



C O R E

CORE VCT I PLC

**Unaudited Half-Yearly Report
for the six months ended 30 June 2008**

Investment Objective

Core VCT I plc ("Core VCT I", "the Company" or "the Fund") 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 and 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.

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, will the Manager start to be entitled to 30% of distributions from the Fund (for further information please see Note 1d to the Accounts on page 17).

■ 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 their interests in delivering this liquidity for Shareholders as well as maximising overall investment performance.

Performance Summary

| Ordinary Shares | 30 June 2008 | 30 June 2007 | 31 December 2007 |
|---|--------------|--------------|------------------|
| Net asset value per share | 91.65 pence | 98.32 pence | 101.49 pence |
| Total return to date per share ¹ | 98.75 pence | 101.42 pence | 104.59 pence |
| Share price (mid-market) | 79.50 pence | 90.00 pence | 90.00 pence |
| Earnings per share | (5.84) pence | 3.39 pence | 6.57 pence |
| Cumulative dividends paid per share since inception | 7.10 pence | 3.10 pence | 3.10 pence |

| B Shares | 30 June 2008 | 30 June 2007 | 31 December 2007 |
|---|--------------|--------------|------------------|
| Net asset value per share | 1.00 pence | 1.00 pence | 1.00 pence |
| Total return to date per share ¹ | 1.00 pence | 1.00 pence | 1.00 pence |
| Share price (mid-market) | 4.00 pence | 4.50 pence | 4.50 pence |
| Earnings per share | 0.00 pence | 0.00 pence | 0.00 pence |
| Dividends per share | 0.00 pence | 0.00 pence | 0.00 pence |

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

Investment Policy

Core VCT I 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 into 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 2007, 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 funds managed by the Manager, so as to gain more significant influence in the investment and to facilitate investing in larger companies which may reduce the risk compared to investing in smaller companies;
- Ensuring a spread of investments is achieved.

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 98.75p as at 30 June 2008, comprising a NAV per Ordinary Share of 91.65p and cumulative dividends paid of 7.10p per Ordinary Share. This is a decrease over the Total Return to 31 December 2007 of 5.58%. A deficit of £639,060 was made during the six month period, mainly due to the provisions made in the unquoted qualifying investment portfolio, as referred to below.

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 by 31 December 2007, we are also working towards returning the proportion of the Fund we do not intend to invest into unquoted private equity investments, approximating to 30p per share. A distribution of 4p per share was made in June. At the period end, there was liquidity approximating to 14p per share and we intend to consider distributing a proportion of this amount following the year end.

Investments

The Manager's Review refers in more detail to the prospects of the investment portfolio, which now comprises eight investments with a cost of £8.10 million and a valuation of £8.23 million. Although we are seeing good trading performance in most of the portfolio, we have not increased the valuation of any investment since the year end given the negative sentiment in the equity markets. In addition, we have chosen to decrease the valuation of two of the investments below cost. This portfolio is still relatively young, and whilst the current climate will produce challenges it will also present acquisition opportunities for companies in the portfolio, some of which may be funded from internal resources.

Developments at the Manager

Core Capital LLP ("Core Capital" or "the Manager") has announced a new UK-wide business partnership with Aberdeen Asset Management plc ("Aberdeen"). This alliance is aimed at providing a wider pool of transaction opportunities to Core Capital, and facilitating in the completion of larger investments both of which should bring benefits to investors. In addition, Aberdeen will administer the Core VCTs from 1 July 2008, and we hope that shareholders will benefit from improvements in our communications in future. Further information on this important development is contained in the Manager's Review.

Information for Shareholders

The Board supports open communication with investors and welcomes any comments or questions you may have. As a result of Aberdeen's appointment as administrator and company secretary, new contact details are 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 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 I is able to buy back shares, we are not

anticipating making any share buy backs over the coming months so that we are best placed as a Fund to maximise distributions made to all shareholders, as referred to above. 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

Outlook

The current economic and investment outlook is very uncertain, with sentiment poor and liquidity, especially from banks, tightening. Our investments cannot be immune from these economic pressures, although the active management that goes into the portfolio is reaping benefits. In addition, whilst the Fund 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 Smail

Chairman

28 August 2008

Principal Risks and Uncertainties

The Company's assets consist of unquoted investments, securities, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic risks, the loss of approval as a Venture Capital Trust, failure to comply with other regulatory requirements, and broader risks such as reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Annual Report for the year ended 31 December 2007, in note 18 to the accounts. The Company's principal risks and uncertainties have not changed materially since the date of that report and it is not envisaged that there will be any changes to the risks and uncertainties in the remaining six months of the financial year.

