CORE

CORE VCT PLC

(formerly CORE VCT III PLC)

Annual Report and Accounts
for the year ended 31 December 2009

Performance Summary

Returns on Ordinary Shares	As at 31 December 2009		As at 31 December 2008	
	p	%	p	%
NAV per share	87.07		79.15	
Cumulative dividends paid to date[1]	17.15		3.50	
NAV total return[2] since inception (excluding all tax reliefs)	104.22		82.65	
Increase/(decrease) in total return since inception		10.3		(12.5)

Returns on Ordinary Shares[3] (including tax reliefs)	As at 31 December 2009		As at 31 December 2008	
	p	%	p	%
NAV total return[2] since inception (including initial tax relief[4])	144.22	44.22	122.65	22.65
NAV total return[2] since inception (including initial tax relief[4] and tax relief on dividends[5])	149.79	49.79	123.79	23.79

	Year ended 31 December 2009				Year ended 31 December 2008			
	Ordinary Shares		B Shares		Ordinary Shares		B Shares	
	p	%	p	%				
Revenue return per share	(0.24)		–		1.08		–	
Total expense ratio[6]		0.82		–		1.76		–
Share price (mid-market)	40.00		8.50		50.00		3.50	

1 Figure for the year ended 31 December 2009 is a weighted average of dividends paid by Core VCT I plc, Core VCT II plc and Core VCT III plc.
2 NAV total return comprises closing net asset value per share plus cumulative dividends per share paid to date, and as a percentage of initial NAV of 94.5p.
3 Based on initial subscription of 100p.
4 Initial income tax relief at 40% of investment.
5 Income tax relief on dividends at 32.5%.
6 Total expense ratio has been calculated using total operating costs divided by closing net assets.

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Investment Objective

Core VCT plc ("Core VCT" or "the Company") is a tax efficient listed Company, formerly known as Core VCT III plc until its merger with Core VCT I plc and Core VCT II plc on 16 July 2009. The aim of the Company is to achieve long-term capital and income growth and to distribute tax free dividends comprising realised gains and investors' capital investment.

Investment Approach

Core Capital LLP, the Manager, invests in 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 across its VCT clients, in companies valued at £5 - £25 million.

Company Structure

Core VCT 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 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 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. With effect from 31 December 2008, the Company has been required to 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; and
- 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

Merger and Accounts Basis

These accounts are the first accounts to be published following the completion, in July 2009, of the merger of Core VCT I plc and Core VCT II plc into the Company, formerly known as Core VCT III plc. The name of the Company was changed to Core VCT plc, and these accounts now incorporate all of the assets transferred following the completion of the merger. The Net Asset Value of Core VCT plc was £37,704,677 as at 31 December 2009, and cumulative aggregate dividends totalling £7,426,029 have been paid out by Core VCT I plc, Core VCT II plc and Core VCT III plc since inception.

At the time of the merger, we targeted cost savings of £187,000 per annum, and we are on track to achieve that target, the benefits of which will be evident in future years.

Results

The Net Asset Value (NAV) Total Return per Ordinary Share was 104.22p as at 31 December 2009, comprising a NAV per Ordinary Share of 87.07p and a weighted average cumulative dividend paid of 17.15p per Ordinary Share. This is an increase from the NAV total return to 31 December 2008 of 26.1%, compared to a 24.9% increase in the value of the FTSE All-Share Index over the same period. A net return of £3,717,782 was recorded during the year ended 31 December 2009 (2008: net return of –£3,539,472).

The increase of 7.9p per share in NAV is accounted for by:–

- 8.7p per share due to increases in the valuation of the unquoted portfolio;
- 0.3p per share due to the increase in the value of the cash assets; and
- less 1.1p per share for operating costs, including 0.4p per share for expenses in relation to the merger which will not, of course, recur.

Dividends

Core VCT is structured to maximise distributions of both capital and income to Shareholders over the life of the Company, and this objective was a prime reason for completing the merger of the three formerly separate VCTs. The weighted average of the cumulative dividends paid by the three merged VCTs to date is 17.15p although, following the payment of special dividends in July 2009, we are not recommending the payment of a final dividend in respect of the year ended 31 December 2009.

We continue to work towards returning the proportion of the cash assets that we do not intend to invest into unquoted private equity investments, approximating to 30p per share of the original capital raised.

Core VCT's investment programme is now largely complete, with approximately £3 million of the £5.8 million of cash and cash equivalents reserved for new investments or supporting existing ones.

Investments

The Managers' Review contains a more detailed analysis of the unquoted investment portfolio. Whilst overall valuation levels remain depressed by the use of comparative multiples, we can see clear evidence of the potential that exists, especially with some of the larger investments. However, the interest in Ma Hubbard has been disposed of for a nominal £1 consideration after the year end. This was an investment that the Board had fully provided for since 31 December 2008.

One new investment, Allied International, was completed during the year, totalling £1 million invested alongside equal amounts from Core VCT IV and V, and £0.8 million was deployed into existing portfolio companies, Colway and Adapt. Although we have limited intention to complete further new investments, we are prepared to support the existing investments with further capital if required. This is why we have retained some £2.6 million of cash within the Company, equivalent to 6.9p per share.

The Manager's Review refers in more detail to the prospects of the investment portfolio, which now comprises 10 unlisted investments with an investment cost of £28.07 million and a valuation of £35.07 million.

Credit Suisse

The part of the funds which are not invested in unquoted companies are the 'Cash Assets', invested in a range of securities under a discretionary management agreement with Credit Suisse.

Credit Suisse's portfolio management team was appointed on behalf of the VCT to manage the Cash Assets raised by Core VCT plc on a discretionary basis. Credit Suisse's express investment mandate was to manage the assets in accordance with a low-risk investment profile, to preserve capital and earn a return in excess of cash yields.

We have previously reported on the disappointing performance of the Cash Assets raised by Core VCT plc and managed by Credit Suisse. Over the period 2007-2008 the Cash Assets of Core VCT plc declined in value, but we are pleased to report that subsequently most of the fall in value has been recovered. It is, however, our opinion that whilst market conditions have been challenging, the fall in value would have been smaller and the recovery in value greater had Credit Suisse managed the Cash Assets in accordance with the agreed low risk investment profile.

Credit Suisse have steadfastly refused to accept any responsibility for the loss in value. We are terminating Credit Suisse's retainer and will ask the FSA to review the matter.

The remaining assets in this portfolio which will be directly managed by the Company total £1,329,000, and will be held primarily in cash and cash equivalents

B Shares

Shareholders will be aware that the Company has an innovative charging structure. No annual management fees are paid to Core Capital LLP, as Manager. Core Capital is only rewarded once Shareholders have been returned all of their effective initial capital, including income tax relief, and subject to a hurdle rate of 5 per cent per annum. This is achieved through the issue of B Shares, which collectively receive 40% of distributions above the effective initial capital. Of these shares, 25% are held by public Shareholders, and 75% are held by Core Capital and its relevant nominees, such that Core Capital will receive 30% of distributions above the effective initial cost.

Currently, total cumulative distributions are approximately 41.7p per Ordinary Share short of the required threshold following the achievement of which the B Shares would participate in distributions. However, I would like to remind Shareholders that once this threshold is achieved, distributions to Ordinary Shares will be reduced to 60% of the total, and that your holding of B Shares forms an integral part of your investment along with your holding of Ordinary Shares.

Share Price and Share Buy-backs

Both the Ordinary Shares (CR3) and the B Shares (CR3B) are fully listed shares. Prices are available on www.londonstockexchange.com and the Ordinary Share price is published daily in the Financial Times.

We are conscious that the mid price of the shares continues to be at a substantial discount to the Net Asset Value, as it is for many other VCTs. This primarily reflects the lack of liquidity in the secondary market. In addition, whilst Core VCT 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.

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.

Annual General Meeting and New Articles of Association

The Annual General Meeting of the Company will be held at 11.00 am on 24 May 2010 and details of the Resolutions to be proposed are included in the Directors' Report and in the Notice of Annual General Meeting.

