

CORE VCT PLC

Unaudited Half-Yearly Report
for the six months ended 30 June 2014



Performance Summary

Core VCT plc ("Core VCT" or "the Company") is a tax efficient listed Company. 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.

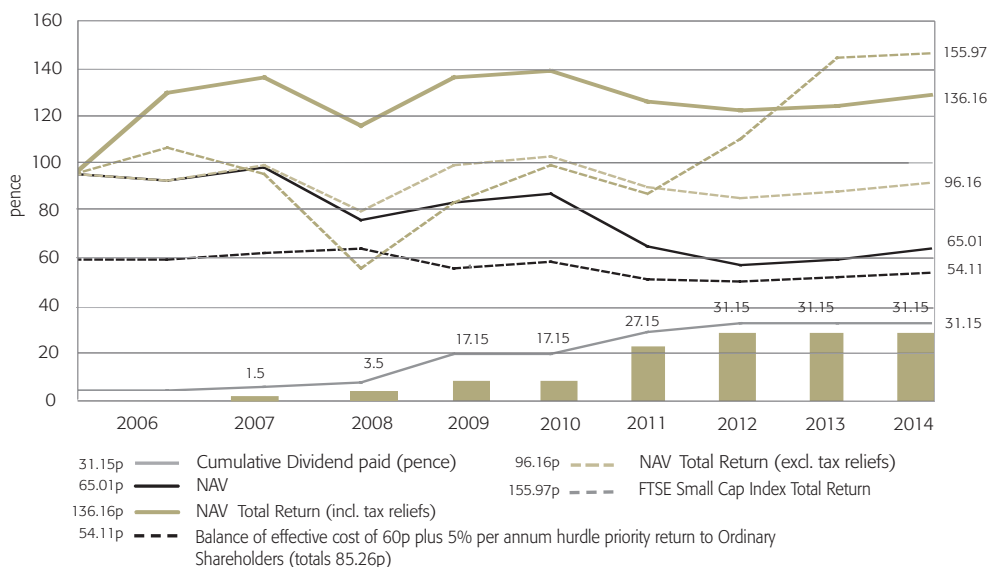
Performance Summary

Ordinary Shares	30 June 2014	30 June 2013	31 December 2013
Net asset value per share	65.01 pence	50.84 pence	60.59 pence
NAV total return to date per share (note 1)	96.16 pence	81.99 pence	91.74 pence
Share price (mid market)	27.25 pence	23.50 pence	21.25 pence
Ongoing charges (note 2)	0.49%	0.56%	1.29%
B Shares	30 June 2014	30 June 2013	31 December 2013
Net asset value per share	0.01 pence	0.01 pence	0.01 pence
Total return to date per share	0.01 pence	0.01 pence	0.01 pence
Share price (mid market)	6.50 pence	7.50 pence	7.50 pence

¹ NAV total return is calculated by adding NAV to cumulative dividends paid, using the weighted average from 2009 onwards.

² Ongoing charges ratio is calculated by taking the operating expenses of the Group (excluding trail commission, third party transaction costs and costs associated with corporate transactions) divided by the average NAV for the period.

Ordinary net asset value, ordinary net asset value total return and ordinary net asset value total return (with tax reliefs) against the FTSE Small Cap Index Total Return as at 30 June 2014



As at 30 June 2014, the ordinary shareholders must receive 85.26p (representing 31.15p of dividends paid to date plus 54.11p still to be paid to ordinary shareholders) before the B shares receive any dividends.

Performance Summary

Dividends Paid Since Launch to Ordinary Shareholders

Year ended	Revenue Dividend pence	Capital Dividend pence	Total Annual Dividend pence	Cumulative Dividends pence	Cumulative Weighted Average Dividend pence
2007	1.5	–	1.5	1.5	
2008	2.0	–	2.0	3.5	
2009	1.0	12.0	13.0	16.5	17.15
2010	–	–	–	16.5	17.15
2011	–	10.0	10.0	26.5	27.15
2012	–	4.0	4.0	30.5	31.15
2013	–	–	–	30.5	31.15
2014	–	–	–	30.5	31.15

Following the merger of Core VCT I plc and Core VCT II plc into Core VCT III plc on 16 July 2009 the weighted average dividend has been calculated by taking the total dividends paid in each VCT (Core VCT I plc £1,979,467, Core VCT II plc £2,722,270 and Core VCT III plc £2,724,292) giving a total of £7,426,029 divided by the shares in issue following the merger, totalling 43,301,414.