Related Party Transactions

Details of related party transactions in accordance with Disclosure and Transparency Rule 4.2.8 can be found in Note 11 to the Accounts on page 23.

Responsibility Statement

The Directors confirm that to the best of their knowledge:

- (a) the condensed set of financial statements have been prepared in under the fair value rules of the Companies Act 1985, applicable accounting standards ASB Statement on Half-Yearly Financial Reporting and the 2003 Statement of Recommended Practice "Financial Statements of Investment Trust Companies", revised December 2005, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, as required by Disclosure & Transparency Rule 4.2.4; and
- (b) the interim management report includes a fair review of the information required by Disclosure & Transparency Rules 4.2.7 - 8 in accordance with Disclosure & Transparency Rule 4.2.10.

For and on behalf of the Board:

Peter Smail

Chairman

Co-investment scheme of the Manager

A co-investment scheme has been agreed with the Manager for implementation during the coming year which will allow executives and members of the Manager to invest alongside the Company. The Directors believe that the scheme will further the alignment of interests of the executives and the Company's shareholders by creating a mechanism for executives to make an investment in each transaction alongside the Company. In addition, the adoption of such a scheme brings Core Capital into line with several other leading VCT managers, and such a scheme is becoming an accepted incentive mechanism to enable the Manager to attract and retain high quality investment executives in a highly competitive market.

The scheme will operate through a nominee which will facilitate the investment alongside the Company in unquoted investments, including any follow-on investments. In an unlisted investment, the transaction will normally be structured such that 70% to 90% of the investment is by way of fixed interest instrument, loan note, or preferred instrument, and 30% to 10% in ordinary shares. The amount which will be invested by the nominee company is fixed at up to 5% of the value of the ordinary shares which are available to the Company.

Investment Portfolio Summary

as at 30 June 2008

| | Date of investment | Book cost £'000 | Valuation £'000 | % of net assets by value |
|--|--------------------|--------------------|--------------------|--------------------------------|
| Qualifying investments (unquoted) | | | | |
| Kelway Holdings Limited IT Services | November 2006 | 1,162 | 1,912 | 18.9% |
| Colway Limited (trading as London Graphic Centre) Office and graphics supplies | May 2006 | 1,000 | 1,462 | 14.5% |
| Adapt Group Limited (formerly Highpitch Limited) Internet connections and co-location services | June 2006 | 980 | 1,280 | 12.7% |
| Blanc Brasseries Holdings plc Premium casual dining brasseries | April 2006 | 1,000 | 1,172 | 11.6% |
| Pureleaf Limited (Baxter International) Removal Company | January 2007 | 1,212 | 819 | 8.1% |
| SPL Services Limited Specialist courier company focusing on the medical industry | July 2007 | 1,064 | 799 | 7.9% |
| Ma Hubbards Limited Managed freehold pubs | July 2005 | 1,500 | 658 | 6.5% |
| Total qualifying investments | | 7,918 | 8,102 | 80.3%¹ |
| Non-qualifying investments | | | | |
| Kelway Holdings Limited IT Services | June 2008 | 139 | 97 | 1.0% |
| Augentius Fund Administration LLP Fund administrator | October 2006 | 30 | 30 | 0.3% |
| Core Holdings I Limited ² | March 2007 | 501 | 510 | 5.0% |
| Core Holdings III Limited ² | March 2007 | 502 | 468 | 4.6% |
| Short-dated variable rate securities | | 449 | 447 | 4.4% |
| Listed securities | | 80 | 77 | 0.8% |
| Total non-qualifying investments | | 1,701 | 1,629 | 16.1% |
| Total investments | | 9,619 | 9,731 | 96.4% |
| Current assets | | | 391 | 3.9% |
| Current liabilities | | | (27) | (0.3%) |
| Net assets | | | 10,095 | 100.0% |

¹ Book value of total qualifying investments represents 80.3% 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 84.89% in relation to maintaining a minimum of 70% of total investments invested in qualifying investments from 31 December 2007 onwards.

