

FORESIGHT SOLAR VCT PLC
ANNUAL REPORT AND ACCOUNTS

JUNE 2011



Foresight Solar VCT



Objective

Foresight Solar VCT aims to combine greater security of capital than is normal within a VCT with the enhancement of investor returns created by the VCT tax benefits — income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of Foresight Solar VCT is to distribute 130p per Share through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the Offer.

VCT Tax Benefit for Shareholders

To obtain VCT tax reliefs on subscriptions up to £200,000 per annum, a VCT investor must be a 'qualifying' individual over the age of 18 with UK taxable income. The tax reliefs for subscriptions are:

- Income tax relief of 30% on subscription into new shares, which is retained by shareholders if the shares are held for more than five years.
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax.
- Capital gains on disposal of VCT shares are tax free, whenever the disposal occurs.

Website: www.foresightgroup.eu

Contents

Summary and Financial Highlights	1	Independent Auditor's Report	17
Chairman's Statement	2	Income Statement	18
Investment Manager's Report	3	Reconciliation of Movements in Shareholders' Funds	18
Investment Summary	4	Balance Sheet	19
Board of Directors	5	Cash Flow Statement	20
Directors' Report	6-13	Notes to the Accounts	21-33
Directors' Remuneration Report	14-15	Shareholder Information	34
Statement of Directors' Responsibilities	16	Notice of Annual General Meeting	35-37
		Corporate Information	

Venture Capital Trust Status

Foresight Solar VCT plc ("the Company") has been granted preliminary approval as a Venture Capital Trust (VCT) under S274-S280A of the Income Tax Act 2007 and the first review will be carried out for the period ended 30 June 2011. It is intended that the business of the Company be carried on so as to maintain its VCT status.

Summary and Financial Highlights

- Net asset value per Ordinary Share as at 30 June 2011 was 93.6p compared to 94.5p at launch.
- 33,062,442 Ordinary Shares had been allotted at 100.0p per share by 30 June 2011.
- Following the period end a further 3,946,100 Ordinary Shares were allotted at 100.0p per share.
- New investments were completed before and after the period ended 30 June 2011.

	Period ended 30 June 2011	Incorporation 18 June 2010
	Ordinary Shares	Ordinary Shares
Net asset value per Ordinary Share	93.6p	94.5p
Revenue loss per Ordinary Share	(1.1)p	N/A
Total loss per Ordinary Share	(1.8)p	N/A
Share Price per Ordinary Share	95.0p	N/A

Chairman's Statement

Results

I am pleased to be able to report sound progress in the construction of the Company's portfolio of solar investments, both before and following the period end, which are more fully described in the Investment Manager's Report. In addition, the offer for subscription to raise up to £40,000,000 by issues of Ordinary Shares pursuant to the prospectus published by Foresight Solar VCT plc on 31 August 2010 ("the Offer") proved attractive to investors with some £37,000,000 having been raised at the time of writing.

Dividend Policy

The Board plans to pay dividends of 5.0p per Share each year throughout the life of Foresight Solar VCT plc, except in respect of the first year from the closing date of the Offer when it is intended that no dividend will be paid. Dividends are expected to be paid bi-annually at or close to the end of April and October in each year, commencing in October 2012. The level of dividends is not, however, guaranteed.

Share Issues

During the period from incorporation on 18 June 2010 to 30 June 2011, the Board allotted 33,062,442 Ordinary Shares at 100.0p per share.

Two further allotments totalling 3,946,100 Ordinary Shares at 100.0p per share have been made since the period end, resulting in a total of 37,008,542 ordinary shares at 100.0p per share being allotted before the offer closed on 30 August 2011.

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines (August 2010) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM and PLUS (formerly OFEX) are valued at the bid price as at 30 June 2011. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to audit annually.

Annual General Meeting

The Company's Annual General Meeting will take place on 9 November 2011. I look forward to welcoming you to the meeting, which will be held in Sevenoaks, details of which can be found on page 35 of the annual report and accounts.

Outlook

The Board and Foresight Group, the Investment Manager, believe that satisfactory progress is being made towards the full investment of funds raised under the Offer, which gives us confidence in achieving the original objectives of the Company.

Although wider economic conditions are still fragile and the Government has confirmed its intention to reduce the availability of feed-in-tariffs (FiTs) to VCTs after March 2012, the Board and Investment Manager believe that a combination of the investments made to date and the pipeline of potential opportunities currently being considered will provide attractive returns to shareholders over the longer term.

Lord Maples

Chairman
12 October 2011

Investment Manager's Report

The focus during the period has been on fundraising and origination of investment opportunities. It has been an unpredictable regulatory climate in which to carry out these activities, but deal flow has been strong in all segments of the solar photovoltaic ('PV') market within the VCT's scope.

The Department of Energy and Climate Change (DECC) during the period accelerated the deadline for completing PV projects greater than 50 kilowatts in size from 31 March 2012 to 1 August 2011. This was DECC's response to a concern that larger scale plants would get a disproportionate share of the feed-in tariff (FIT) subsidy available. A smaller number of larger scale plants have been built in the sector as a result.

The breadth of the Fund's deal flow has enabled an approach that can adapt to changes in regulations affecting the sector and, as a result, a number of transactions were formally completed or conditionally completed around the financial period end.

I Portfolio Review

The Company's largest investments to date completed after the year end in August 2011, when £16 million was invested in 5MW ground-based PV projects located in Aylesford, Kent. These projects are one of a small handful of larger scale UK ground-based PV plants to be built and connected to the grid before the accelerated 1 August 2011 deadline imposed by DECC, to qualify for the original FIT.

A conditional £10 million investment in a residential rooftop programme with German energy company E.ON was agreed in June 2011. This is subject to E.ON delivering up to 1,000 of its residential customers to the programme. Installations will be carried out by an experienced UK PV installation company and Foresight Solar VCT plc will acquire batches of installations once the FIT on batches of installations has been locked in.

A conditional investment of up to £20 million was agreed in August 2011 for the acquisition of other UK ground-based projects. The projects are subject to a limited extension period beyond 1 August.

In June 2011, £2,318,966 was invested in Foresight Luxembourg Solar 2 S.à.r.l which is a holding company for a Spanish ground-based PV asset, called La Castilleja. This represents a 14% stake alongside the Foresight European Solar Fund LP 36%, and GWM Holdings 50%, an Italian Family Office.