Potential Cash Returns to Shareholders on a Break Up Basis (for illustrative purposes only)

	Net Assets £	Ordinary Shareholders £	B Shareholders £	Total Return £
Net assets at 30 June 2014	28,154,817			
Distributions to date	13,488,390			
Total Return as at 30 June 2014	41,643,207			
60p Effective initial cost of Ordinary shares	(26,374,686)	26,374,686		
Hurdle rate to date (Note 1)	(10,542,064)	10,542,064		
66.6667% of Hurdle rate to B shareholders	(4,726,457)		4,726,457	
Net assets remaining	–			
60% to Ordinary shareholders	–	–		
40% to B shareholders	–	–		
Total Fund	–	36,916,750	4,726,457	41,643,207
No. of Ordinary Shares/B Shares		43,301,414	28,867,227	43,301,414
Net asset value per share (pence)		85.26	16.37	
Potential Returns per Share Class (to non management shareholders)		85.26	–	85.26
Potential Total Returns (including tax relief) (Note2)				125.56

(Note 1) As at 30 June 2014, the hurdle rate is £10,542,064.

(Note 2) This illustrates the potential returns available to shareholders who subscribed during the original allotment and retain B Shares.

Chairman's Statement

Results

In the six months to 30 June 2014, the Net Asset Value (NAV) Total Return per Ordinary Share was 96.16p, comprising a NAV of 65.01p and weighted average cumulative dividends paid of 31.15p per Ordinary Share. This represents an increase from the Combined NAV Total Return to 31 December 2013 of 4.8%, (4.42p) per Ordinary Share. This increase is attributable to the interim valuation of our unquoted investments based upon the most recently available financial information on trading.

Investments

Core Capital I LP ("CCILP")

CCILP is the vehicle for the major part of the portfolio and allowed the Manager to attract additional capital for expansion from outside investors in 2011.

During the period a further £0.2 million was drawn down from the Institutional Investors in CCILP. The recipient of these funds was Ark Home Healthcare Limited to fund working capital requirements. As at 30 June 2014, £1.5 million remains to be called (net of General Partner Fee).

During the period, the valuation of your Company's interest increased by an amount equivalent to 4.63p per Ordinary Share or 10%. I am pleased to report that the operational efficiencies and management changes implemented in the underlying portfolio companies during 2013 have delivered an increase in the overall Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of the portfolio and are now delivering maintainable growth.

Investments directly held by Core VCT plc

The valuation of the investments directly held by the Company being Allied International Holdings Limited ("Allied"), Cording Real Estate Group LLP and Momentous Moving Holdings Limited increased by 0.07p per Ordinary Share during the period.

Allied's valuation increased by £305,000 during the period, equivalent to 0.70p per Ordinary Share. It is encouraging that this "turnaround" investment is beginning to generate positive results with sales in all divisions up year on year. Early indications for 2015 bookings show a further continued positive trend, as the

benefits of all the restructuring conducted during 2013 start to take effect.

The Manager's Review provides a more detailed update on all the investments held in the Company including those held in CCILP.

Dividends

Future capital dividends will only be paid to shareholders following the successful exit of investments within the portfolio, when we plan to distribute all the realised proceeds available, subject to working capital and VCT requirements. There were no realisations made during the period, and accordingly no interim dividend is proposed.

B Shares

Shareholders will be aware that the Company has an innovative charging structure. No annual management fees are paid to the Manager, Core Capital Partners LLP, which is only rewarded once shareholders have been returned all of their effective initial capital of 60 pence 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 distribution above the effective initial capital plus hurdle. Of these shares, 74% are held by the Manager, such that the Manager will receive 29% of distributions above the effective initial cost plus hurdle.

Currently total cumulative distributions, including the hurdle, are approximately 54p 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 the threshold is achieved, distributions to Ordinary Shares will be reduced to 60% of the total, and that your holding in B Shares forms an integral part of your investment along with your holding in Ordinary Shares.

Share Price and Share Buy Backs

We would remind shareholders that we view the NAV Total Return, rather than the share price, as the appropriate measure of performance, as it encompasses

Chairman's Statement

the value of the current portfolio and the amount of cash distributed to shareholders over the life of their investment.

We are conscious that the mid price of the shares continues to be at a significant discount to the NAV (58% as at 30 June 2014). Whilst the Company has the ability to buy back its own shares, the Board's view is that any cash realised from a disposal of investments should be returned to all shareholders by way of distribution. Both the Ordinary Shares (CR3) and B Shares (CR3B) are fully listed shares. Prices are available on www.londonstockexchange.com.

Outlook

The increase in valuation is mainly driven by the growth in EBITDA of the underlying portfolio companies, as we start to see the benefits of the operational and management changes implemented during 2013. Several companies are now generating maintainable EBITDA growth which have had a positive impact on valuations, in particular Abriand Limited, Kelway Limited and SPL Services Limited.