² The Core Holdings companies have been set up for the purpose of acquiring future investments.

Manager's Review

Investment Highlights

- The investment portfolio now comprises eight investments with a cost of £8.10 million and a value of £8.23 million;
- Trading is meeting or exceeding our expectations in most businesses. Valuations, however, have not been increased, reflecting the uncertainty in the equity and other markets; and
- Core Capital has announced a new partnership with Aberdeen, giving us access to additional funds and investment opportunities, and an enhanced administrative and support infrastructure.

Investments

Overall, we are pleased with the current trading and prospects of most of the investments in the portfolio, although we are vigilant to problems that might arise as the economic climate worsens. We have made no material increases in the valuations of any of the investments, but have made a provision against one investment, SPL Services, reflecting the weaker short term trading being experienced. Conversely, we anticipate that there will be attractive acquisition opportunities available over the next 12 months or so, and we are working to continue to ensure that certain of the existing investments are well placed to take advantage.

Given the relatively young average age of the investments, we are not planning any realisations and we would expect the current climate to delay the timeframe for achieving attractive exits.

With the initial investment programme of the fund now completed, we have made no new investments and have invested a further £326,000 into three existing portfolio companies.

Each investment is described below:



| Cost | Valuation |
|------------|------------|
| £1,301,000 | £2,009,000 |

Kelway is a fast growing IT reseller targeting organisations with 250 to 1,000 employees. Since the date of our investment, turnover has increased to £97 million in the year ended 31 March 2008. This reflects the successful completion and integration of a major acquisition completed last year and the strong overall performance of the business. This business has the capacity to make further acquisitions and has a low overall level of bank gearing.



Ma Hubbards Limited

| Cost | Valuation |
|------------|-----------|
| £1,500,000 | £658,000 |

The business operates freehold pubs offering value for money food in the North Midlands. This investment has the benefit of freehold property which supports the valuation of the investment, although these valuations have fallen in line with values of pub businesses generally. Current trading is holding up well in a difficult climate, and we are in the process of de-gearing this investment to provide additional funds to freshen up the concept. This investment is syndicated with Electra VCTs.

BRASSERIE **BLANC** Blanc Brasseries Holdings plc

| Cost | Valuation |
|------------|------------|
| £1,000,000 | £1,172,000 |

Blanc Brasseries now operates 7 units and plans to open a number of new units this year. The business model has been successfully re-worked and trading from the new and refurbished units is ahead of expectations. We are however mindful that the climate for consumers is likely to worsen and there are significant cost pressures in the leisure industry which require careful management. We have yet to see better economic terms for new sites, but this business is well placed to take advantage when this does occur.



Pureleaf Limited (Baxter International)

| Cost | Valuation |
|------------|-----------|
| £1,212,000 | £819,000 |

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.

As reported in the accounts to 31 December 2007, we have settled our claims against the vendors to our satisfaction. However, we have chosen to maintain the provision against the cost of this investment but anticipate a release of this as we see the benefits of the settlement in the actual trading results. This business has no senior bank gearing and significant unencumbered freehold assets.



Colway Limited

| Cost | Valuation |
|------------|------------|
| £1,000,000 | £1,462,000 |

Colway is a long established office and graphic supplies business. Since our original investment, the business has completed four acquisitions and we are actively pursuing a 'buy & build' model to increase the scale of this business. Turnover has grown from £15.5 million at the date of our investment to over £20 million in the year ended 31 March 2008. Whilst we can expect some impact from the tougher economic climate, we are planning to take advantage of further acquisition opportunities as they arise.



Adapt Group Limited (formerly Highpitch Limited)

| Cost | Valuation |
|----------|------------|
| £980,040 | £1,280,000 |

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

Adapt has traded in line with expectations. Our investment is structured as a high yielding investment, and we have received £57k since inception in addition to the valuation increase over cost as detailed above.