In addition to the usual items of business to be considered at the Annual General Meeting, we are also asking Shareholders to approve a number of amendments to the Articles of Association of the Company, primarily to reflect the provisions of the Companies Act 2006 which came into force during 2009. An explanation of the main proposed changes between the proposed and the existing Articles of Association is set out in the appendix to the Notice of Annual General Meeting.

The Directors consider that all the Resolutions to be put to the Annual General Meeting are in the best interests of the Company and its Shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

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 is not without its challenges, but we can see that, at least for now, current trading levels are not worsening, and indeed some improvements are evident. We have taken advantage of the climate to make new investments, but our emphasis remains on protecting the existing portfolio and growing those investments with the greatest potential.

Peter Smaill

Chairman

30 April 2009

Manager's Review

Investment Highlights

- Investment portfolio now comprises 10 unlisted investments with a cost of £28.07 million and a value of £35.07 million.
- The Company was 90% invested in qualifying companies as at 31 December 2009, exceeding the required minimum to be over 70% invested for VCT purposes.
- Overall, the level of bank debt in the portfolio is conservative, with many companies having no, or immaterial levels of, senior bank debt.
- One new investment was completed (Allied), and three further investments into existing portfolio companies (Adapt, Colway and Cordingland) were completed.

New Investments

In November, we acquired a significant equity interest in Allied International, investing an initial £1 million into the business alongside the same amounts from Core VCT IV and V. Allied is a leading Destination Management Company, with 26 locations throughout the USA, Europe and the Middle East. We acquired the business by acquiring all of the senior debt at a substantial discount and providing working capital funding. We acquired the business at a low point in the business cycle, and believe this has the potential to grow organically and by acquisition into a major global operation.

Existing Investments

Our focus is on managing the existing investment portfolio, and ensuring we take full advantage of the opportunities that are available to grow value in the current climate. We believe that, in particular, our largest investments have significant potential to become major businesses in their relevant market segments.

Highlights achieved in this financial year include:

- the completion of acquisitions by Kelway, SPL Services, and Cordingland;
- the successful senior debt restructuring by Colway, in which we also invested further to provide future funds for acquisitions; and
- the completion of a £4 million equity fund raising in Brasserie Blanc (in which Core VCT did not participate due to fund constraints), which will permit the acceleration of growth in the business.

Immediately following the year end, we disposed of our holding in Ma Hubbard, a freehold pub business which was fully provided as at 31 December 2008, and therefore has no valuation impact in the current year.

A more detailed description of the status of each investment follows. In respect of each investment, 'Investment Cost' is the actual cost of each investment made by the legacy VCTs; 'Merger Cost' is the fair value of the investments as at the date of the merger of the Core VCTs, and is the amount that represents cost for Core VCT plc as it acquired the assets of Core VCT I plc and Core VCT II plc at fair value and is therefore presented in the accounts; 'Valuation' is the current fair value of the investment holding.

Kelway Holdings Limited

Investment Cost £5,206,000
Merger Cost: £9,957,805
Valuation: £12,435,000

Kelway is a fast growing IT business supplying Solutions, Services and hardware to the corporate middle market.

Turnover was £110 million in the year ended 31 March 2009, and is forecast to be in excess of £170 million in the current financial year. The company has no senior bank debt. Kelway completed a further three acquisitions in this calendar year, and continues to plan growth by acquisition.

It was listed as the 46th fastest growing company in the Sunday Times Fast Track Buy-out 100 published in February 2010.

SPL Services Limited

Investment Cost £4,911,000
Merger Cost: £6,573,351
Valuation: £8,810,000

SPL Services is a specialist logistics business servicing the pharmaceutical sector, particularly the fast growing clinical trials market.

Since our investment in 2008, the business has transformed itself from being a small, UK based operation into a business with an increasingly global capability. We have acquired or established operations in India, Australia, Singapore and China as well as strengthening our delivery throughout Europe. We have invested heavily in the management and infrastructure required to support this growth and create a truly scalable platform to take advantage of the growth opportunities that exist in this market.

Pureleaf Limited (Baxters International)

Investment Cost £4,850,000
Merger Cost: £4,015,894
Valuation: £2,838,000

Baxters is a long established storage and removals business.

The company has a long standing relationship with the Ministry of Defence, for whom Baxters carries out a significant amount of long term storage. Baxters has a strong balance sheet with substantial net assets, unencumbered freehold assets and no senior bank debt. The business has been partially protected from the worst affects of the recession by its long term storage contracts. The focus is now on improving margins and securing and renewing long term contracts.

Blanc Brasseries Holdings plc

Investment Cost £3,000,000
Merger Cost: £2,599,714
Valuation: £2,648,000

Brasserie Blanc owns and operates branded restaurants in the premium casual dining segment of the market.

We took a cautious approach to new site openings during 2009, but in December completed a £4million equity raising. Whilst Core VCT did not participate because of its own fund constraints, Core VCTs IV and V invested £2 million. This fund raising is intended to facilitate the restart in new unit openings which will bring further scale to the business. Trading has proved resilient, with restaurant EBITDA almost doubling from £991,000 in 2008 to £1.96 million in the year ended 28 June 2009. This business has a complete, experienced and capable management team in place which can manage a very substantial increase in the number of sites in the business.

Adapt Limited

Investment Cost £1,501,000
Merger Cost: £2,066,291
Valuation: £2,066,000

Adapt is a leading independent IT managed services provider, with a focus on co-location and data hosting, connectivity and Internet, managed services, and cloud services.

Adapt has enjoyed significant revenue growth since our initial investment and, whilst the macro economic conditions have deteriorated in the most recent 18 months, there are still plenty of growth opportunities in a market place which is still supported by strong fundamentals. The contracted revenue base was £26 million as at 31 December 2009.

Manager's Review

Cordingland LLP

Investment Cost £1,400,000
Merger Cost: £1,400,000
Valuation: £1,400,000

Cordingland is an investment management and asset management business in the UK commercial real estate market.

Since our first investment of £1 million in January 2009, Cordingland has strengthened its investment team, recruited an experienced asset management team and now currently manages some £550 million of UK real estate assets. We provided a further £400,000 in December to be utilised to complete the acquisition of Danmerc Limited, a company that advises a group of Danish Pension Funds on their commercial real estate investments in the UK, and to provide additional working capital as the investment management division launches its plans to raise an investment fund.

This investment is held through CP Newco Limited, in which a total of £2 million has been invested.

Colway Limited

Investment Cost £3,500,000
Merger Cost: £2,309,000
Valuation: £1,173,000

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

Colway operates in a mature market, and where the growth opportunity is largely acquisition led. Colway has completed five acquisitions since the date of our investment in 2006, but has been hampered during 2009 in particular following its senior lender, Kaupthing Singer & Friedlander, being placed into administration during 2008. We successfully renegotiated and restructured this debt in December 2009, and provided additional funding totalling £1.5million (of which £0.5 million was provided by Core VCT) to be used in order to complete further acquisitions in future. We believe that this, together with organic improvement in trading, will grow value in this investment over time.

Allied International

Investment Cost £1,000,000
Adjusted Merger Cost: £1,000,000
Valuation: £995,000

Allied is a leading Destination Management Company (DMC) with 26 locations throughout the USA, Europe and the Middle East.

We acquired the business by acquiring all of the senior debt at a substantial discount and providing working capital funding. We acquired the business at a low point in the business cycle, and believe this has the potential to grow organically and by acquisition into a major global operation.

We have introduced new management at a senior level, eliminated senior debt and provided further funding (after the year end of Core VCT) to be used for growth, acquisitions and working capital. We continue to hold several discussions over potential merger and acquisition targets.

Augentius Fund Administration LLP

Investment Cost £101,000
Merger Cost: £101,000
Valuation: £101,000

Augentius is one of the world's leading Private Equity and Real Estate Fund administrators, administering over 300 funds and fund related entities with over 110 staff.