Your Board and Manager remain focused on continuing to drive operating improvements in the portfolio companies whilst also exploring opportunities to achieve realisations for our shareholders. We look forward to reporting on the progress in delivering realisations in the future.

Peter Smail
Chairman
21 August 2014

Investment Portfolio Summary

as at 30 June 2014

	Date of initial investment	Investment cost ⁽ⁱ⁾ £'000	Book cost ⁽ⁱⁱ⁾ £'000	Valuation £'000	% of net assets by value
Qualifying investments (Level 3)					
Core (BVI) Limited (holds Core Capital I LP ("CCILP"))	Jul-11	1	1	1	–
Secondary Limited partnership		15,530	15,530	21,923	77.9
Allied International Holdings Limited	Dec-08	3,895	3,895	2,951	10.5
Destination management company					
Momentus Moving Holdings Limited	Jan-07	4,350	3,516	1,567	5.5
Provider of removal and storage services					
CP Newco I & II Limited; comprising Cording Real Estate Group LLP	Dec-08	1,400	1,400	1,400	5.0
A real-estate investment and asset management company					
Total investments		25,176	24,342	27,842	98.9
Net current assets				313	1.1
Net assets				28,155	100.0

⁽ⁱ⁾ Original investment cost

⁽ⁱⁱ⁾ This is based on the investment cost in respect of Core VCT III plc and fair value in respect of Core VCT 1 plc and Core plc as at 16 July 2009, the merger date of Core VCT 1 plc, Core VCT II plc and Core VCT III plc.

As at 30 June 2014, the fair value of the assets held by CCILP are:	£'000
Ark Home Healthcare Limited	6,200
Abriand Limited	26,685
Colway Limited	3,057
Kelway Limited	42,962
SPL Services Limited	11,103
	90,007
Net current assets	3,779
Total Fund Value	93,786
Company's interest in CCILP	21,923

Manager's Review

Investment Highlights

- Further draw down of £0.2 million by Core Capital I LP

Core Capital I LP ("CCILP")

During the period, the valuation of CCILP increased by £2,006,000, representing 4.63p per Ordinary Share. A further £0.2 million was drawn down from the other Institutional Investors in CCILP. The recipient of these funds was Ark Home Healthcare Limited to fund working capital commitments.

As at 30 June 2014, a total of £1.5 million (net of General Partner Fee) remains to be called.

Investments Directly Held by Core VCT plc:

Allied International Holdings Limited

Allied is showing good progress with the restructuring program introduced during 2013 and the valuation increased by £305,000 during the period, representing 0.70p per Ordinary Share.

Momentous Moving Holdings Limited

During the period, the valuation reduced by £272,000, representing 0.63p per Ordinary Share. This reduction represented downward trends in asset values.

A more detailed description of the status of each investment follows, including those investments held in CCILP.

Core Capital I LP ("CCILP")

Limited Partnership Fund

All Core Capital Partners LLP managed funds

Core Capital I LP closed on 8 July with a value of £76 million.

First Investment:	Jul-11
Total Investment Cost:	£19,638,000
Total Partnership Interest:	29.56%

During the six months to 30 June 2014, £0.2 million was called from the other Institutional Investors. The funds were invested in Ark Home Healthcare Limited to fund working capital.

As at 30 June 2014, the value of CCILP is £93.5 million and commitments totalling £2.3 million remain to be called from the other Institutional Investors.

Core VCT plc only
(through Core BVI Limited)

The fair value of the assets held by CCILP are detailed on page 5.

Cost:	£15,530,000
Valuation:	£21,923,000
Valuation basis:	% of Fund value
% of partnership interest:	23.38%

Investments Held by CCILP:

Ark Home Healthcare Limited

Domiciliary Care

Year ended 31 March	2013	2012
	£'000	£'000
Sales	17,898	11,397
EBITDA	(1,348)	(1,880)
Loss before tax	(5,308)	(3,730)
Net assets	5,375	8,228



Cost:	£8,572,000
Valuation:	£6,200,000
Valuation basis:	Gross Profit multiple
% of equity held:	44.6%

Ark is a buy and build strategy in the domiciliary/homecare sector.

We co led this investment as part of a £17.5 million equity commitment in June 2010. Ark was formed with an initial three businesses, and has subsequently acquired a further three businesses, making six acquisitions completed in total. The Clinical Care division was established in 2011, and a Private Pay brand was launched at the end of 2012. A new operating model is currently being implemented which should deliver enhanced quality of care and cost efficiencies as the business grows in scale. Several management changes have been implemented in the last six months in order to accelerate growth.