Services Limited

SPL Services Limited

| Cost | Valuation |
|------------|-----------|
| £1,064,000 | £799,000 |

SPL Services is a specialist logistics business servicing the pharmaceutical sector. Whilst this business operates in an attractive market, it is characterised by long term contracts and relationships; growth can therefore take some time to be evidenced and we have made a provision against the cost of this investment to reflect the weaker than expected short term trading. In addition, we have invested in additional resources primarily in sales, established an operation in India and are re-locating in the UK, and have invested a further £62k in the period. We believe these actions will result in the successful outcome from a number of significant tender contracts which would restore growth to the business.



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 and property funds.

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

Developments at Core Capital

Core Capital and Aberdeen have agreed a new UK-wide business partnership, aimed at leveraging the respective strengths of both businesses to provide the best possible returns for our investors.

Under the terms of this agreement, Core Capital and Aberdeen will operate as one team, sharing transactions and offering an integrated package of finance for fast growing SMEs and will manage in excess of £200m in funds.

This alliance will bring significant benefits to investors, providing access to a wider pool of transactions with broader geographical and risk diversification.

Aberdeen will also provide back-office administration, accounting and investor relations services to the Core Funds and the new contact details are set out at the back of this report.

Unaudited Income Statement

(incorporating the Revenue Account of the Company for the six months ended 30 June 2008)

| | Notes | Six months ended 30 June 2008 (unaudited) | | |
|---|-------|--|--------------|------------|
| | | Revenue £ | Capital £ | Total £ |
| Unrealised (losses)/gains on investments | 8 | – | (554,822) | (554,822) |
| Realised (losses)/gains on investments | 8 | – | (73,020) | (73,020) |
| Income | 5 | 69,091 | – | 69,091 |
| Transaction costs and investment management expense | 1d) | (536) | (2,223) | (2,759) |
| Other expenses | | (77,550) | – | (77,550) |
| (Loss)/return on ordinary activities before taxation | | (8,995) | (630,065) | (639,060) |
| Tax on ordinary activities | 6 | – | – | – |
| (Loss)/return attributable to equity Shareholders | | (8,995) | (630,065) | (639,060) |
| (Loss)/return per 1p Ordinary Share | 7 | (0.08)p | (5.76)p | (5.84)p |
| Dividends paid | | | | |
| Final dividend paid for year ended 31 December 2007 of 4.0p per share | | 164,018 | 273,364 | 437,382 |
| Final dividend paid for year ended 31 December 2006 of 2.10p per share | | – | – | – |

| Six months ended 30 June 2007 (unaudited) | | | Year ended 31 December 2007 (audited) | | |
|--|--------------|------------|--|--------------|------------|
| Revenue £ | Capital £ | Total £ | Revenue £ | Capital £ | Total £ |
| – | 332,066 | 332,066 | – | 611,917 | 611,917 |
| – | (81,796) | (81,796) | – | 23,713 | 23,713 |
| 224,252 | – | 224,252 | 323,073 | – | 323,073 |
| (2,100) | (10,336) | (12,436) | (2,725) | (28,220) | (30,945) |
| (72,817) | – | (72,817) | (210,585) | – | (210,585) |
| 149,335 | 239,934 | 389,269 | 109,763 | 607,410 | 717,173 |
| (19,124) | 1,186 | (17,938) | (3,012) | 4,280 | 1,268 |
| 130,211 | 241,120 | 371,331 | 106,751 | 611,690 | 718,441 |
| 1.19p | 2.20p | 3.39p | 0.98p | 5.59p | 6.57p |
| – | – | – | – | – | – |
| 229,836 | – | 229,836 | 229,836 | – | 229,836 |