In June 2011, £882,613 was invested in ForVEI Srl (Longiano & Abantia). ForVEI is a joint venture with VEI Capital, an investment fund owned by five Italian institutions including Generali and Intesa, which will allow the Company to invest in higher yielding Italian solar opportunities but with the benefit of the backing and partnership of these experienced financial institutions. This will enable the joint venture to invest in a much larger and more diverse portfolio of Italian solar assets. ForVEI currently owns two operating Italian ground-based PV assets, Longiano and Abantia.

I Allocation Policy and Diversification

There are likely to be common investments between Foresight Solar EIS (another Foresight Group managed fund) and Foresight Solar VCT plc as determined by Foresight Group's allocation policy, diversification requirements and the structuring requirements of making qualifying VCT and EIS investments.

I Outlook

We expect to complete the investment period of the VCT by April 2012. This is likely to result in a PV portfolio that is expected to deliver the cash flow for the target dividend payments to shareholders. The cash flow will be predictable given the nature of PV projects and the indexed 25 year feed-in tariff attached. Where possible, projects will be re-financed with bank debt to enhance the level of returns.

Jamie Richards

Chief Executive, Foresight Solar

Investment Summary

Investment	30 June 2011		Valuation Methodology
	Amount invested £	Valuation £	
Foresight Luxembourg Solar 2 S.a.r.l	2,318,966	2,353,192*	Cost
ForVEI Srl (Longiano & Abantia)	882,613	903,832*	Cost
Foresight VCT (Lux1)	26,051	26,051	Cost
Foresight VCT (Lux2)	10,854	10,854	Cost
	3,238,484	3,293,929	

Foresight VCT (Lux1) and Foresight VCT (Lux2) are the holding vehicles for ForVEI Srl (Longiano & Abantia).

*Investments shown below.

Foresight Luxembourg Solar 2 S.à.r.l.

is the holding vehicle for an operating Spanish solar photovoltaic plant. Foresight funds, together with the Italian family office GWM, are co-owners of the plant which has been operating since September 2008 and producing electricity that is supplied to the electricity grid. It benefits from an attractive feed-in tariff which is no longer available to new projects and generates reliable and consistent distributable cash flows. Foresight arranged a project finance facility alongside the equity to finance the acquisition of the plant.

First investment	June 2011	
% Equity/Voting Rights	14.0%	No accounts prepared since the investment was made
Income received in the year	—	
Equity at cost	£2,318,966	
Loan stock at cost	—	

ForVEI Srl (Longiano & Abantia)

is a joint venture with VEI Capital, an investment fund owned by five Italian institutions including Genrali and Intesa. ForVEI owned two operating Italian PV plants at the balance sheet date and has subsequently acquired a further three. Foresight Solar VCT plc's equity holding in ForVEI at the balance sheet date was 40% which has subsequently reduced to 20% as a result of an investment from an additional third party investor.

First investment	June 2011	
% Equity/Voting Rights	40.0%	No accounts prepared since the investment was made
Income received in the year	—	
Equity at cost	—	
Loan stock at cost	£822,613	

I Other Foresight Managed Funds

Foresight Group also manages or advises Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc, Foresight 5 VCT plc, Foresight Clearwater VCT plc, Foresight Sustainable UK Investment Fund, Foresight European Solar Fund GP Limited and Acuity VCT 3 plc.

There are no common investments between these funds and Foresight Solar VCT plc.

I Co-Investing Funds

There are likely to be common investments between the Foresight Solar EIS fund and Foresight Solar VCT plc as determined by Foresight Group's allocation policy, diversification requirements and the structuring requirements of making qualifying VCT and EIS investments.

Board of Directors

I Lord Maples (Chairman)

has acted as chairman or non-executive director of several public and private companies. He is currently a non-executive director of four private companies including Value Retail plc, which operates nine retail parks across the EU. He has been non-executive director of three public companies; SEP Industrial Holdings plc, New Media Spark plc and Cashbox plc. He was also chairman of a division of Saatchi and Saatchi. He also managed with others the Newton Wellington BES Funds. He is a lawyer and was until the 2010 General Election an MP and Deputy Chairman of the Conservative Party. He was given a life peerage in the 2010 Dissolution Honours List. As a Treasury Minister in the governments of Margaret Thatcher and John Major he was responsible for oil taxation, monetary policy and liaison with the Bank of England.

I Mike Liston OBE

has more than 20 years experience in the electricity industry and is currently non-executive chairman of Renewable Energy Generation Ltd and a non-executive director of Jersey Electricity plc. As chief executive for 17 years of this LSE-listed utility, he was involved in several major power generation, transmission and distribution infrastructure projects. Mike was also non-executive chairman of AIM-listed KSK Emerging India Energy Fund which raised almost £100 million to invest in India's power and energy sector. He is a director of the general partner of Foresight's first solar power fund, Foresight European Solar Fund GP Limited. Mike is a Fellow of the Royal Academy of Engineering and is a Fellow of The Institution of Engineering and Technology.

I Tim Dowlen

is a divisional director for City-based Lloyd's brokering firm Tasker & Partners, responsible for developing the firm's retail insurance activities. Tim has been a director of insurance broking companies since 1973, was for many years the Senior Examiner in Liability Insurance to the Chartered Insurance Institute, and as a practising expert witness has given evidence in approximately 85 disputes. Tim has specialised in the venture capital sector since 1974, acting as insurance broker to a number of fund managers and other financial institutions, including Foresight. Tim is considered an independent Director under the Listing Rules by virtue of the fact that he is not a professional adviser to Foresight Group and does not handle Foresight Group business.

Directors' Report

The Directors present their report together with the audited financial statements of the Company for the period from incorporation on 18 June 2010 to 30 June 2011.

I Principal activity and status

Foresight Solar VCT plc will invest mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government-related price guarantees. The principal activity of the Company is the making of investments in unquoted companies in the UK.

The Company has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. This is the Company's first year of trading and as such it has received preliminary approval as a Venture Capital Trust. The Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

I Business review

The purpose of this review is to provide shareholders with a snapshot summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators (KPIs) used to measure performance.

I Nature of the company

Foresight Solar VCT plc is a tax efficient company listed on The London Stock Exchange.

I Investment objective

Foresight Solar VCT plc aims to combine greater security of capital than is normal within a VCT with the enhancement of investor returns created by the VCT tax benefits — income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of Foresight Solar VCT plc is to distribute 130p per Share issued under the Offer to shareholders in the prospectus dated 31 August 2010 and remaining in issue at the date of calculation, through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the Offer.

