9 August 2007)
John Brimacombe (appointed 9 August 2007)

All of whom are non-executive and of:

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