Abriand Limited (formerly Brasserie Bar Co. Ltd)

Operator of Restaurants

Year ended 30 June	2013	to 1 July 2012
	£'000	£'000
Sales	30,653	16,665
EBITDA	4,996	2,740
Loss before tax	(3,966)	(3,702)
Net liabilities	(7,654)	(3,691)



Cost:	£24,663,000
Valuation:	£26,685,000
Valuation basis:	Earnings multiple
% of equity held:	66.0%

Owns and operates branded restaurants in the premium casual dining segment of the market.

The business has grown into one of the leading premium-casual chains in the UK. The business operates two concepts, Brasserie Blanc (BB), which retains an involvement from Raymond Blanc, and operates in high street leased sites (13 sites outside London and 7 in London) and White Brasserie Company (WBC), which operates food led Brasseries (2 sites).

The latest unit in Beaconsfield opened in March 2014 and incorporated the new branding which will be rolled out across the existing estate during 2014/2015.

The business has recently secured £13.5 million of new funding to replace the existing senior debt facilities and provide funding to grow the business to 40 or 50 units by 2016. Six sites have already been secured.

Manager's Review

Colway Limited

Office and Graphic Supplies

Year ended 31 March	2013	2012
	£'000	£'000
Sales	20,989	23,810
EBITDA	430	1,195
Loss before tax	(2,075)	(804)
Net assets	1,148	2,038



Cost:	£4,275,000
Valuation:	£3,057,000
Valuation basis:	Sum of Parts
% of equity held:	92.7%

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

Since our initial investment in September 2007 Colway has acquired and integrated 8 businesses. The focus has been on completing the restructuring of the cost base and the creation of a stronger sales engine in the Red Box and LGS divisions. The revenue decline in RedBox has now stabilised and this part of the business will move to a flexible and lower cost logistics structure.

We now have a stable platform from which to resume growth.

Kelway Holdings Limited

IT Business

Year ended 31 March	2013	2012
	£'000	£'000
Sales	355,148	350,710
EBITDA	11,508	13,466
Profit before tax	6,940	8,349
Net assets	37,277	32,780



Cost:	£16,060,000
Valuation:	£42,962,000
Valuation basis:	Earnings multiple
% of equity held:	29.0%

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

Kelway has grown turnover to over £355 million in this last financial year and has been ranked in the Sunday Times Profit Track 100 for the third year in succession. The business has completed 6 major acquisitions since our investment and operates in Services, Solution and Supply. The business recently completed the acquisition of Equanet from DSCI (Dixons Group). This acquisition will be accretive in the first year.

SPL Services Limited

Logistics Business

Year ended 31 July	2013	2012
	£'000	£'000
Sales	15,827	14,241
EBITDA	(2,025)	122
Loss before tax	(3,179)	(640)
Net liabilities	(5,023)	(1,899)



Cost:	£5,505,000
Valuation:	£11,103,000
Valuation basis:	Proforma EBITDA
% of equity held:	86.8%

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

Since our initial investment in 2007, SPL has grown its geographical base from London to cover India, Singapore, Korea and the USA. The Company has also grown revenues from £4 million to £16 million. The Company has returned to profitability following a significant restructuring and the replacement of the CEO and FD during 2013.

Investments Directly Held by Core VCT plc:

Allied International Holdings Limited

Destination Management Company

All Core Capital Partners LLP managed funds

Year ended 31 December	2012	2011
	£'000	£'000
Sales	21,686	26,264
EBITDA	(2,081)	(976)
Loss before tax	(2,645)	(1,512)
Net (liabilities)/assets	(2,819)	55



First Investment:	Nov-09
Total Investment Cost:	£8,299,000
Total equity held:	65.5%

Core VCT plc only

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

Cost:	£3,895,000
Valuation:	£2,951,000
Valuation basis:	Earnings Multiple
% of equity held:	22.5%

We acquired the business in November 2009 by purchasing all of the senior debt at a substantial discount and providing working capital funding. 2009 represented a low point in the business cycle, and we believe Allied should now be able to grow its business.

We have spent considerable time to restructure the business and introduced stronger leadership at both senior and managerial levels, with the last round completed during 2013. The business is now in a much stronger position and increases in turnover and profitability have started to show through in the current financial year.

Momentous Moving Holdings Limited

Storage and Removals Business

All Core Capital Partners LLP managed funds

Year ended 31 May	2013	2012
	£'000	£'000
Sales	3,697	4,562
EBITDA	179	290
Profit before tax	17	114
Net assets	2,118	1,975



First Investment:	Jan-07
Total Investment Cost:	£6,111,000
Total equity held:	49.9%

Core VCT plc only

Momentous Moving Holdings Limited ("MMHL") is a long established storage and removals business.

Cost:	£4,350,000
Valuation:	£1,567,000
Valuation basis:	NAV
% of equity held:	49.9%

Formerly Baxters, MMHL is a logistics and storage company with a growing International Relocations service business. During 2013, the business was restructured to separate the surplus assets from the ongoing trade, which is now focused in the south east of England at its Aylesbury warehouse and office site. We are exploring various alternative routes to maximising shareholder value in the trade and assets of the business.