I Investment policy

Foresight Solar VCT plc will invest mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government-related price guarantees.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-listed securities, cash is primarily held in an interest bearing money market open ended investment company (OEIC).

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investee companies will trade overseas. The companies in which investments are made must have no more than £15 million of gross assets at the time of investment (or £7 million if the funds being invested were raised after 5 April 2006) to be classed as a VCT qualifying holding.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in Qualifying Holdings, of which 30% (or 70% for funds raised after 5 April 2011) by value in aggregate across the portfolio must be ordinary shares which carry no preferential rights (although only a minimum of 10% needs to be in ordinary shares on a per investment basis).

Asset mix

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any un-invested funds are held in cash and interest bearing securities. It is intended that the significant majority of the funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses, using a mixture of securities. The maximum amount invested in any one company is limited to £1 million in a fiscal year (or, if lower, 15% of the portfolio at the time of investment) and generally no more than £2.5 million at cost is invested in the same company (or, if lower, 15% of the portfolio at the time of investment). The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. Solar projects can in aggregate exceed this limit but suitable structures are put in place so that individual corporate investments do not exceed these limits.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies through the placement of an Investor Director on investee company boards, will enhance value.

Borrowing powers

The Company's Articles permit borrowing to give a degree of investment flexibility. The Company's policy is not to use its borrowing powers. The underlying portfolio companies in which Foresight Solar VCT plc invests may utilise bank borrowing to finance asset purchases but such borrowing would be non-recourse to Foresight Solar VCT plc.

I Management

The Board has engaged Foresight Group as discretionary Investment Manager. Foresight Fund Managers Limited provides or procures the provision of company secretarial, administrative and custodian services to the Company.

Directors' Report continued

I Principal risks, risk management and regulatory environment

The Board believes that the principal risks faced by the Company are:

- Economic — events such as an economic recession and movement in interest rates could affect smaller companies' performance and valuations.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to: the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained; and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders.

Changes in the rates of Feed-in Tariffs could impact the underlying returns of the Company's investments.

- Regulatory — the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's or Company Secretary's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.
- Financial — inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed in note 15 to the accounts.
- Market risk — investment in AIM traded, PLUS traded and unquoted companies by its nature involves a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.

- Liquidity — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AIM or PLUS Markets does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable.
- Currency risk — short-term currency risk, such as that associated with the investments in Spain and Italy is mitigated by taking out options that convert the capital investment proceeds back into sterling at the same rate as the original sterling investment was converted into Euros to make the original investment. This ensures no currency loss on the investment up to original cost. The cost of the option is covered by the returns on the investment.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Combined Code. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

I Performance and key performance indicators (KPIs)

The Company believes that solar power generation supported by FITs is attractive for investors in a time of economic uncertainty and government spending austerity. Demand for solar electricity in the UK is not dependent on a general economic recovery and is expected to grow at rates well above GDP growth. In the UK, FITs are paid by utilities (the licensed electricity supply companies) and not by the government. The UK government has committed to source 15% of all of the UK's energy needs from renewable sources by 2020 and this commitment implies a need for investment of an estimated £100 billion, part of which is expected to be directed to solar power. Spain, Italy and other EU countries have similar commitments.

The Board expects the Investment Manager to deliver a performance which meets the objectives of providing investors with tax-free distributions of income and capital gains. The key performance indicators in meeting these objectives are net asset value performance and dividends paid, which when combined give net asset value total return. Additional key performance indicators reviewed by the Board include the discount of the share price relative to net asset value and total expenses as a ratio of shareholders funds.

A record of some of these indicators is contained on page 1 entitled 'Summary and Financial Highlights'. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year. The total expense ratio in the period was 1.1%, which compares favourably with the wider VCT industry and the share price stood at a premium of 1.7% at 30 June 2011, which is similarly favourable when compared to its VCT peer group.

The Board's policy is to buy back Shares in the market at a price which is at a zero discount to their net asset value, less transaction costs payable to market makers and stockbrokers. Combined, these KPIs compare favourably with the wider VCT marketplace based on independently published information.

Directors' Report continued

A review of the Company's performance during the financial period, the position of the Company at the period end and the outlook for the coming year is contained within the Investment Manager's Report.

The Board assesses the performance of the Manager in meeting the Company's objective against the primary KPIs highlighted.

Foresight Solar VCT plc is a venture capital trust and has three Non-Executive Directors but no employees and contracts-out its investment activities to its Investment Manager, Foresight Group. The Investment Manager is currently enjoying strong dealflow, including a number of opportunities in ground mounted and residential rooftop solar installations which fit well with the Company's investment policy. These projects have clear environmental benefits such as clean generation of electricity and carbon emissions reduction.

Results

	From date of incorporation on 18 June 2010 to 30 June 2011 £'000
Loss on ordinary activities after taxation	(333)
Dividend paid	—
	(333)

I Dividend

No dividends were paid in the period to 30 June 2011.

I Share Issues and Share Buy-backs

During the period, 33,062,442 Ordinary Shares were allotted at 100.0p per share, representing £32,476,072 of gross funds raised at 30 June 2011.

The Board's policy is to buy back Shares in the market at a price which is at a zero discount to their net asset value, less transaction costs payable to market makers and stockbrokers.

There were no shares repurchased in the period or to the date of these accounts.

I CREST

The Company entered CREST, a paperless settlement system, on 1 November 2010. CREST is a voluntary system and those Shareholders who wish to retain their certificates may do so. Shareholders should be aware of the fact that a disposal of their Ordinary Shares before the fifth anniversary of their allotment may lead to a loss of tax relief obtained by their investment in the Company.

I Directors

The Directors who held office at the end of the period and their beneficial interests in the issued Ordinary Shares of 1p each of the Company were as follows:

	30 June 2011 Ordinary Shares
Lord Maples	10,200
Mike Liston	—
Tim Dowlen	21,000

There have been no changes in the Directors' share interests between the end of the period and the date of this report.

In accordance with the Articles of Association and the requirements of the Combined Code, Lord Maples, Mr Liston and Mr Dowlen retire through rotation and, being eligible, offer themselves for reappointment. Biographical notes on the Directors are given on page 5. The Board believes that Lord Maples', Mr Liston's and Mr Dowlen's balance of skills, experience and knowledge continue to complement each other and add value to the Company and recommends to Shareholders their reappointment to the Board.