Unaudited Balance Sheet

as at 30 June 2008

| | Notes | As at 30 June 2008 (unaudited) £ | As at 30 June 2007 (unaudited) £ | As at 31 December 2007 (audited) £ |
|--|-------|---|---|---|
| Non-current assets | | | | |
| Investments at fair value | 8 | 9,731,256 | 11,391,859 | 10,890,734 |
| Current assets | | | | |
| Debtors and prepayments | | 344,501 | 814,842 | 195,362 |
| Cash at bank | | 46,562 | (260,548) | 141,831 |
| | | 391,063 | 554,294 | 337,193 |
| Creditors: amounts falling due within one year | | (27,822) | (1,122,324) | (56,988) |
| Net current assets/(liabilities) | | 363,241 | (568,030) | 280,205 |
| Net assets | | 10,094,497 | 10,823,829 | 11,170,939 |
| Capital and reserves | 9 | | | |
| Called up Ordinary Share capital | | 109,346 | 109,346 | 109,346 |
| Called up B Share capital | | 72,964 | 72,964 | 72,964 |
| Capital redemption reserve | | 100 | 100 | 100 |
| Share premium account | | 5,113,629 | 5,113,629 | 5,113,629 |
| Capital reserve – unrealised | | 111,273 | 435,180 | 647,890 |
| Capital reserve – realised | | (146,483) | (210,895) | (53,035) |
| Special distributable reserve | | 4,831,261 | 5,104,625 | 5,104,625 |
| Revenue reserve | | 2,407 | 198,880 | 175,420 |
| Total equity shareholders' funds | | 10,094,497 | 10,823,829 | 11,170,939 |
| Net asset value per share (attributable assets basis) | | | | |
| Net asset value per 1p Ordinary Share | 10 | 91.65p | 98.32p | 101.49p |
| Net asset value per 1p B Share | 10 | 1.00p | 1.00p | 1.00p |

Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 June 2008

| | Six months ended 30 June 2008 £ | Six months ended 30 June 2007 £ | Year ended 31 December 2007 £ |
|--|--|--|--|
| Opening Shareholders' funds | 11,170,939 | 10,691,338 | 10,691,338 |
| Net share capital bought back in the period | – | (9,004) | (9,004) |
| (Loss)/profit for the period | (639,060) | 371,331 | 718,441 |
| Dividends paid in period | (437,382) | (229,836) | (229,836) |
| Closing Shareholders' funds | 10,094,497 | 10,823,829 | 11,170,939 |

Unaudited Summarised Cash Flow Statement

for the six months ended 30 June 2008

| | Notes | Six months ended 30 June 2008 (unaudited) £ | Six months ended 30 June 2007 (unaudited) £ | Year ended 31 December 2007 (audited) £ |
|--|-------|--|--|--|
| Operating activities | | | | |
| Income received | | 119,245 | 210,809 | 293,081 |
| Transaction costs paid | | (2,468) | (9,810) | (14,820) |
| Other cash payments | | (136,868) | (121,399) | (194,866) |
| Net cash (outflow)/inflow from operating activities | | (20,091) | 79,600 | 83,395 |
| Taxation | | | | |
| UK Corporation tax paid | | – | – | (55,992) |
| Investing activities | | | | |
| Acquisitions of investments | 8 | (1,749,357) | (2,771,239) | (4,347,071) |
| Disposals of investments | 8 | 2,111,561 | 2,508,838 | 4,539,246 |
| Net cash inflow/(outflow) from investing activities | | 362,204 | (262,401) | 192,175 |
| Equity dividends paid | | (437,382) | (229,836) | (229,836) |
| Cash (outflow)/inflow before financing and liquid resource management | | (95,269) | (412,637) | (10,258) |
| Financing | | | | |
| Share capital bought back | | – | (9,004) | (9,004) |
| (Decrease)/increase in cash for the period | | (95,269) | (421,641) | (19,262) |

Reconciliation of revenue return before taxation to net cash (outflow)/inflow from operating activities

for the six months ended 30 June 2008

| | Six months ended 30 June 2008 (unaudited) £ | Six months ended 30 June 2007 (unaudited) £ | Year ended 31 December 2007 (audited) £ |
|--|--|--|--|
| Revenue return before taxation | (8,995) | 149,335 | 109,763 |
| Investment management fees charged to capital | (2,223) | (10,336) | (28,220) |
| Increase/(decrease) in debtors | 20,293 | (31,556) | 13,020 |
| (Decrease)/increase in creditors | (29,166) | (27,843) | (11,168) |
| Net cash (outflow)/inflow from operating activities | (20,091) | 79,600 | 83,395 |

Notes to the Unaudited 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, consistent with the accounting policies set out in the audited statutory accounts for the year ended 31 December 2007 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) 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 revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

c) Investments

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

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

- (i) Investments which have been made in the last 12 months are 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 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, provision against cost is made and charged to the realised capital reserve.

d) 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, along with other transaction costs, are charged 100% against capital.