Cording Real Estate Group LLP

Property Investment and Asset Management

All Core Capital Partners LLP managed funds

Year ended 31 March	2013	2012
	£'000	£'000
Sales	1,055	789
EBITDA	42	247
Profit before tax	430	285
Net assets	1,507	1,452



First Investment:	Dec-08
Total Investment Cost:	£1,420,000
Total equity held:	25%

Core VCT plc only

Cording Land is an investment management and asset management business in commercial real estate market.

Cost:	£1,400,000
Valuation:	£1,400,000
Valuation basis:	FUM%
% of equity held:	25%

Since our initial investment of £1 million in January 2009, Cording Land 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 2009 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. The investment is held through CP Newco Limited, in which a net total of £1.4 million has been invested.

Statement of Comprehensive Income

for the six months ended 30 June 2014

	Notes	Six months to 30 June 2014 (unaudited)		
		Revenue Return £	Capital Return £	Total £
Income				
Investment income	3	10,000	–	10,000
Other income	3	186	–	186
Gains/(losses) on investments held at fair value	6	–	2,038,959	2,038,959
Total income		10,186	2,038,959	2,049,145
Expenditure				
Other expenses		(134,420)	–	(134,420)
Total expenditure		(134,420)	–	(134,420)
(Loss)/profit before taxation		(124,234)	2,038,959	1,914,725
Taxation	4	–	–	–
(Loss)/profit for year/total comprehensive income/(loss)		(124,234)	2,038,959	1,914,725
Return per ordinary share (pence):	5	(0.29)	4.71	4.42

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

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

No operations were acquired or discontinued during the period.

Six months to 30 June 2013 (unaudited)			Year to 31 December 2013 (audited)		
Revenue Return £	Capital Return £	Total £	Revenue Return £	Capital Return £	Total £
10,000	–	10,000	10,000	–	10,000
317	–	317	563	–	563
–	(2,939,724)	(2,939,724)	–	1,456,130	1,456,130
10,317	(2,939,724)	(2,929,407)	10,563	1,456,130	1,466,693
(126,881)	–	(126,881)	(300,969)	–	(300,969)
(126,881)	–	(126,881)	(290,406)	–	(300,969)
(116,564)	(2,939,724)	(3,056,288)	(290,406)	1,456,130	1,165,724
–	–	–	–	–	–
(116,564)	(2,939,724)	(3,056,288)	(290,406)	1,456,130	1,165,724
(0.27)	(6.79)	(7.06)	(0.67)	3.36	2.69

Balance Sheet

as at 30 June 2014

	Notes	As at 30 June 2014 (unaudited) £	As at 30 June 2013 (unaudited) £	As at 31 December 2013 (audited) £
Non-current assets				
Investments at fair value	6	27,841,732	21,331,919	25,802,773
Current assets				
Other receivables		8,394	8,315	2,825
Cash		348,294	753,414	563,552
		356,688	761,729	566,377
Current liabilities				
Other payables		(43,603)	(75,568)	(129,058)
Net current assets		313,085	686,161	437,319
Net assets		28,154,817	22,018,080	26,240,092
Capital and reserves				
Called up Ordinary share capital		4,330	4,330	4,330
Called up B share capital		2,887	2,887	2,887
Special distributable reserve		30,635,667	30,635,667	30,635,667
Capital reserve		(1,530,388)	(7,965,201)	(3,569,347)
Revenue reserve		(957,679)	(659,603)	(833,445)
Equity shareholders' funds		28,154,817	22,018,080	26,240,092
Assets attributable to				
Ordinary Shareholders	7	28,151,930	22,015,193	26,237,205
Assets attributable to				
B Shareholders	7	2,887	2,887	2,887
Net assets per 0.01p				
Ordinary Share	7	65.01p	50.84p	60.59p
Net assets per 0.01p				
B Share	7	0.01p	0.01p	0.01p