None of the Directors has a contract of service with the Company.

Directors' Report continued

I Management

Foresight Group is the Investment Manager of the Company and provides management and other administrative services.

Following the end of the first period, the Remuneration Committee will review the appropriateness of the Manager's appointment. In carrying out its review, the Remuneration Committee will consider the investment performance of the Company and the ability of the Investment Manager to produce satisfactory investment performance in the future. It will also consider the length of the notice period of the investment management contract and fees payable to the Investment Manager, together with the standard of other services provided which include Company Secretarial services. The Directors are of the opinion that the continuing appointment of the Investment Manager on the terms agreed is in the interests of Shareholders as a whole but will report on its review in the next annual report and accounts.

Foresight Fund Managers Limited is the Secretary of the Company. The principal terms of the investment management and secretarial services agreement are set out in Notes 3 and 13 of the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group acts as Investment Manager to the Company in respect of its venture capital investments and earned fees of £179,000 during the period. Foresight Fund Managers Limited, Company Secretary, received fees of £40,000 plus VAT during the period. Foresight Group is also a party to the performance incentive agreement described in Note 13 to the financial statements.

I VCT status monitoring

RW. Blears LLP (London based solicitors) advise Foresight Solar VCT plc on compliance with legislative requirements relating to VCTs. RW. Blears LLP review investment activity as appropriate and carry out regular reviews of the Foresight Solar VCT plc investment portfolio. RW. Blears LLP work closely with Foresight Fund Managers Limited, but report directly to the Board.

I Substantial shareholdings

So far as the Directors are aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

I Financial instruments

Details of all financial instruments used by the Company during the period are given in Note 15 to the financial statements.

I Payment to suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company contracts with its suppliers the terms on which business will take place and seeks to abide by such terms. The number of creditor days at 30 June 2011 was 2 days.

I Directors' and officers' liability insurance

The Company maintains a Directors' and Officers' liability insurance policy.

I Annual General Meeting

A formal notice convening the Annual General Meeting to be held on 9 November 2011 can be found on pages 35 to 37. Resolutions 1 to 7 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 8 and 9 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution.

I Resolution 7

Resolution 7 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £123,350 (representing 33.3% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 7. This includes authority to issue shares pursuant to performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority and power conferred by Resolution 7 will expire on the fifth anniversary of the passing of the resolution.

I Resolution 8

Resolution 8 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £55,513 pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued share capital in the Company pursuant to performance incentive arrangements with Foresight Group and (iii) with an aggregate nominal value of up to 10% of the issued share capital in the Company for general purposes, in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2012.

Directors' Report continued

I Resolution 9

It is proposed by Resolution 9 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 5,547,580 Shares, representing approximately 14.99% of the issued share capital. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share, taken from the London Stock Exchange daily official list of the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will expire at the conclusion of the Annual General Meeting to be held in 2012.

Whilst, generally, the Company does not expect shareholders will want to sell their shares within five years of acquiring them because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in the new shares issued by the Company. This means that an investor may be willing to pay more for new shares issued by the Company than he would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares for the benefit of new as well as existing shareholders. This authority, when coupled with the ability to issue new shares for the purposes of financing a purchase of shares in the market, enables the Company to purchase shares from a shareholder and effectively to sell on those shares through the Company to a new investor with the potential benefit of full VCT tax relief. In making purchases the Company will deal only with member firms of the London Stock Exchange at a discount to the then prevailing net asset value per share of the Company's shares to ensure that existing shareholders are not disadvantaged.

I Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

I Section 992 of the Companies Act

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

Capital structure

The Company has issued share capital of 33,062,442 Ordinary Shares as at 30 June 2011.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 37.

Notifiable Interests in the Company's voting rights

At the date of this report no notifiable interests had been declared in the Company's voting rights.

I Auditor

Ernst & Young LLP have expressed willingness to continue in office. In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

I Corporate Governance

The Directors of Foresight Solar VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the Combined Code on Corporate Governance ('Combined Code') issued by the Financial Reporting Council in June 2008, as appropriate for a Venture Capital Trust. The Financial Reporting Council published an updated corporate governance code in June 2010, which is applicable for accounting periods beginning on or after 29 June 2010. Had the new code been applicable during the current financial year, the corporate governance disclosures would not have changed materially.

As a Venture Capital Trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the procedures of the Combined Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the Combined Code were complied with throughout the period ended 30 June 2011.

I The Board

The Company has a Board of three Non-Executive Directors, all of whom are considered to be independent, except Mike Liston, who is considered non-independent by virtue of the fact that he is a Director of another Foresight managed fund.

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and its Investment Manager sets out the matters over which the Investment Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Directors' Report continued

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision A.7.2 of the Combined Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years' service and annually after serving on the Board for more than nine years. Non-independent Directors are required to retire annually.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision A.5.1.

The Board has access to a Company Secretary who also attends all Board meetings. The Investment Manager attends all formal Board Meetings although the Directors may meet without the Manager being present. Informal meetings with the Investment Manager are also held between Board Meetings as required. The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board Meeting.

Meeting attendance

	Board	Audit
Lord Maples	4/4	1/1
Mike Liston	4/4	1/1
Tim Dowlen	4/4	1/1

No nomination, remuneration or risk committees took place during the period.

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers Limited and RW. Blears LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.3.3 of the Combined Code. The provisions of the Combined Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

I Directors indemnification and insurance

The Directors have the benefit of indemnities under the Articles of Association of the Company against, to the extent only as permitted by law, liabilities they may incur in relation to the Company.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

I Board committees

The Board has adopted formal terms of reference, which are available to view, by writing to the Company Secretary at the registered office, for three standing committees which make recommendations to the Board in specific areas.

The Audit Committee comprises Mike Liston (Chairman), Lord Maples and Tim Dowlen, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice each calendar year to, amongst other things, consider the following:

- Monitor the integrity of the financial statements of the Company and approve;
- Review the Company's internal control & risk management systems;
- Make recommendations to the Board in relation to the appointment of the external auditor including reviewing and approving the audit plan;
- Review and monitor the external auditor's independence and agree the audit fee; and
- Implement and review the Company's policy on the engagement of the external auditor to supply non-audit services.

The Audit Committee is comprised of the full Board. This is a departure from the Combined Code which recommends that the constitution of the Audit Committee should be two independent Directors and the Chairman. Mike Liston is Chairman of the Audit Committee but is not independent. Given the size and structure of the Company the Board is satisfied with the constitution of the committee.