The business operates from London, Guernsey, New York, Hong Kong, Singapore, and Mauritius, and provides out-sourced administration services to many leading private equity and property funds. This small investment has a cash yield of 9.5%. The business continues to grow strongly, but we have made no increase in the valuation given the very small size of this investment.

Core Capital LLP
Manager
30 April 2010

Investment Portfolio Summary
as at 31 December 2009

	Date of initial investment	Investment cost £'000	Book cost £'000	Valuation £'000	% of equity held	% of net assets by value
Unquoted investments						
Kelway Holdings Limited IT services	November 2006	5,206	9,957	12,435	65.6%	33.0%
SPL Services Limited Provider of courier services to the medical sector	July 2007	4,911	6,573	8,810	70.7%	23.4%
Baxters International Limited (trading as Pureleaf) Provider of removal and storage services	January 2007	4,850	4,016	2,838		7.5%
Blanc Brasseries Holdings plc Operator of restaurants in the premium casual dining sector	April 2006	3,000	2,600	2,648	100.0%	7.0%
Adapt Group Limited Virtual network operator	June 2006	1,501	2,066	2,066		5.5%
BRG Trading Limited[1] Leisure	December 2008	2,000	2,000	2,000		5.3%
CP Newco Limited; comprising Cordingland LLP, a real-estate investment and asset management company	December 2008	1,400	1,400	1,400		3.7%
Cash for investment		600	600	600		1.6%
Colway Limited (trading as London Graphic Centre) Office and graphics supplies	May 2006	3,500	2,309	1,173		3.1%
Allied International Holdings Limited (formerly Syncap Management) Destination management company	December 2008	1,000	1,000	995		2.6%
Augentius Fund Administration LLP Provider of fund management administration services	October 2006	101	101	101		0.3%
Listed securities, funds and trusts			1,804	1,329		3.5%
Total investments		28,069	34,426	36,395		96.5%
Other assets				1,625		4.3%
Current liabilities				(315)		(0.8%)
Net assets				37,705		100.0%

[1]This company has been set up for the purpose of engaging in a qualifying trade in the future.

Book value of total qualifying investments represents 80.1% of the book value of investments.

Ten largest investments	Book cost £'000	Valuation £'000	% of net assets by value
Kelway Holdings Limited	9,957	12,435	33.0%
SPL Services Limited	6,573	8,810	23.4%
Baxters Internatinal Limited (trading as Pureleaf)	4,016	2,838	7.5%
Blanc Brasseries Holdings plc	2,600	2,648	7.0%
Adapt Group Limited	2,066	2,066	5.5%
BRG Trading Limited	2,000	2,000	5.3%
Allied International Holdings Limited	2,000	995	2.6%
Colway Limited (trading as London Graphic Centre)	2,309	1,173	3.1%
CP Newco Limited (Cordingland LLP)	2,000	2,000	5.3%
BGI Cash Selection Fund/Sterling Liquidity Fund	581	581	1.5%
Total of ten largest investments	34,102	35,546	94.2%

Board of Directors

Peter Smaill

Status: Independent, non-executive Chairman

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 buy-outs, buy-ins 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 and both of these companies merged with Core VCT III PLC on 16 July 2009.

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

Status: Non-executive Director

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 until 2009 was Vice Chairman of Dresdner Kleinwort Limited. He is a former 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 and both of these companies merged with Core VCT III PLC on 16 July 2009. David Dancaster, whose biography appears below, was appointed as Alternate Director to Lord Walker with effect from 4 March 2010.

John Brimacombe

Status: Independent, non-executive Director

Date of appointment: 9 August 2007

John is managing director of Jobstream Group plc, an Operating Partner of Sussex Place Ventures and chairman of Linguamatics Limited. He was a co-founder of NGame Limited and was also President of Mforma Group Inc. A graduate in Law and Computer Science from Trinity College Cambridge, John was appointed as a Director of Core VCT I plc and Core VCT II plc in August 2007 and both of these companies merged with Core VCT III PLC on 16 July 2009.

David Dancaster

Status: Alternate Director to Lord Walker

Date of appointment: 4 March 2010

David is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo Plc. He is also a director of a number of companies in the Caparo Group. He began his career with PricewaterhouseCoopers in 1980 and, after five years there, he joined the Corporate Finance department of Charterhouse Bank, remaining there for ten years and serving as a director for the last four. From 1989 he was responsible for advising Caparo Plc, following which he joined the group in 1996 and has played a major role in its extensive acquisition programme. He is a Chartered Accountant and holds a BA Hons from the University of Exeter.

Directors' Report

The Directors present the Annual Report and Accounts of the Company for the year ended 31 December 2009.

Business and principal activities

On 16 July 2009, the Company, then known as Core VCT III plc, completed a merger with Core VCT I plc and Core VCT II plc and changed its name to Core VCT plc.

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. New Ordinary Shares and B Shares issued pursuant to the merger referred to above were admitted to the Official List of the UKLA and began trading on 17 July 2009.

The Company 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. On 7 May 2009, the Company revoked investment company status in order to effect the payment of capital dividends.

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 pages 4 and 5 and the Manager's Review on pages 6 to 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)**
  NAV 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 distributions of both income and capital since inception. 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 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 Accounts on pages 36 to 39.

Issue of shares

On 16 July 2009, the Company issued 26,790,555 new Ordinary Shares and 4,130,939 B Shares. No Ordinary Shares were bought back for cancellation during the year under review. However, as part of and in connection with the merger, the holdings in B Shares were adjusted as detailed in the related Circular. This resulted in 13,729,430 B Shares being redesignated as deferred shares and bought back by the Company for an aggregate consideration of 1p. The unissued deferred shares so arising were automatically redesignated as further Ordinary Shares.

As at 31 December 2009 the issued Ordinary Share capital of the Company was £4,330 comprising 43,301,414 Ordinary Shares; and the issued B Share capital of the Company was £2,887 comprising 28,867,227 B Shares.

Results

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Capital return transferred to reserves	3,820,977	(3,718,493)
Revenue return after taxation for the period	(103,195)	179,021
Total return attributable to shareholders for the period	3,717,782	(3,539,472)

Directors' Report

Dividend
The Directors will not be recommending a final dividend.

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. David Dancaster was appointed as Alternate Director to Lord Walker with effect from 4 March 2010. In accordance with the Company's Articles of Association and the AIC Code of Corporate Governance ("the AIC Code"), John Brimacombe 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 24 May 2009.

The Directors' interests (including holdings of connected persons) in the issued capital of the Company as at 31 December 2009 were:

	Shares held on 31 December 2009		Shares held on 31 December 2008	
	Ordinary Shares	B Shares	Ordinary Shares	B Shares
Peter Smaill	59,956	9,994	30,900	23,175
Lord Peter Walker	74,785	12,462	31,200	23,400
John Brimacombe	–	–	–	–
David Dancaster (alternate to Lord Peter Walker)	–	–	–	–

There have been no further changes in the holdings of the Directors since 31 December 2009.

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.

Manager and Company Secretary
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 pages 17 and 18.

The Growth Capital team of Aberdeen Asset Managers Limited ("Aberdeen") completed a management buy-out on 9 June 2009 and now operates as Maven Capital Partners UK LLP ("Maven"). Accordingly, Maven acts as both Administrator and Company Secretary to the Company under an Agreement dated 23 May 2008 which was amended on 11 June 2009 to reflect the transfer of responsibilities from Aberdeen to Maven and the Company's merger with Core VCT I plc and Core VCT II plc. The appointment is for an initial period to 1 April 2010 and, thereafter, may be terminated by not less than three month's notice being given in writing. A fee of £90,000 plus VAT was agreed for these services from the date of the merger. A decision has been taken to terminate this arrangement with effect from 1 July 2010, from which date responsibility for all company secretarial, accounting and administrative matters will transfer to Core Capital LLP. 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 18 June 2009 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 36 to 39.