The Board have 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 attributable to Core Capital LLP in the current period.

75% of the investment management expense attributable to Credit Suisse 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 2008 is £nil (30 June 2007: £3,531; 31 December 2007: £18,817).

e) 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.

f) Expenses

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

g) Taxation

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

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

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

2. The revenue 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 2008, 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 2008 should not be taken as a guide to the results for the year ending 31 December 2008.

5. Income

| | Six months ended 30 June 2008 (unaudited) £ | Six months ended 30 June 2007 (unaudited) £ | Year ended 31 December 2007 (audited) £ |
|--|--|--|--|
| From: | | | |
| Dividends | 22,709 | 48,676 | 90,817 |
| Fixed and variable interest securities | 16,629 | 74,056 | 74,222 |
| Loan stocks | 24,003 | 94,382 | 145,374 |
| Bank interest | 5,750 | 7,138 | 12,660 |
| | 69,091 | 224,252 | 323,073 |

Loan stock income above is stated after providing against £66,578 of loan interest receivable recognised in the previous year.

6. Taxation

There is no tax charge for the period, as taxable losses have been incurred for the period.

7. Earnings and return per share

| | Six months ended 30 June 2008 (unaudited) £ | Six months ended 30 June 2007 (unaudited) £ | Year ended 31 December 2007 (audited) £ |
|--|--|--|--|
| i) Total earnings after taxation | (639,060) | 371,331 | 718,441 |
| Basic earnings per share | (5.84)p | 3.39p | 6.57p |
| ii) Net revenue from ordinary activities after taxation | (8,995) | 130,211 | 106,751 |
| Revenue return per share | (0.08)p | 1.19p | 0.98p |
| Net realised capital (losses)/gains | (73,020) | (81,796) | 23,713 |
| Net unrealised capital (losses)/gains | (554,822) | 332,066 | 611,917 |
| Capital expenses | (2,223) | (9,150) | (23,940) |
| iii) Total capital return | (630,065) | 241,120 | 611,690 |
| Capital return per share | (5.76)p | 2.20p | 5.59p |
| iv) Weighted average number of shares in issue in the period | 10,934,571 | 10,941,588 | 10,938,050 |

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. Accordingly, no diluted earnings and return per share are disclosed.

8. Summary of investments during the period

| | Fully listed £ | Unlisted ordinary shares £ | Loan stock £ | Investments in associated companies £ | Fixed and variable interest securities £ | Funds and trusts £ | Total £ |
|---|-------------------|-------------------------------|------------------|--|---|-----------------------|------------------|
| Valuation at 1 January 2008 | 385,285 | 3,250,242 | 5,256,148 | 1,008,366 | – | 990,693 | 10,890,734 |
| Purchases at cost | 47,360 | 200,866 | 125,000 | – | 1,130,670 | 76,029 | 1,579,925 |
| Sales – proceeds | (422,752) | – | (87,500) | – | (679,358) | (921,951) | (2,111,561) |
| – realised gains/ (losses) | 74,536 | – | – | – | (2,785) | (144,771) | (73,020) |
| Movement in unrealised losses | (7,259) | (62,226) | (453,020) | (30,369) | (1,948) | – | (554,822) |
| Valuation at 30 June 2008 | 77,170 | 3,388,882 | 4,840,628 | 977,997 | 446,579 | – | 9,731,256 |
| Book cost at 30 June 2008 | 80,035 | 2,413,880 | 5,674,422 | 1,003,119 | 448,527 | – | 9,619,983 |
| Unrealised (losses)/gains at 30 June 2008 | (2,865) | 975,002 | (833,794) | (25,122) | (1,948) | – | 111,273 |
| Valuation at 30 June 2008 | 77,170 | 3,388,882 | 4,840,628 | 977,997 | 446,579 | – | 9,731,256 |

Reconciliation of cash movements in investment transactions

Purchases of investments above exclude £169,432 held with solicitors awaiting completion. Adding this amount to purchases above equals acquisitions of £1,749,357 as shown in the summarised cash flow statement.