The Board has appointed Ernst & Young LLP as the Company's auditor.

Ernst & Young LLP provides taxation services in addition to undertaking the Company's external audit. The Audit Committee is of the opinion that Ernst & Young LLP are best placed to provide these taxation services. These non-audit services are less in value than the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditor.

The Nomination Committee comprises Lord Maples (Chairman), Mike Liston and Tim Dowlen and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and would make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment then every three years thereafter.

The Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Lord Maples (Chairman), Mike Liston and Tim Dowlen and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Remuneration Committee also reviews the appointment of the Manager.

Directors' Report continued

I Board Evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on an annual basis. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process. The first such evaluation will take place after the year end and will be reported on in the next set of annual report and accounts. The review of the Chairman's performance is undertaken by the remaining two Directors.

I Relations with Shareholders

The Company communicates with shareholders and solicits their views where it is appropriate to do so. Individual shareholders are made welcome at the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board may from time to time also seek feedback through shareholder questionnaires, workshops and an open invitation for shareholders to meet the investment manager. The Company is not aware of any institutional shareholders in the capital of the Company.

I Internal control

The Directors of Foresight Solar VCT plc have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

The Board's appointment of Foresight Fund Managers Limited as Company accountant has delegated much of the financial administration to Foresight Fund Managers Limited. They have an established system of internal control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded.

RW. Blears LLP provide legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with Foresight Group and the application of the Venture Capital Trust legislation to any company in which the Company is proposing to invest.

Foresight Fund Managers Limited was appointed by the Board as Company Secretary with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of their appointment, Foresight Group advise the Company on venture capital investments. Foresight Fund Managers Limited, in their capacity as Company Secretary, have physical custody of documents of title relating to equity investments.

Following publication of Internal Control: Guidance for Directors on the Combined Code (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the period under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Investment Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Investment Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Foresight Fund Managers and RW Blears LLP.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the period and reported its conclusions to the Board which was satisfied with the outcome of the review. The Board has concluded that, given the appointment of Foresight Fund Managers Limited as Company accountants and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but this policy will be kept under review.

Directors' Report continued

Such review procedures have been in place throughout the full financial period and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. The Board has concluded that the systems and procedures employed by the Investment Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary, but this policy will be kept under review.

I Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 6. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Business Review and the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the share buy-back programme and dividend policy. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants.

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

Foresight Fund Managers Limited

Company Secretary
12 October 2011

Directors' Remuneration Report

I Introduction

The Board has prepared this report, in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, Ernst & Young LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the 'Independent Auditor's Report'.

I Consideration by the Directors of matters relating to Directors' Remuneration

The Remuneration Committee comprises all three Directors: Lord Maples (Chairman), Mike Liston and Tim Dowlen.

The Remuneration Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually. The Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the period neither the Board nor the Remuneration Committee have been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy.

No Director is involved in deciding their own remuneration.

I Remuneration policy

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the period ended 30 June 2011 were agreed during the period.

It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' non-executive status, and Directors are not eligible for bonuses or other benefits.

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally or to a third party as requested by any Director.

It is the intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

I Service contracts

None of the Directors has a service contract and a Director may resign at any time by notice in writing to the Board. There are no set minimum notice periods but all Directors are subject to retirement by rotation. No compensation is payable to Directors on leaving office. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation as follows:

J Maples, M Liston, T Dowlen	AGM 2011
J Maples	AGM 2012
M Liston, T Dowlen	AGM 2013

I Details of individual emoluments and compensation

The emoluments in respect of qualifying services and compensation of each person who served as a Director during the period were as shown on page 15. No Director has waived or agreed to waive any emoluments from the Company in the current period.

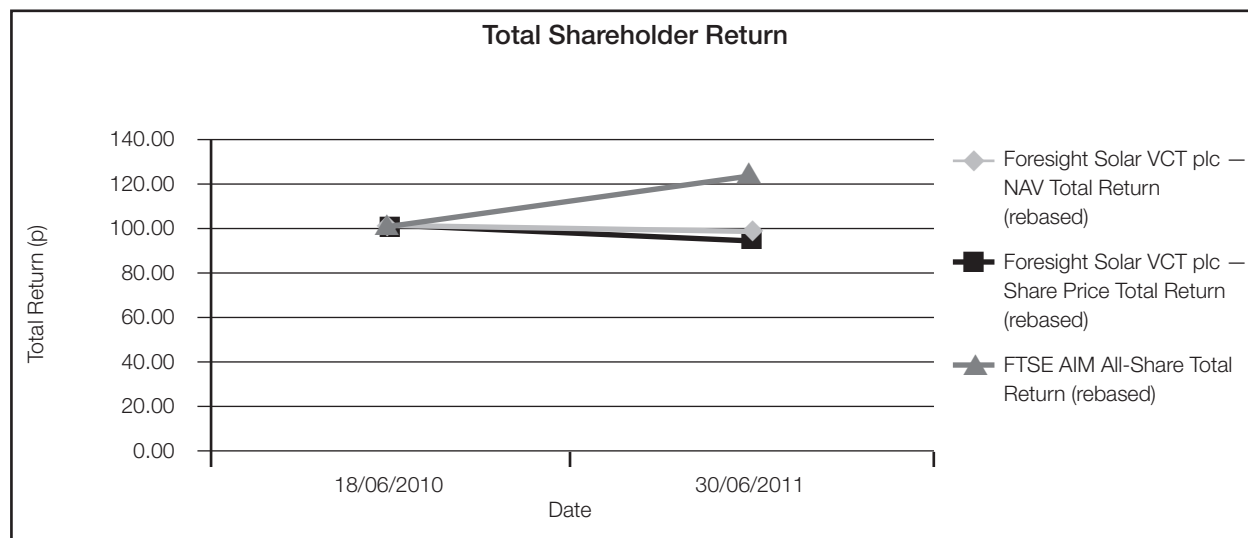
No other remuneration was paid or payable by the Company during the period nor were any expenses claimed or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

Director liability insurance is held by the Company in respect of the Directors.

I Total shareholder return

The graph on the following page charts the total shareholder return to 30 June 2011, on the hypothetical value of £100 invested by a Shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share, which is considered by the Board an appropriate index against which to measure the Company's performance.