Substantial interests
As at 30 April 2010 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 and Changes to the Articles of Association

A notice of the Annual General Meeting of the Company, to be held at 11.00 am on 24 May 2010 at the offices of Core Capital LLP, 103 Baker Street, London W1U 6LN, is set out on pages 41 to 45 of this Annual Report and a personalised proxy form is included with Shareholders' copies of this Annual Report.

The notice of the Annual General Meeting includes a Resolution to re-appoint John Brimacombe as Director of the Company and brief biographical details of all Directors can be found on page 10 of this Annual Report. The Board believes that John brings valuable skill, experience and expertise to the Company and supports his proposed re-election.

In addition to the ordinary business, a Resolution will be considered at the Annual General Meeting in relation to changes to the Company's Articles of Association. The law in relation to companies has undergone a series of changes following the introduction of new companies legislation in the United Kingdom under the Companies Act 2006 (2006 Act). The changes have been implemented in stages, with the final alterations taking effect from October 2009. In order to accommodate the proposed changes to the Company's existing Articles of Association (Existing Articles) to reflect those further provisions of the 2006 Act which are now in force, your Board is proposing that new Articles of Association (New Articles) are adopted at this year's Annual General Meeting. Accordingly, Resolution 9 is a Special Resolution relating to the adoption of the New Articles.

The principal changes proposed to be made to the Existing Articles at the Company's Annual General Meeting are detailed in the Appendix to the Notice of Annual General Meeting. The proposed New Articles are available for inspection at the Company's registered office from the date of this Annual Report until the time of the Annual General Meeting and at the offices of Core Capital LLP, 103 Baker Street, London W1U 6LN, from 15 minutes prior to the commencement of the Annual General Meeting until its conclusion.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary
30 April 2010

Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of Sections 420-422 A of the Companies Act 2006. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 24 May 2010. 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 39. Lord Walker was paid director's fees of £11,523 during the year under review. David Dancaster, who was appointed on 4 March 2010 to serve as an Alternate Director to Lord Walker, is partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo Plc, which is a partner in Core Capital LLP. He is also a director of a number of companies in the Caparo Group. No additional remuneration is payable in respect of Mr Dancaster's appointment.

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 31December 2010 and subsequent years. As stated in the Circular to Shareholders 12 June 2009, the total annual remuneration payable to the Board, following the merger of the Company with Core VCT I plc and Core VCT II plc, increased from £19,500 to £58,500. However, this represented a reduction from £78,000 in the aggregate fees payable across the boards of the three Core VCTs involved in the merger. 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 2006, 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, John Brimacombe will offer himself for re-election at the Annual General Meeting to be held on 24 May 2010.

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 2009	Year ended 31 December 2008 £
Peter Smaill	14,512	7,500
Lord Peter Walker	11,523	6,000
John Brimacombe	11,523	6,000
	37,558	**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.

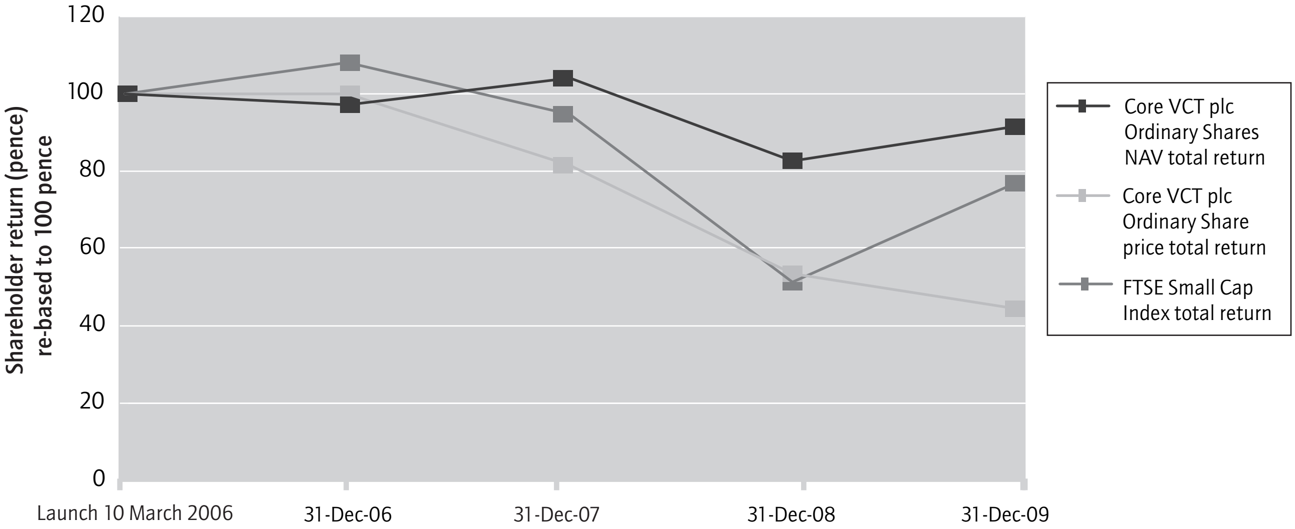
Total Shareholder return

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 at 10 March 2006. An explanation of the performance of the Company is given in the Chairman's Statement and the Manager's Review.

The NAV Total Return per Ordinary 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.

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



By order of the Board

Maven Capital Partners UK LLP
Company Secretary
30 April 2010

Corporate Governance Statement

The Directors of Core VCT plc have adopted the Association of Investment Companies Code of Corporate Governance ("AIC Code") for the year ended 31 December 2009. 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; and
- 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 or 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, and for agreeing their fees. 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 five formal Board Meetings. The attendance of the Directors is summarised in the table below:

Director	Number of meetings (attended/held)
Peter Smaill	5/5
Lord Walker	2/5
John Brimacombe	5/5

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 2006, 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. John Brimacombe will retire by rotation and being eligible offers himself for re-election at the Annual General Meeting of the Company to be held on 24 May 2010.

	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 2009	AGM 2012

David Dancaster's appointment is dependent upon that of Lord Walker, for whom he acts as an Alternate Director.

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 and his alternate David Dancaster, are independent of the Manager. John Brimacombe is a shareholder in 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 of the Directors, with the exception of Mr Dancaster, have also served on the Boards of Core VCT I plc and Core VCT II plc, which were also managed by the Manager prior to their merger with the Company on 16 July 2009.

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 a Directors' conflicts of interests register is maintained and all conflicts, or potential conflicts, of interest are 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 to undertake 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 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 effectively, has been strengthened by the appointment of an Alternate Director and that there are no significant areas 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

Corporate Governance Statement

Company are given in the Manager's Review on pages 6 to 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 compliance with the key test of, from the time of the third anniversary of subscription, having 70% of your Company's assets being invested in qualifying assets for VCT purposes.

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 to be still 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 and 15.

Relations with Shareholders

Communication with Shareholders is given a high priority. All Shareholders receive copies 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 40.

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 Annual General Meeting.

Going concern

After making enquiries and having reviewed forecasts prepared by the Manager, 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.

The Board reviews the nature and extent of services supplied by the Auditors to ensure that independence is maintained.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary
30 April 2010

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 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 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
30 April 2010

Independent Auditors' Report to the Shareholders of Core VCT plc

We have audited the financial statements of Core VCT plc for the year ended 31 December 2009 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Statement of Directors' Responsibilities on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 16 to 19 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, on page 19, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Sarah Williams (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 April 2010

Income Statement
for the year ended 31 December 2009

	Notes	Revenue £	Year ended 31 December 2009 Capital £	Total £	Revenue £	Year ended 31 December 2008 Capital £	Total £
Movement in investment holding	9	–	4,036,398	4,036,398	–	(3,030,483)	(3,030,483)
Net losses on sale of investments	9	–	(135,222)	(135,222)	–	(640,001)	(640,001)
Income	2	185,485	–	185,485	443,681	–	443,681
Transaction costs and investment management expense	3	152	(80,199)	(80,047)	(3,052)	(59,981)	(63,033)
Other expenses	4	(303,704)	–	(303,704)	(219,138)	–	(219,138)
Net return on ordinary activities before taxation		**(118,067)**	**3,820,977**	**3,702,910**	**221,491**	**(3,730,465)**	**(3,508,974)**
Tax on ordinary activities	6	14,872	–	14,872	(42,470)	11,972	(30,498)
Net return attributable to equity shareholders		**(103,195)**	**3,820,977**	**3,717,782**	**179,021**	**(3,718,493)**	**(3,539,472)**
Return per Ordinary Share	8	**(0.24)p**	**8.82p**	**8.58p**	**1.08p**	**(22.52)p**	**(21.44)p**

There were no other gains or losses in the year ended 31 December 2009.