9. Capital and reserves

| | Called up Ordinary Share capital | Called up B Share capital £ | Capital redemption reserve £ | Share premium account £ |
|---|---|--|---|--|
| At 1 January 2008 | 109,346 | 72,964 | 100 | 5,113,629 |
| Losses on disposal of investments | – | – | – | – |
| Unrealised movements in fair value | – | – | – | – |
| Costs of investment transactions | – | – | – | – |
| Management fees on Credit Suisse portfolio | – | – | – | – |
| Realisation of previously unrealised movements in fair value | – | – | – | – |
| Net loss for the period | – | – | – | – |
| Dividends paid | – | – | – | – |
| At 30 June 2008 | 109,346 | 72,964 | 100 | 5,113,629 |

| Unrealised capital reserve £ | Realised capital reserve £ | Special distributable reserve £ | Revenue reserve £ | Total £ |
|--|--------------------------------------|---|-----------------------------|-------------------|
| 647,890 | (53,035) | 5,104,625 | 175,420 | 11,170,939 |
| – | (73,020) | – | – | (73,020) |
| (554,822) | – | – | – | (554,822) |
| – | (616) | – | – | (616) |
| – | (1,607) | – | – | (1,607) |
| 18,205 | (18,205) | – | – | – |
| – | – | – | (8,995) | (8,995) |
| – | – | (273,364) | (164,018) | (437,382) |
| 111,273 | (146,483) | 4,831,261 | 2,407 | 10,094,497 |

10. 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 2008 of the B shares' entitlement to assets at 30 June, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B shares' entitlement to the Company's assets).

The Net Asset Values per share have been calculated by reference to the numbers of shares in issue at 30 June 2008, as follows:

| | As at 30 June 2008 £ | As at 30 June 2007 £ |
|---|--|--|
| Share Capital | | |
| 10,934,571 (30 June 2007: 10,934,571) 1p Ordinary Shares | 109,346 | 109,346 |
| 7,296,381 (30 June 2007: 7,296,381) 1p B Shares | 72,964 | 72,964 |
| | 182,310 | 182,310 |
| | Total attributable net assets £ | Net asset value (pence per share) |
| 1p Ordinary Shares | | |
| In accordance with the Articles | 8,680,995 | 79.39 p |
| Additional entitlement to assets on the attributed basis | 1,340,538 | 12.26 p |
| Attributed basis | 10,021,533 | 91.65 p |
| 1p B Shares | | |
| In accordance with the Articles | 1,413,502 | (18.37)p |
| Reduced entitlement to assets on the attributed basis | (1,340,538) | 19.37 p |
| Attributed basis | 72,964 | 1.00 p |

11. 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.

12. The financial information for the six months ended 30 June 2008 and 30 June 2007 has neither been audited nor reviewed.
13. The information for the year to 31 December 2007 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 2007 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.
14. Copies of this statement are being sent to all Shareholders. Further copies are available free of charge from the Company's registered office, One Bow Churchyard, London, EC4M 9HH.

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.

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

Aberdeen Asset Management plc
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

Investment Manager

Core Capital LLP
103 Baker Street
London W1U 6LN
Tel: 020 7317 0158

Auditors

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

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Stockbroker

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

Receiving Agent

Capita IRG plc
PO Box 166
The Registry, 34 Beckenham Road
Beckenham,
Kent BR3 4TU

Solicitors

SJ Berwin
10 Queen Street Place
London EC4R 1BE

Bankers

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

Sponsor and Promoter

Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

Registrar

Capita Registrars Limited
Northern House
Woodsome Park
Fennay Bridge
Huddersfield HD8 0LA

Cash Assets Investment Manager

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

Company No : 5258348