Directors' Remuneration Report continued



I Audited Information

Only the information below has been audited. See the Independent Auditor's Report on page 17.

	Directors' fees (£) For the period from 18 June 2010 to 30 June 2011
Lord Maples	19,938
Mike Liston	13,750
Tim Dowlen	14,756
Total	<u>48,444</u>

The Directors are not eligible for pension benefits, share options or long-term incentive schemes.

I Approval of report

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting.

This Directors' Remuneration Report was approved by the Board on 12 October 2011 and is signed on its behalf by Lord Maples (Director).

On behalf of the Board

Lord Maples

Chairman
12 October 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including Business Review), Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Investment Manager's website, www.foresightgroup.eu. Visitors to the website should be aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report 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 it faces.

On behalf of the Board

Lord Maples

Chairman
12 October 2011

Independent Auditor's Report

to the Members of Foresight Solar VCT plc

We have audited the financial statements of Foresight Solar VCT plc for the period 18 June 2010 to 30 June 2011 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the reconciliation of movements in Shareholders' Funds and the related notes 1 to 18. 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.

I Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, 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 and express an opinion on 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.

I 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. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

I 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 30 June 2011 and of its loss for the period 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.

I 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; and
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

I 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 13, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Caroline Gulliver (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor
London
12 October 2011

Income Statement

for the period from 18 June 2010 to 30 June 2011

	Notes	From date of incorporation on 18 June 2010 to 30 June 2011		
		Revenue £'000	Capital £'000	Total £'000
Investment holding gains		—	56	56
Investment income and deposit interest	2	11	—	11
Investment management fees	3	(45)	(134)	(179)
Other expenses	4	(174)	—	(174)
Unrealised loss on the value of derivatives		—	(47)	(47)
Loss on ordinary activities before taxation		(208)	(125)	(333)
Tax on ordinary activities	5	—	—	—
Loss on ordinary activities after taxation		(208)	(125)	(333)
Loss per share	7	(1.1)p	(0.7)p	(1.8)p

The total column of this statement is the profit and loss account of the Company and the revenue and capital columns represent supplementary information, prepared in accordance with the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in January 2009.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the period.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 21 to 33 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the period from 18 June 2010 to 30 June 2011

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
As at 18 June 2010	—	—	—	—
Share issues in the period	331	32,731	—	33,062
Expenses on share issues	—	(1,785)	—	(1,785)
Loss for the period	—	—	(333)	(333)
As at 30 June 2011	331	30,946	(333)	30,944

The notes on pages 21 to 33 form part of these financial statements.

Balance Sheet

at 30 June 2011

Registered Number: 07289280

	Notes	As at 30 June 2011 £'000
Non-current assets		
Investments held at fair value through profit or loss	8	<u>3,294</u>
Current assets		
Debtors	9	6,514
Cash and cash equivalents		<u>21,556</u>
		28,070
Creditors: Amounts falling due within one year	10	<u>(420)</u>
Net current assets		<u>27,650</u>
Net assets		<u>30,944</u>
Capital and reserves		
Called-up share capital	11	331
Share premium account		30,946
Profit and loss account		<u>(333)</u>
Equity shareholders' funds		<u>30,944</u>
Net asset value per Ordinary Share	12	<u>93.6p</u>

The financial statements on pages 18 to 33 were approved by the Board of Directors and authorised for issue on 12 October 2011 and were signed on its behalf by:

Lord Maples

Chairman

The notes on pages 21 to 33 form part of these financial statements.

Cash Flow Statement

for the period from 18 June 2010 to 30 June 2011

Period from incorporation on
18 June 2010 to 30 June 2011
£'000

Cash flow from operating activities

Deposit and similar interest received	11
Investment management fees paid	(71)
Secretarial fees paid	(30)
Other cash payments	(85)

Net cash outflow from operating activities and returns on investment (175)

Taxation

—

Investing activities

Purchase of unquoted investments and investments quoted on AIM	(3,134)
Purchase of financial assets	(322)
Held in Escrow account pending investment	(6,000)

Net capital outflow from investing activities (9,456)

Equity dividends paid

—

Net cash outflow before financing and liquid resource management (9,631)

Financing

Proceeds of fund-raising	32,279
Reinvested commission	557
Expenses of fund-raising	(1,649)

Net cash inflow from financing activities 31,187

Increase in cash 21,556

Reconciliation of net cash flow to movement in net cash

Increase in cash for the year	21,556
Net cash at start of year	—

Net cash at end of year 21,556

Reconciliation of net income to net cash flow from operating activities

Total loss on ordinary activities before taxation	(333)
Capital loss before taxation	125
Investment management fees charged to capital	(134)
Increase in debtors	(11)
Increase in creditors	178

Net cash outflow from operating activities (175)

Analysis of changes in net debt

	At 18 June 2010 £'000	Cash flow £'000	At 30 June 2011 £'000
Cash and cash equivalents	—	21,556	21,556

Notes to the Accounts

for the period ended 30 June 2011

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in January 2009.

The Company presents its Income Statement in a three column format to give shareholders additional detail of the performance of the Company split between items of a revenue and capital nature.

b) Assets held at fair value through profit or loss — investments

All investments held by the Company are classified as “fair value through profit and loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as updated in August 2010. This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on 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. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company’s historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, *inter alia*, a lack of marketability);
 - or
 - b) where a company’s underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment’s future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be by applying a suitable turnover multiple to that company’s historic, current and forecast turnover (the multiple used based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, *inter alia*, a lack of marketability).
- (v) Investments are recognised at the trade date, being the date that the risks and rewards of ownership are transferred to the Company. Upon initial recognition, investments are held at the fair value of the consideration payable. Transaction costs in respect of acquisitions made are recognised directly in the income statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.

Notes to the Accounts continued

for the period ended 30 June 2011

1 Accounting policies (continued)

c) 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 rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as loan or deposit interest is included on an accruals basis using the effective interest basis. Redemption premiums are recognised on repayment of loans. Bank interest realisable is recognised on an accruals basis.

d) Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to Foresight Group for management fees are allocated against the capital column of the Income Statement. The basis of the allocation of management fees is expected to reflect the revenue and capital split of long-term returns in the portfolio.

Performance incentive payments will relate predominantly to the capital performance of the portfolio and will therefore be charged 100% to capital.

e) Financial Instruments

During the period the Company held non-current asset investments, shares in OEICs ('Open Ended Investment Companies'), money-market funds and cash balances and derivatives. The Company holds financial assets that comprise investments in unlisted companies, qualifying loans, and shares in companies on the Alternative Investment Market. The carrying value for all financial assets and liabilities is fair value.

f) Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. In accordance with FRS 19 'Deferred Tax', a provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes.