Statement of Changes in Equity

as at 30 June 2014

	Called-up Ordinary Share capital £	Called-up B Share reserve £	Special distribu- table reserve £	Capital reserve £	Revenue reserve £	Total £
For six months ended						
30 June 2014 (unaudited)						
Net assets at 1 January 2014	4,330	2,887	30,635,667	(3,569,347)	(833,445)	26,240,092
Profit/(loss) for the year/total comprehensive income	–	–	–	2,038,959	(124,234)	1,914,725
Net assets at 30 June 2014	4,330	2,887	30,635,667	(1,530,388)	(957,679)	28,154,817
For six months ended						
30 June 2013 (unaudited)						
Net assets at 1 January 2013	4,330	2,887	30,635,667	(5,025,477)	(543,039)	25,074,368
Loss for the year/total comprehensive loss	–	–	–	(2,939,724)	(116,564)	(3,056,288)
Net assets at 30 June 2013	4,330	2,887	30,635,667	(7,965,201)	(659,603)	22,018,080
For the year ended						
31 December 2013 (audited)						
Net assets at 1 January 2013	4,330	2,887	30,635,667	(5,025,477)	(543,039)	25,074,368
Profit/(loss) for the year/ total comprehensive income	–	–	–	1,456,130	(290,406)	1,165,724
Net assets at 31 December 2013	4,330	2,887	30,635,667	(3,569,347)	(833,445)	26,240,092

Cash Flow Statement

for the six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Net cash outflow from operating activities	(215,258)	(320,867)	(510,729)
Net decrease in cash and cash equivalents	(215,258)	(320,867)	(510,729)
Cash and cash equivalents at beginning of period	563,552	1,074,281	1,074,281
Cash and cash equivalents at end of period	348,294	753,414	563,552
Reconciliation of profit/(loss) before taxation to net cash outflow from operating activities			
Profit/(loss) before taxation	1,914,725	(3,056,288)	1,165,724
(Gains)/losses on investments	(2,038,959)	2,939,724	(1,456,130)
Purchases of investments	–	(150,000)	(700,000)
Sale of investments	–	–	475,000
Increase in accrued income and prepayments	(5,569)	(5,658)	(168)
(Decrease)/increase in other payables	(85,455)	(48,645)	4,845
Net cash outflow from operating activities	(215,258)	(320,867)	(510,729)

Notes to the Unaudited Financial Statements

for the six months ended 30 June 2014

1. Accounting policies

1.1 Basis of Preparation

The unaudited interim results have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the accounting policies set out in the audited statutory accounts of the Group for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as at 1 January 2014.

The Company applies, for the first time, certain standards and amendments. These include IFRS 10 Consolidated Financial Statements and as required by IAS 34, the nature and effect of these changes are disclosed below.

Several other new standards and amendments apply for the first time in 2014. However, they do not impact the annual financial statements of the Company or the interim financial statements of the Company.

The nature and impact of the new standard/amendment is described below:

Investment Entities (IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidate requires investment entities to account for subsidiaries at fair value through the profit and loss account. Core (BVI) Limited which was previously consolidated and remains a subsidiary of the Company, is now accounted for as an investment at fair value through the profit and loss account. The accounts for the year ended 31 December 2013 and interim accounts for the six months to 30 June 2013 have been restated to deconsolidate Core (BVI) Limited. Based on these changes the Company will no longer need to produce consolidated accounts. The impact of the implementation of IFRS 10 is explained in note 13.

Assessment of an investment entity

Entities that meet the definition of an investment entity within IFRS10 are permitted to measure their subsidiaries at fair value through profit and loss account rather than consolidate them. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

The Board has agreed with the recommendation of the Audit Committee that the Company meets the definition of an investment entity as it satisfies each of the criteria above and that this accounting treatment better reflects the Company's activities as a Venture Capital Trust.

The functional currency of the Company is UK pounds sterling as this is the currency of the primary economic environment which the Company operates. Accordingly, the financial statements are prepared in UK pounds sterling.

The interim financial statements do not include all the information required for full annual accounts and should be read in conjunction with the consolidated accounts for the year ended 31 December 2013, which was prepared under full IFRS requirements.

Notes to the Unaudited Financial Statements

for the six months ended 30 June 2014

1.2 Going concern

These statements have been prepared on a going concern basis and nothing has happened that would change the Directors' going concern assessment from the last audited financial statements of 31 December 2013. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of twelve months from the date these financial statements were approved. As at 30 June 2014, the Company held cash balances of £0.3 million. Cashflow projections have been reviewed and show that the Company has sufficient funds to meet its contracted expenditure.

1.3 Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect the items reported in the balance sheet and statement of comprehensive income and the disclosure of financial assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly.

2. Earnings for the first six months should not be taken as a guide to the results of the financial year to 31 December 2014.

3. Income

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Investment income	10,000	10,000	10,000
Other income			
Deposit interest	186	317	563
	10,186	10,317	10,563

4. Taxation

There will be no tax charge due by the Company since total expenses (including fees allocated to capital) are expected to be more than income.