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 to 39 form part of these Financial Statements.

Balance Sheet
as at 31 December 2009

	Notes	31 December 2009 £	£	31 December 2008 £	£
Non Current assets					
Investments at fair value	9		36,395,047		11,435,869
Current assets					
Debtors and prepayments	11	513,367		1,465,635	
Cash at bank	17	1,111,364		301,216	
		1,624,731		1,766,851	
Creditors: amounts falling due within one year					
Corporation tax	12	–		(31,226)	
Accruals	12	315,101		(99,905)	
		315,101		(131,131)	
Net current assets			1,309,630		1,635,720
Net assets			**37,704,677**		**13,071,589**
Capital and reserves					
Called up Ordinary Share capital	13		4,330		1,651
Called up B Share capital	13		2,887		2,474
Share premium account	14		30,858,154		7,799,528
Capital reserve	14		1,079,937		(2,741,040)
Special distributable reserve	14		5,818,227		7,799,530
Revenue reserve	14		(58,858)		209,446
Total equity shareholders' funds			**37,704,677**		**13,071,589**
Net asset value per 0.01p Ordinary Share	15		**87.07p**		79.15p
Net asset value per 0.01p B Ordinary Share	15		**0.01p**		0.01p

The Notes on pages25-39 form part of these Financial Statements.

The Financial Statements of Core VCT plc, registered number 5572561, were approved by the Board and were signed on its behalf by:

Peter Smaill
Director
30 April 2010

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 December 2009

	Notes	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Opening balance at beginning of year		13,071,589	16,940,878
Shares issued in connection with merger		23,061,718	–
Net return for the year		3,717,782	(3,539,472)
Dividends paid in year	7	(2,146,412)	(329,817)
Closing Shareholders' funds at 31 December 2009		37,704,677	13,071,589

Cash Flow Statement
for the year ended 31 December 2009

	Notes	Year ended 31 December 2009 £	£	Year ended 31 December 2008 £	£
Operating activities					
Investment income received		137,754		243,865	
Investment management fees paid		820		(13,864)	
Other cash payments		(274,387)		(250,314)	
Operating activities in relation to merger		(394,157)		–	
Net cash outflow from operating activities	16		(529,970)		(20,313)
Taxation					
UK Corporation tax paid			(26,507)		709
Investment activities					
Acquisition of investments	9	(2,155,718)		(8,582,141)	
Disposal of investments	9	3,847,288		9,107,314	
Net cash inflow from financial investment			1,691,570		525,173
Net cash inflow before financing					
Equity dividends paid			(2,146,412)		(329,817)
Called up share capital paid			1,400,000		–
Funds received as part of merger	9		421,367		–
Net cash inflow from financing			810,048		175,752
Increase in cash	17		810,048		175,752

The Notes on pages 25-39 form part of these Financial Statements.

Notes to the Accounts
for the year ended 31 December 2009

1 Accounting policies

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

a) **Basis of accounting**

The accounts have been prepared in compliance with the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and, to the extent that it does not conflict with the Companies Act 2006, or UK GAAP and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies'.

Merger

On 15 July 2009, the Company acquired all the ordinary shares in Core VCT I plc and Core VCT II plc, by means of a Scheme of Reconstruction. Under the Scheme, all the ordinary shares in Core VCT I plc and Core VCT II plc were cancelled and new Ordinary Shares in the Company were issued by the Company to the shareholders of Core VCT I plc and Core VCT II plc. Core VCT I plc and Core VCT II plc B shares were merged into the B shares of the Company by issuing new B Shares which represent, together with the existing B Shares in issue, 40 per cent of the new Ordinary Share capital of the Company.

In accordance with the prospectus, Core VCT I plc and Core VCT II plc transferred their assets and liabilities to the Company. The Company is excluded from consolidation on the grounds that its inclusion is not material for the purposes of giving a true and fair view. The book value of the assets and liabilities transferred equates to the fair values. There are no adjustments required for accounting policies or other matters and no revaluations. Please note, however, that the 2008 comparatives presented in the accounts are in respect of Core VCT plc whilst it existed as Core VCT III plc.

b) **Presentation of the Income Statement**

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the total column. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

c) **Investments**

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

Unquoted investments are valued by the Directors in accordance with the following rules, which are consistent with the revised International Private Equity Venture Capital Valuation (IPEV) guidelines published in 2009:

(i) Investments which have been made recently 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, 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.

Notes to the Accounts
for the year ended 31 December 2009

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.

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.

In 2007 the European Court of Justice ruled that investment management fees should be exempt from VAT. As a result of this ruling the Company received a VAT refund of £6,872 in respect of the investment management fees charged by Credit Suisse. This is shown in the Income Statement and allocated between revenue and capital in the same proportion as VAT originally charged.

f) **Expenses**

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

g) **Taxation**

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

Deferred tax is measured at the average tax rates that are expected to apply in the years in which 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.

h) **Financial instruments**

Fair value is defined as the price that the Company would receive upon selling a financial asset or liability in a timely transaction to an independent buyer in the principal or the most advantageous market of the investment. A three-tier hierarchy has been established to maximise the use of observable market data and minimise the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions of risk, for example, the risk inherent in a particular valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on best information available in the circumstances.

The three-tier hierarchy of inputs is summarised in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical investments;
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments speeds, credit risk etc); and
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

i) **Liquidity**

The Company holds a portfolio of readily realisable investments with Credit Suisse to meet the Company's liquidity requirements.

2 Income

	2009 £	2008 £
Income from investments		
– from loan stock	142,962	235,753
– from dividends	975	100,593
– from fixed and variable interest securities	40,698	92,605
	184,635	428,951
Interest income		
Bank interest	850	14,730
Total income	185,485	443,681
Total income comprises		
Dividends	975	100,593
Interest	184,510	343,088
	185,485	443,681
Income from investments comprises		
Listed UK securities	38,464	92,605
Funds and Trusts	3,209	100,593
Unlisted UK securities	142,962	235,753
	184,635	428,951

3 Transaction costs and investment management expense

	Revenue 2009 £	Capital 2009 £	Total 2009 £	Revenue 2008 £	Capital 2008 £	Total 2008 £
Third Party – transaction costs	–	80,654	80,654	–	48,538	48,538
Core Capital LLP – management fees	–	–	–	–	–	–
Credit Suisse – transaction costs	–	–	–	–	2,288	2,288
Credit Suisse – management fees	1,566	4,699	6,265	3,052	9,155	12,207
Less: VAT Reimbursement on management fees	(1,718)	(5,154)	(6,872)	–	–	–
Total	(152)	80,199	80,047	3,052	59,981	63,033

Core Capital LLP advises 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 the appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

Following the merger with Core VCT I plc and Core VCT II plc the Manager holds 21,650,420 B shares of 0.01p each in the Company, being 75% of the B shares of 0.01p each that were issued. This continues to provide 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 £2,165, being 0.01p per share.

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 other VCTs managed by Core Capital. The amount of such costs for the year ended 31 December 2009 is £80,654 (2008: £48,538).