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised.

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

g) Derivative financial instruments

Where the Company has used forward/foreign exchange contracts to hedge against its foreign exchange exposure, the Company calculates the fair value gain or loss on the contract at the end and this amount is charged to the Capital column of the Income Statement. The underlying investment is restated at the closing exchange rate and any movement is charged to unrealised reserves.

Notes to the Accounts continued

for the period ended 30 June 2011

2 Income

	For the period from 18 June 2010 to 30 June 2011 £'000
Bank interest	11
	<u>11</u>

3 Investment management fees

	For the period from 18 June 2010 to 30 June 2011 £'000
Investment management fees charged to the revenue account	45
Investment management fees charged to the capital account	134
Total management fees	<u>179</u>

Foresight Group provide investment management services to the Company under an agreement dated 31 August 2010 and receive management fees, paid quarterly in advance, of 1.5% of net assets per annum. If the annual expenses of the Company exceed 3.6% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary.

Foresight Fund Managers Limited is the Secretary of the Company and received annual fees, paid quarterly in advance, for the services provided of £40,000. The annual secretarial and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised by the offer (subject to a minimum index-linked fee of £60,000).

Foresight Group are responsible for external costs such as legal and accounting fees incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests.

Details of the performance-related incentive are given in note 13.

Notes to the Accounts continued

for the period ended 30 June 2011

4 Other expenses

	For the period from 18 June 2010 to 30 June 2011 £'000
Secretarial services including VAT	48
Directors' remuneration including employer's National Insurance contributions	48
Auditors' remuneration excluding VAT:	
— audit services	24
— non audit services	6
Other expenses	48
	<hr/> 174 <hr/>

The Company has no employees other than the Directors.

5 Tax on ordinary activities

	For the period from 18 June 2010 to 30 June 2011 £'000
a) Analysis of charge in the period:	
Corporation tax	—
Total tax for the period	<hr/> — <hr/>

b) Factors affecting current tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28%).

The differences are explained below:

	For the period from 18 June 2010 to 30 June 2011 £'000
Net loss before taxation	<hr/> (333) <hr/>
Corporation tax at 28%	(93)
Effect of:	
Unutilised management expenses	93
Current tax charge for the period	<hr/> — <hr/>

Notes to the Accounts continued

for the period ended 30 June 2011

6 Dividends

	From date of incorporation on 18 June 2010 to 30 June 2011 £'000
Ordinary Shares	—
	—
	—

The Board is not recommending a final dividend on the Ordinary Shares for the period ended 30 June 2011.

Set out below are the total dividends payable in respect of the financial period, which is the basis on which the requirements of section 274 of The Income Tax Act 2009 are considered.

	From date of incorporation on 18 June 2010 to 30 June 2011 £'000
Income available for distribution by way of dividends for the period	—
Revenue dividend for the period ended 30 June 2011	—
	—

7 Loss per share

	For the period from 18 June 2010 to 30 June 2011 £'000
Total loss after taxation	(333)
Total loss per share (note a)	(1.8)p
Revenue loss from ordinary activities after taxation	(208)
Revenue loss per share (note b)	(1.1)p
Capital loss from ordinary activities after taxation	(125)
Capital loss per share (note c)	(0.7)p
Weighted average number of shares in issue during the period	18,971,720

Notes:

- Total loss per share is total loss after taxation divided by the weighted average number of shares in issue during the period.
- Revenue loss per share is revenue loss after taxation divided by the weighted average number of shares in issue during the period.
- Capital loss per share is capital loss after taxation divided by the weighted average number of shares in issue during the period.

Notes to the Accounts continued

for the period ended 30 June 2011

8 Investments held at fair value through profit or loss

	As at 30 June 2011 £'000	
Unquoted investments		3,294
		3,294
	Unquoted £'000	Total £'000
Book cost at 18 June 2010	—	—
Valuation at 18 June 2010	—	—
Movements in the period:		
Purchases at cost	3,238	3,238
Investment holding gains	56	56
Valuation at 30 June 2011	3,294	3,294
Book cost at 30 June 2011	3,238	3,238
Investment holding gains	56	56
Valuation at 30 June 2011	3,294	3,294

9 Debtors

	As at 30 June 2011 £'000
Prepayments	11
Other debtors	228
Monies held in Escrow Account, pending Investment	6,000
Financial asset (see financial instruments)	275
	6,514

Notes to the Accounts continued

for the period ended 30 June 2011

10 Creditors: amounts falling due within one year

	As at 30 June 2011 £'000
Trade creditors	143
Accruals	173
Purchases awaiting settlement	104
	<hr/> 420 <hr/>

11 Called-up share capital

	As at 30 June 2011 £'000	
Allotted, called-up and fully paid: 33,062,442 Ordinary Shares of 1p each	<hr/> 331 <hr/>	
		Ordinary Shares No.
At 18 June 2010		—
Allotments	33,062,442	
At 30 June 2011	<hr/> 33,062,442 <hr/>	

During the period, 33,062,442 Ordinary Shares were allotted at 100.0p per share, representing £32,476,072 of gross funds raised and £586,370 of reinvested commission at 30 June 2011.

12 Net asset value per Ordinary Share

Net asset value per Ordinary Share is based on net assets at the period end of £30,944,000 and on 33,062,442 Ordinary Shares, being the number of Ordinary Shares in issue at that date.

Notes to the Accounts continued

for the period ended 30 June 2011

13 Performance-related incentive

After Distributions of 100p per Share issued under the Offer and remaining in issue at the date of calculation have been paid to shareholders by the Company, Foresight Group will become entitled to a performance incentive which will be calculated at the rate of 20% of Distributions in excess of 100p until total Distributions reach 130p per share (issued under the Offer and remaining in issue at the date of calculation) and 30% above that level. No payment of the performance incentive will be made to Foresight until Distributions exceed 100p (per Share issued under the Offer and remaining in issue at the date of calculation). The performance incentive may be satisfied in cash or by the issue of new Shares to Foresight, at the discretion of Foresight.

14 Capital commitments and contingent liabilities

The Company had a capital commitment at 30 June 2011 to acquire completed roof-top installations from a contracted supplier. This capital commitment expired 1 July 2011 and no installations had been delivered. There were no contingent liabilities at 30 June 2011.