5. Return per ordinary share

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
(i) Basic return from ordinary activities after taxation	1,914,725	(3,056,288)	1,165,724
Basic return per share	4.42p	(7.06)p	2.69p
(ii) Net revenue return from ordinary activities after taxation	(124,234)	(116,564)	(290,406)
Revenue return per share	(0.29)	(0.27)p	(0.67)p
(iii) Net capital return from ordinary activities after taxation	2,038,959	(2,939,724)	1,456,130
Capital return per share	4.71p	(6.79)p	3.36p
(iv) Weighted average number of ordinary shares in issue in the period	43,301,414	43,301,414	43,301,414

6. Investments

Financial assets measured at fair value	Unlisted (Level 3) £	Total £
Equity instruments	1,451,942	1,451,942
Debt instruments	4,466,484	4,466,484
LP interest	21,923,306	21,923,306
Total	27,841,732	27,841,732
Valuation at 31 December 2013	25,802,773	25,802,773
Investment holding gains	2,038,959	2,038,959
Valuation at 30 June 2014	27,841,732	27,841,732
Book cost at 30 June 2014	24,340,989	24,340,989
Investment holding gains at 30 June 2014	3,500,743	3,500,743
Valuation at 30 June 2014	27,841,732	27,841,732

The Company only holds unquoted investments (level 3).

Notes to the Unaudited Financial Statements

for the six months ended 30 June 2014

7. Net asset values

The net asset values per share, as disclosed in the balance sheet, are based on the attributable assets at the balance sheet date and assume that no break up of the Company will occur. 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 attribution to the B shares of purely the capital contributed of 0.01 pence per share reflects the Board's best estimate at 30 June 2014 of the B shares' entitlement to assets at 30 June, given the inherent uncertainties in projecting the investment performance of the Manager (which will ultimately determine the B shares' entitlement to the Company's assets). The Net Asset Values per share have been calculated by reference to the number of shares in issue as at 30 June 2014.

	As at 30 June 2014 £	As at 30 June 2013 £
Share Capital: 43,301,414 ordinary shares of 0.01p	4,330	4,330
28,867,227 B shares of 0.01p	2,887	2,887
	7,217	7,217

	Total attributable net assets 30 June 2014 £	Net asset value (pence per share)
Ordinary Shares of 0.01p each in accordance with the Articles	23,430,395	54.11
Additional entitlement to assets on attributed basis	4,721,535	10.90
Attributed basis	28,151,930	65.01
B Shares of 0.01p each in accordance with the Articles	4,724,422	16.37
Reduced entitlement to assets on attributed basis	(4,721,535)	(16.36)
Attributed basis	2,887	0.01

8. Financial instruments and Fair Value

Set out below is an overview of the financial instruments, other than cash and short term deposits, held by the Company as at 30 June 2014 and their fair value. The carrying value is the same as the fair value and has not been disclosed.

	As at 30 June 2014 (Fair value) (unaudited) £	As at 30 June 2013 (Fair value) (unaudited) £	As at 31 December 2013 (Fair value) (audited) £
Financial assets measured at fair value			
Assets at fair value through profit and loss			
Investments (level 3)	27,841,732	21,331,919	25,802,773
Total non current	27,841,732	21,331,919	25,802,773
Other receivables	8,394	8,315	2,825
Total current	8,394	8,315	2,825
Total	27,850,126	21,340,234	25,805,598
Financial liabilities			
Other payables	(43,603)	(75,568)	(129,058)
Total current	(43,603)	(75,568)	(129,058)
Total	27,806,523	21,264,666	25,676,540

Fair value hierarchy

All financial instruments by which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to fair value measurement as a whole:

Level 1 – quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to fair value measurement is unobservable).

The level 3 reconciliation is provided in note 6 to the accounts.

Valuation techniques

Unlisted equity investments

The fair value of the unquoted investments has been determined adopting a variety of valuation methodologies which are consistent with the IPEV guidelines. The valuation process requires management to make certain assumptions about unobservable inputs which are disclosed below. The only change to the valuation methodologies adopted since the publication of the annual report and accounts for the year ended 31 December 2013 is the discount used in Cording Real Estate Group LLP. This has moved from 20% to 25%.

Limited Partnership Fund

The Company invests in Core Capital I LP a limited partnership private equity fund. Fair Value is based on the Company's share of Net Asset Value of the Fund. There has been no change to the valuation methodologies adopted since the publication of the annual report and accounts for the year ended 31 December 2013. The increase in fair value is due to improved earnings in the underlying portfolio companies.