Notes to the Accounts
for the year ended 31 December 2009

4 Other expenses

	2009 £	2008 £
Directors' remuneration	37,558	19,500
Employer's NIC	1,927	(459)
IFA trail commission	26,812	24,222
Administration fees	93,086	49,678
Broker's fees	4,313	8,813
Auditors' fees – audit	45,925	19,764
– other services	6,900	2,233
Taxation services	2,750	2,937
Registrar's fees	21,465	10,569
Printing	11,747	8,567
Legal and professional fees	27,199	2,937
Directors' insurance	6,654	3,856
Subscriptions	20,625	13,619
Provision against loan interest receivable	–	52,180
Sundry	(3,257)	722
	303,704	219,138

Charges for non-audit services provided by the auditors for the year ended 31 December 2009 relate to the provision of the desktop review of the interim report. The Directors consider the auditors were best placed to provide these services. The Board Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

5 Directors' remuneration

	2009 £	2008 £
Directors' emoluments		
Peter Smaill	14,512	7,500
Lord Peter Walker	11,523	6,000
John Brimacombe	11,523	6,000
	37,558	19,500

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

	Year ended 31 December 2009 Revenue £	Capital £	Total £	Year ended 31 December 2008 Revenue £	Capital £	Total £
a) **Analysis of charge in the year**						
Corporation tax	(14,872)	–	(14,872)	42,470	(11,972)	30,498
Charge for year	(14,872)	–	(14,872)	42,470	(11,972)	30,498
b) **Factors affecting tax charge for the year**						
Total return on ordinary activities before tax	(118,067)	3,820,977	3,702,910	221,491	(3,730,465)	(3,508,974)
Return on ordinary activities multiplied by the standard rate of corporation tax 28%	(33,059)	1,069,874	1,036,815	62,017	(1,044,530)	(982,513)
Movement in investment holding	–	(1,130,191)	(1,130,191)	–	848,535	848,535
Net sale of investments	–	37,862	37,862	–	179,200	179,200
Non-deductible capital expenses	–	22,583	22,583	–	663	663
Non-taxable UK dividend income	(273)	–	(273)	(2,686)	–	(2,686)
Overprovision in prior year	(14,872)	–	(14,872)	(729)	–	(729)
Smaller companies relief	–	–	–	(16,132)	4,160	(11,972)
Additional losses carried forward	33,332	(128)	33,204	–	–	–
Current tax charge for year	(14,872)	–	(14,872)	42,470	(11,972)	30,498

Venture Capital 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.

Deferred taxation

The Company has not recognised a deferred tax asset of £118,588 (2008: nil) arising as a result of having utilised management expenses. It is unlikely that the Company will obtain tax relief for these in the future, so no deferred tax asset has been recognised.

7 Dividends and other appropriations

Amounts recognised as distributions to equity holders in the year:

	2009 £	2008 £
Ordinary Shares – final dividend for the year ended 31 December 2008 of 1.0p (2007: 2.0p) per share	165,109	329,817
Ordinary Shares – special capital dividend of 12.0p per share	1,981,303	–
	2,146,412	329,317

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

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 274 of the ITA 2007 are considered.

	2009 £	2008 £
Revenue available for distribution by way of dividends for the year	–	179,021
Final dividend of 1.0p per Ordinary Share for the year ended 31 December 2008	–	165,109

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

Notes to the Accounts
for the year ended 31 December 2009

8 Return per Ordinary Share

	2009 £	2008 £
Total earnings after taxation:	3,717,782	(3,539,472)
Basic earnings per share (note a)	**8.58p**	**(21.44)p**
Net revenue from ordinary activities after taxation	(103,195)	179,021
Revenue return per share (note b)	**(0.24)p**	**1.08p**
Net losses on sale of investments	(135,222)	(640,001)
Movement in investment holding gains/(losses)	4,036,398	(3,030,483)
Capital expenses	(80,199)	(48,009)
Total capital return	3,820,977	(3,718,493)
Capital return per share (note c)	**8.82p**	**(22.52)p**
Weighted average number of shares in issue in the year	43,301,414	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.

9 Investments

	Listed (Level 1) £	Unlisted (Level 3) £	Total £
Cost at 31 December 2008	2,428,031	11,075,770	13,503,801
Investment holding losses at 31 December 2008	(723,431)	(1,344,501)	(2,067,932)
Valuation at 31 December 2008	1,704,600	9,731,269	11,435,869
Acquired as part of merger	849,643	22,007,929	22,857,572
Purchases at cost	1,382,116	665,602	2,047,718
Sale proceeds	(2,847,285)	(1,000,003)	(3,847,288)
Net losses on sale of investments	(8,185)	(127,037)	(135,222)
Investment holding gains	248,461	3,787,937	4,036,398
Closing valuation at 31 December 2009	1,329,350	35,065,697	36,395,047
Cost at 31 December 2009	1,804,320	32,622,261	34,426,581
Investment holding (losses)/gains at 31 December 2009	(474,970)	2,443,436	1,968,466
Valuation at 31 December 2009	1,329,350	35,065,697	36,395,047

Purchases of investments above do not include £108,000 awaiting settlement. Adding this amount to purchases equals acquisitions of £2,155,718 as shown in the Cash Flow Statement.

The following assets have been treated as impaired at the balance sheet date:

	Cost £	Impairment £
Pureleaf Limited	4,015,895	(1,167,395)
Colway Limited (trading as London Graphic Centre)	2,416,727	(1,326,687)
Allied International Holdings Limited	1,000,000	(5,000)
Lehman Brothers Treasury	127,034	(127,034)
Total	7,559,656	(2,626,116)

Merger with Core VCT I plc and Core VCT II plc

During the year the Company merged with Core VCT I plc and Core VCT II plc by means of a Scheme of Reconstruction ("Scheme") as reported in the Directors' Report on page 11.

The Scheme provided that the assets and liabilities of Core VCT I plc and Core VCT II plc would be transferred to the Company immediately following the merger. The costs of the Scheme were borne by all the companies in an agreed manner as defined in the Scheme.

The merger has been accounted for under the acquisition method of accounting. The market in VCT shares is highly illiquid and in the opinion of the Directors, does not provide a reliable basis for valuing the share consideration issued.

The fair value of consideration issued is deemed to be the net asset value per share of the Company's shares at the time of acquisition as this is a more reliable estimate of fair value than the market price at that date.

The assets and liabilities of Core VCT I plc and Core VCT II plc acquired are set out below:

	Core VCT I plc £	Core VCT II plc £
Investments at fair value	8,694,195	14,163,365
Current assets		
Debtors and prepayments	113,244	222,809
Cash at bank	1,220,016	2,274,495
	1,333,260	2,497,304
Creditors: amounts falling due within one year		
Corporation tax	(15,516)	(27,289)
Dividends payable	(1,093,477)	(1,979,667)
Accruals	(118,798)	(206,075)
Net current assets	105,469	284,273
Fair value of assets transferred	8,799,664	14,447,638
Consideration	8,799,664	14,447,638

The total cash of £421,367 received as part of the merger in the Cash Flow Statement is less the dividends payable to Shareholders in Core VCT I plc and Core VCT II plc.

In accordance with FRS6, the acquisition of assets of Core VCT I plc and Core VCT II plc was a substantial acquisition. A summarised Statement of Total Return from 1 January 2009, the beginning of Core VCT I plc and Core VCT II plc's financial year, to the effective date of the Scheme on the 15 July 2009 is set out below:

	Core VCT I plc Period 1 January 2009 to 15 July 2009 £	Core VCT II plc Period 1 January 2009 to 15 July 2009 £
Gain on sale of investments	51,328	1,764,864
Income	85,080	50,381
Investment management fees	1,303	4,675
Other expenses	(191,869)	(286,413)
(Loss)/gain on ordinary activities before taxation	(54,158)	1,533,507

The aggregate amount of Core VCT I plc and Core VCT II plc's capital and reserves as at 31 December 2009 is nil.