Notes to the Unaudited Financial Statements

for the six months ended 30 June 2014

8. Financial instruments and Fair Value (continued)

Quantitative Information on significant observable inputs – level 3 investments

Description	2014 £'000	Valuation techniques	Unobservable Input	Actual
Allied International Holdings Limited	2,951	EBITDA Multiple	Gross Profit multiple Discount	5.75x 0%
Cording Real Estate Group LLP	1,400	% FUM Turnover Multiple	Actual Discount Turnover multiple Discount	0.5x 25% 1.0x 25%
Momentous Moving Holdings Limited	1,567	Adjustment to NAV	NAV (£000) Adjustment to NAV	1,567 0%
Core (BVI) Ltd holds interest in CCILP	21,924	Adjustment to NAV	NAV (£'000) Adjustment to NAV	21,924 0%

Sensitivity analysis to significant changes in unobservable inputs with level 3 investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative analysis as at 30 June 2014 are shown below:

Description	Input	Unobservable Input	Effect of fair value £'000
Allied International Holdings Limited	EBITDA Multiple	10%	282
Cording Real Estate Group LLP*	% FUM Discount	10% 10%	– –
	Turnover Multiple Discount	10% 10%	– –
Momentous Moving Holdings Limited	Adjustment to NAV	10%	157
Core (BVI) Ltd holds interest in CCILP	Adjustment to NAV	10%	2,192

* No change to the valuation. Core VCT receives all its capital back before the other partners in Cording Real Estate Group LLP. A 10% uplift in valuation would be attributed to the other partners in Cording Real Estate Group LLP.

9. Related Party Transactions

Details of the carried interest arrangements between the Company and the Manager are set out in Note 3 of the Annual Report and Accounts to 31 December 2013. Following the launch of Core Capital I LP, the general partner of the LP, receives £750,000 per annum until the fourth anniversary, payable out of the assets of Core Capital I LP.

10. The financial information for the six months ended 30 June 2014 and 30 June 2013 has neither been audited nor reviewed.
11. These are not statutory accounts in terms of Section 434 of the Companies Act 2006. Statutory accounts for the year to 31 December 2013, which received an unqualified audit report and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2013 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
12. Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, 9 South Street, London W1K 2XA.

13. Restatement of Prior Periods

In prior years the Company had to present consolidated accounts to shareholders.

Core (BVI) Limited is an Investment Entity and no longer needs to be consolidated in accordance with IFRS 10 Consolidated Financial Statements. The balances previously reported by the Company and not the Group are now appropriate.

There is no change to the figures previously reported as the fair value of Core Capital I LP had been valued through the profit and loss account.

Statement of Principal Risks and Uncertainties

The Company's assets consist of unquoted investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic risk, the loss of approval as a Venture Capital Trust, failure to comply with other regulatory requirements, and broader risks such as reputational, operational, and financial risks. These risks and the way in which they are managed, are described in more detail in the Annual Report for the year ended 31 December 2013, in note 15 to the accounts. The Company's principal risks and uncertainties have not changed materially since the date of that report and it is not envisaged that there will be any changes to the risks and uncertainties in the remaining six months of the financial year.

Statement of Directors' Responsibilities in Respect of the Half Year Report

We confirm to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements includes a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party described in the last Annual Report that could do so.

On behalf of the Board

Peter Smail
Chairman
21 August 2014

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Capita Registrars (see back of cover for details). Calls cost 10p per minute plus network extras.

Share Price

The Company's Ordinary Shares and B Shares are listed on the London Stock Exchange www.thelondonstockexchange.com. The ticker code is CR3 for the Ordinary Shares and CR3B for the B Shares.

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars Limited, under the signature of the registered holder.

Trading Shares

The Company's Ordinary Shares and B Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker.

Please call Core Capital Partners LLP (see details below) if you or your adviser have any questions about the process.

Enquiries

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

Stephen Edwards Tel: 020 3179 0919 or by email Stephen.Edwards@Core-Cap.com

Walid Fakhry Tel: 020 3179 0915 or by email Walid.Fakhry@Core-Cap.com

For shareholder enquiries please contact the Company Secretary at Core Capital Partners LLP:

Rhonda Nicoll Tel: 020 3179 0930 or by email Rhonda.Nicoll@Core-Cap.com

Core VCT plc is managed by Core Capital Partners LLP which is authorised and regulated by the FCA. Past performance is not a guide to future performance. Stock markets may cause the value of investments to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of the investment.

Indicative Financial Calendar

During November 2014	Interim Management Statement to 30 September 2014
During March 2015	Publish annual results to 31 December 2014
During May 2015	Annual General Meeting

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from www.fca.org.uk to see if the person or firm contacting you is authorised by the Financial Conduct Authority ("FCA")
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

Corporate Information

Directors

Peter Smail (Chairman)

John Brimacombe*

David Dancaaster

*(Senior Independent Director and Chairman of the Audit Committee)

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London

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Secretary and administrator

Rhonda Nicoll

Core Capital Partners LLP

9 South Street

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Investment Manager

Core Capital Partners LLP

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VCT Tax Adviser

PricewaterhouseCoopers LLP

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W1A 2AW

Registrar

Capita Registrars

The Registry

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