Notes to the Accounts
for the year ended 31 December 2009

10 Significant interests

At 31 December 2009 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 Core VCT plc investment (at cost) £	Core VCT plc percentage of investee company's total equity £	Core VCT IV plc £	Core VCT V plc £	Total investment (at cost) £	% of equity held by funds managed by Core Capital LLP £
BRG Trading Limited	2,000,000	–	2,000,000	49.9%	10,000	10,000	2,010,000	100.0%
Cordingland LLP	2,000,000	–	2,000,000	49.9%	10,001	10,001	2,010,001	100.0%
Pureleaf Limited	191,362	3,824,532	4,015,894	63.3%	5,251	5,251	4,026,502	64.8%
Colway Limited	1,808,727	500,000	2,308,727	49.9%	1,500,000	500,000	5,417,000	65.0%
SPL Services Limited	4,497,146	2,076,206	6,573,352	49.9%	–	–	6,573,000	75.0%
Ma Hubbards Limited	–	–	–	49.9%	–	–	–	49.9%
Blanc Brasseries Holdings plc	2,599,712	–	2,599,712	31.4%	1,000,000	1,000,000	4,600,000	43.1%
Kelway Holdings Limited	5,807,805	4,150,000	9,957,805	24.5%	–	–	9,958,000	24.5%
Allied International Holdings Limited (formely Syncap)	1,000,000	–	1,000,000	15.8%	1,000,000	1,000,000	3,000,000	47.5%
Adapt Group Limited	781,909	1,284,382	2,066,291	7.6%	–	–	2,066,000	7.6%

The above companies are incorporated in the United Kingdom. Core Capital LLP also advises Core VCT IV plc and Core VCT V plc, which have made investments to 31 December 2009 as shown above.

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 fair value. As the Company is an investment fund, this treatment is permitted under FRS9: Associates and Joint Ventures.

11 Debtors

	2009 £	2008 £
Amounts due within one year:		
Accrued income	174,940	49,463
Prepayments	18,177	10,047
Called up share capital unpaid	200,000	1,400,000
Other debtors	120,250	6,125
	513,367	1,465,635

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

12 Creditors: amounts falling due within one year

	2009 £	2008 £
UK Corporation tax	–	31,226
Accruals	315,101	99,905
	315,101	131,131

13 Share capital

	2009 £	2008 £
Shares alloted, called up and fully paid:		
Ordinary Shares of 0.01p each: 43,301,414 (2008: 16,510,859)	4,330	1,651
B Shares of 0.01p each: 28,867,227 (2008: 24,736,288)	2,887	2,474

As a result of the merger with Core VCT I plc and Core VCT II plc 26,790,555 Ordinary Shares of 0.01p and 4,130,939 B Shares of 0.01p were issued.

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 40% of any income and capital for distribution to all Shareholders in excess of 60p per share.

In the event of liquidation, the Ordinary Shares are entitled to 60%, and the B Shares to 40%, 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.

Following the merger, such amount of the effective initial cost will be deemed to have been distributed per Ordinary Share in issue after the merger, which is equal to the weighted average per share distribution (by reference to the net assets of the Companies as at the effective date) of all distributions paid, declared or recommended by each Company.

The hurdle rate return has been amended to an amount arrived at by:

(i) applying the existing 5% hurdle in each Company taking into account distributions paid and declared and the number of Ordinary Shares in issue following the merger in each case on the effective date; and

(ii) an amount equal to 5% p.a. (compounded annually and calculated on a daily basis from the date of issue of the Ordinary Shares) on such part of the effective initial cost that remains to be paid to the holders of Ordinary Shares .

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, or where an offer for the Company has been made and remains open for acceptance.

Notes to the Accounts
for the year ended 31 December 2009

14 Share capital and reserves

Company	Called up Ordinary Share capital £	Called up B Share capital £	Share premium account £	Capital reserve £	Special distributable reserve £	Revenue reserve £	Total £
As at 1 January 2009	1,651	2,474	7,799,528	(2,741,040)	7,799,530	209,446	13,071,589
Shares issued in connection with merger	2,679	413	23,244,264	–	–	–	23,247,356
Net realised losses on investment	–	–	–	(135,222)	–	–	(135,222)
Movement in investment holdings	–	–	–	4,036,398	–	–	4,036,398
Expenses	–	–	–	(80,199)	–	–	(80,199)
Merger costs	–	–	(185,638)	–	–	–	(185,638)
Dividends	–	–	–	–	(1,981,303)	(165,109)	(2,146,412)
Net revenue return for year	–	–	–	–	–	(103,195)	(103,195)
At 31 December 2009	4,330	2,887	30,858,154	1,079,937	5,818,227	(58,858)	37,704,677

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.

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 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.

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 2009 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 2009, being 43,301,414 Ordinary Shares of 0.01p each and 28,867,227 B Shares of 0.01p each.

	Total attributable net assets 2009 £	Net asset value (pence per share) 2009 p
Ordinary Shares of 0.01p each		
In accordance with the Articles	**27,668,324**	**63.90**
Additional entitlement to assets on the attributed basis	10,033,467	23.17
Attributed basis	**37,701,791**	**87.07**
B Shares of 0.01p each		
In accordance with the Articles	**10,036,353**	**34.77**
Reduced entitlement to assets on the attributed basis	(10,033,467)	(34.76)
Attributed basis	**2,886**	**0.01**

16 Reconciliation of net return before taxation to net cash outflow from operating activities

	2009 £	2008 £
Net return before taxation	3,702,910	(3,508,974)
(Gain)/loss on investments	(3,901,176)	3,670,484
(Increase)/decrease in debtors	(56,027)	104,059
Increase/(decrease) in creditors and accruals	139,291	(32,829)
Non cash movement	-	(253,053)
Movement in merger accruals	(414,968)	-
Net cash outflow from operating activities	(529,970)	(20,313)

17 Analysis of changes in net funds

	2009 £	2008 £
At beginning of year	301,216	125,464
Cash flows	810,148	175,752
At 31 December 2009 – cash at bank (net funds)	1,111,364	301,216

Notes to the Accounts
for the year ended 31 December 2009

18 Financial Instruments

The Company's financial instruments in both years comprised:

- Equity, 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 2009:

	2009 (Book value) £	2009 (Fair value) £	2008 (Book value) £	2008 (Fair value) £
Assets at fair value through profit and loss				
Investments managed by Core Capital LLP (Level 3)	35,065,697	35,065,697	9,699,275	9,699,275
Investments managed by Credit Suisse (Level 1)	1,329,350	1,329,350	1,736,594	1,736,594
Cash at bank	1,111,364	1,111,364	301,216	301,216
Loans and receivables				
Called up share capital unpaid	200,000	200,000	1,400,000	1,400,000
Accrued income	174,940	174,940	49,463	49,463
Other debtors	138,427	138,427	16,172	16,172
Other creditors	(315,101)	(315,101)	(131,131)	(131,131)
	37,704,677	37,704,677	13,071,589	13,071,589

The Core Capital investment portfolio consists of unquoted investments representing 93.0% (2008: 74.2%) of net assets. This portfolio has a 100% (2008: 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 3.5% (2008: 13.3%) 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 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 return and 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 £5,259,855 (2008: £1,454,891). The impact on net return and 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 £199,402 (2008: £260,489).

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:

	2009 £	2008 £
Financial assets		
Debt securities (Level 1)	–	1,490,780
Loan stock investments (Level 3)	10,948,587	4,255,422
Called up share capital unpaid	200,000	1,400,000
Accrued income	174,940	49,463
Other debtors (including prepayments)	138,427	6,125
Cash and cash equivalents	1,111,364	301,216
Total	12,573,318	7,503,006

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.

£78,844 of the accrued income shown above was due within 6 months of the year end. The balance of £96,096 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.

	2009 £	2008 £
Repayable within		
Less than 1 year	–	1,490,780
3 to 4 years	3,960,588	1,380,885
4 to 5 years	2,837,999	1,318,287
More than 5 years	4,150,000	1,556,250
Total	10,948,587	5,746,202

Notes to the Accounts
for the year ended 31 December 2009

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.

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 36.

The interest rate profile of the Company's financial net assets at 31 December 2009 was:

	Financial assets/(liabilities) on which no interest paid £	Fixed rate financial assets £	Floating rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity	–	–	–	–		
Debt securities	–	–	–	–	–	–
Loan stock	–	10,948,587	–	10,948,587	5.53	4.90
Cash	–	–	1,111,364	1,111,364		
Debtors	513,367	–	–	513,367		
Creditors	(315,101)	–	–	(315,101)		
Total	198,266	10,948,587	1,111,364	12,258,217		

The interest rate profile of the Company's financial net assets at 31 December 2008 was:

	Financial assets/(liabilities) 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		

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, cash 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 Company may maintain a level of liquidity to remain a going concern.

Although the Board may 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 one business segment and one geographical segment, 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. David Dancaster, who serves as Alternate Director to Lord Walker, is a partner of Core Capital LLP, the Company's Manager, and the group finance director of Caparo plc. No amounts have been paid or are payable to Caparo plc. £nil (2008: £nil) were due to the Manager at 31 December 2009. 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.

Called up share capital unpaid, as stated in Note 11, is in relation to an investment by Walid Fakhry, an executive of Core Capital LLP. The amount outstanding was fully paid up on 21 April 2010.

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 Registrars, 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 and administration of the Company, please contact the Investment Manager at Core Capital LLP on 020 3179 0925 or by email to:

Stephen Edwards at Stephen.Edwards@Core-Cap.com
or
Walid Fakhry at Walid.Fakhry@Core-Cap.com

CORE VCT PLC

(Registered in England and Wales No. 5572561)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 11.00 am on 24 May 2010 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 2009, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2009 as set out in the Annual Report and Accounts of the Company for the year ended 31 December 2009.
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 John Brimacombe as a Director of the Company.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

6. THAT the Directors be, and they are hereby, generally and unconditionally authorised under Section 551 of the Companies Act 2006 (the '2006 Act') to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £1,082 being approximately 25% of the issued Ordinary Share capital of the Company as at 31 December 2009, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, and so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

7. THAT, subject to the passing of Resolution 6, the Directors be, and they are hereby, empowered under Section 571 of the 2006 Act to allot equity securities (as defined in Section 560 of the 2006 Act) under the authority conferred by Resolution 6 for cash as if Section 561(1) of the 2006 Act did not apply to the allotment, provided that this power shall be limited to the allotment:
   (a) of equity securities in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as practicable) to their respective holdings of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
   (b) (other than under paragraph (a) above) of equity securities up to an aggregate nominal amount not exceeding £1,082 and shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution, and so that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

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

8. THAT the Company be and is hereby generally and, subject as here and after appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 10p each in the capital of the Company, provided always that:
   (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 4,330,141 representing approximately 10% of the Company's issued Ordinary Share capital as at 31 December 2009;
   (b) the minimum price that may be paid for an Ordinary Share shall be 0.01p per share;
   (c) the maximum price, exclusive of expenses, that may be paid for an Ordinary Share shall not be more than an amount equal to the higher of:
      (i) an amount equal to 105 per cent of the average of the closing middle market price for the ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is purchased; and
      (ii) the price stipulated by Article 5(1) of Commission Regulation (EC) No. 273/2003 (the Buy-back and Stabilisation Regulation); and

NOTICE of the ANNUAL GENERAL MEETING

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary Shares which will or may be complete wholly or partly after such expiry.

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

9. THAT:

   (i) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

   (ii) the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Maven Capital Partners UK LLP
Secretary
Registered Office
9-13 St Andrew Street
London EC4A 3AF
30 April 2010

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 Annual General 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 Proxy Form 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 4TU.

(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 30 April 2010, the Company's issued share capital comprised 43,301,414 Ordinary Shares and 28,867,227 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 72,168,641 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 11.00am on 20 May 2010 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 11.00am on 20 May 2010 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.

(viii) It is proposed in Resolution 9 to adopt new Articles of Association of the Company (the "Updated Articles") in order to update the Company's current Articles of Association (the "Current Articles") primarily to take account of changes in English company law brought about by the Companies Act 2006 during 2009, as amended by the Shareholders' Rights Regulations which came into force in August 2009. The principal changes introduced in the Updated Articles are summarised in the Appendix. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or conform certain language in the New Articles where used in the Model Articles for public companies have not been noted in the Appendix. The Updated Articles showing all the changes to the Current Articles are available for inspection, as noted in the Directors' Report.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES OF PRINCIPAL PROPOSED CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. General

The proposed amendments to the Current Articles reflect changes in the law under theCompanies Act 2006 and the Shareholders' Rights Regulations that both came into force during 2009 and to make certain clarifying and conforming changes.

2. The Company's Objects

The provisions regulating the operations of the Company are currently set out in the Current Articles and the Memorandum of Association ("Memorandum"). The Company's Memorandum contains the objects clause which sets out the scope of the activities the Company is authorised to undertake. This clause is drafted to give a wide scope.

Under the Companies Act 2006, the objects clause and all other provisions which are currently contained in a company's Memorandum are deemed to be contained in a company's articles but can be removed by special resolution.

The Companies Act 2006 further states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause, together with all other provisions of its Memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's Articles. The limited liability of members will be preserved in the Updated Articles.

3. Authorised Share Capital

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the Current Articles are being amended to reflect this. The Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006.

4. Redeemable shares

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The Updated Articles will contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would seek Shareholders' authority to issue new shares in the usual way.

5. Suspension of and Reasons for Refusal of Registration of Share Transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006, share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement and therefore is being removed. In addition, the Current Articles are being updated in line with the Companies Act 2006 so that the Directors must give reasons for any refusal to register a transfer of shares as soon as reasonably practicable and to provide such further information as the transferee may reasonably request.

6. Authority to Consolidate and Sub-divide shares, Purchase Own Shares and Reduce Share Capital

Under the Companies Act 1985, a company required specific authorisations in its articles of association to consolidate or sub-divide its shares, to purchase its own shares and to reduce its share capital. Under the Companies Act 2006, public companies will not require specific authorisations in their articles of association to undertake these actions; but shareholde authority will still be required. Amendments have been made to the Updated Articles to reflect these changes.

7. Notice of Adjourned Meetings

The Shareholders' Rights Regulations add a provision to the Companies Act 2006 which requires that, when a general meeting is adjourned due to lack of quorum, the reconvened meeting must be held at least 10 days later The Updated Articles include amendments to make them consistent with this new requirement.

8. Validity of Proxy Rights

Following the implementation of the Shareholders' Rights Regulations, proxies will be expressly required to vote in accordance with instructions given to them by members. The Updated Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

9. Record Date for Rights to Vote at Meetings

The Updated Articles include a new provision that, when convening a General Meeting the Company may specify a time, not more than 48 hours before the time of the Meeting (excluding any part of a day that is not a working day), by which a person must be entered on the register of members in order to have the right to vote at the Meeting. This new provision is in line with a requirement applicable to the Company introduced by the Shareholders' Rights Regulations.

10. Timing for Submission of Proxy Appointments and Revocations

The Current Articles will be amended in line with the Companies Act 2006 to permit the Directors to specify, in a notice convening a General Meeting, that in determining the time for delivery of proxy appointments, no account shall be taken of non-working days. The Current Articles will be similarly amended in relation to the deadline for submission of revocation of proxies. This brings the provisions relating to timing for proxy appointments and revocations into line with the new record date for voting.

11. Change of Name

Currently, a company can only change its name by special resolution. The Companies Act 2006 additionally allows directors to resolve to change a company's name, provided they are so authorised by the company's articles. The Updated Articles will give the Directors this power.

12. Notice of Meetings of the Directors

The Current Articles provide that a Director who is not in the United Kingdom shall not be entitled to receive notice of meetings of the Directors. The Updated Articles will entitle Directors to notice in electronic form if they have given an address whilst they are outside the United Kingdom.

Corporate Information

Directors
Peter Smaill (Chairman)
John Brimacombe
Lord Walker
David Dancaster (alternate to Lord Walker)

All of whom are non-executive and of:
9-13 St Andrew Street
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Secretary and administrator
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Investment Manager
Core Capital LLP
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Cash Assets Investment Manager
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PricewaterhouseCoopers LLP
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Registrar
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London Branch
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Shareholder Notes

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