15 Financial instrument risk management

The Company's financial instruments comprise:

- Equity shares, debt securities and fixed interest securities that are held in accordance with the Company's investment objective as set out in the Directors' Report.
- 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 30 June 2011:

	2011 (Fair value) £'000
Assets at fair value through profit and loss	
Investment portfolio	3,294
Cash & cash equivalents	21,556
	24,850
Receivables	
Financial asset	275
Prepayments and other debtors	239
Monies held in Escrow Account, pending Investment	6,000
	6,514
Liabilities	
Creditors	(420)
	30,944

Notes to the Accounts continued

for the period ended 30 June 2011

15 Financial instrument risk management (continued)

Loans to investee companies are classified as fair value through profit and loss and are included in the investment portfolio.

The investment portfolio will principally consist of unquoted investments and qualifying loan stock valued at fair value. AIM quoted investments will be valued at bid price. Current asset investments are money market funds, discussed under credit risk management below.

The investment portfolio will have a high concentration of risk towards unquoted UK-based companies (as well as a smaller exposure to unquoted Solar investments in Spain and Italy), the majority expected to be in sterling denominated equity and loan stock holdings.

An analysis of the maturity of the assets of the Company where this is relevant, is provided on the next page. These are assets subject to interest rate risk. There are no liabilities of significance to these accounts that mature beyond one month from the balance sheet date. The amount payable in respect of these balances approximate to the amount shown in the accounts.

The main risks arising from the Company's financial instruments are principally interest rate risk, credit risk and market price risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below.

Detailed below is a summary of the financial risks to which the Company is exposed.

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage 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 fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £21,556,000 at 30 June 2011.

	Total portfolio 30 June 2011 £'000	Weighted average interest rate 30 June 2011 %	Weighted average time for which rate is fixed 30 June 2011 Days
Short-term interest securities			
— exposed to interest rate risk	18,000	0.6	—
Cash	3,556	0.2	—
	<hr/>	<hr/>	<hr/>
Total exposed to interest rate risk	21,556		
Loan stock			
— not exposed to interest rate risk	904	—	—
	<hr/>		
Total	22,460		

Notes to the Accounts continued

for the period ended 30 June 2011

15 Financial instrument risk management (continued)

	Total portfolio 30 June 2011 £'000
Maturity analysis:	
— in one year or less	22,460
— in more than one year but no more than two years	—
— in more than two years but no more than three years	—
— in more than three years but no more than four years	—
— in more than four years but no more than five years	—
Total	22,460

During the period the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 30 June 2011.

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into 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. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The Company currently invests its cash holdings with Barclays, HSBC, RBS, BONY and Insight Investments. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 30 June 2011 was £22,974,000 based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

An analysis of the Company's assets exposed to credit risk is provided in the table below:

	2011 £'000
Loan stocks	904
Current asset investments (money market funds)	18,000
Financial asset	275
Prepayments and other debtors	239
Cash at bank	3,556
Total	22,974

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 loss that the Company might suffer through holding market positions in the face of market movements. The Board manages market price risk through the application of venture capital techniques and investment structuring delegated to its Manager, Foresight Group.

The investments in equity and fixed interest stocks of unquoted companies are rarely traded and as such the prices are more volatile than those of more widely traded securities. In addition, 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 ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 30 June 2011 is £3,293,929.

Currency risk

The company entered into two currency option transactions in June 2011 for the Foresight Luxembourg Solar 2 S.a.r.l and ForVEI investments. The strike rates obtained were £1:1.1235 euros and £1:1.330 euros respectively. The options ensure that when the investment is sold (in euros) that the conversion rate, back to sterling, is fixed, and therefore that the company does not suffer any loss (or gain) from currency movements until the original cost of the investment is recovered. The cost of taking out the currency option is covered by the returns on the investments.

Notes to the Accounts continued

for the period ended 30 June 2011

15 Financial instrument risk management (continued)

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and 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 for 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 one year from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and assets in money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds which are all accessible on an immediate basis.

Sensitivity analysis

Equity price sensitivity

The Board believes that the Company's assets are mainly exposed to equity price risk, as the Company holds most of its assets in the form of sterling denominated investments in small companies. The majority of these assets are unquoted. 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 equity risk, even though some of the loan stocks may be secured on assets (as they will be behind any prior ranking bank debt in the investee company).

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces an overall movement 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 would not be the case in reality. Movements may occur to both quoted and unquoted companies and be as a result of changes to the market or alternatively as a result of assumptions made when valuing the portfolio or a combination of the two.

	2011
	Return and net assets
If overall share prices fell by 15%, with all other variables held constant — decrease (£'000)	(494)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(1.5)p
	2011
	Return and net assets
If overall share prices increased by 15%, with all other variables held constant — increase (£'000)	494
Increase in earnings, and net asset value, per Ordinary Share (in pence)	1.5p

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 market basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic market changes that have been observed.

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because the Board does not consider that the impact of interest rate changes materially affects the value of the portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above. The table below shows the sensitivity of income earned to changes in interest rates.

Notes to the Accounts continued

for the period ended 30 June 2011

15 Financial instrument risk management (continued)

	2011 Return and net assets
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	—
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	—
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	—
Increase in earnings, and net asset value, per Ordinary Share (in pence)	—

The impact of a change of 1% has been selected as this is considered reasonable, given the current level of the Bank of England base rates and market expectations for future movement.

Fair value hierarchy

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- (Unadjusted) Quoted prices for identical assets in active markets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

As at 30 June 2011

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	—	—	—	—
Unquoted investments	—	—	3,294	3,294
Current asset investments (money market funds)	18,000	—	—	18,000
Derivative financial instruments	—	275	—	275
Financial assets	18,000	275	3,294	21,569

The Company primarily invests in private equity via unquoted equity and loan securities. The Group's investment portfolio is recognised in the balance sheet at fair value, in accordance with IPEVC Valuation Guidelines.

Period to 30 June 2011

	Level 3 £'000
Valuation at 18 June 2010	—
Purchases	3,238
Investment holding gains	56
Valuation carried forward at 30 June 2011	3,294

Transfers

During the period there were no transfers between levels 1, 2 or 3.

Based on recent economic volatility, the Board and Investment Manager feel that for indicative purposes, a movement of 15% in the unquoted investments within level 3 is appropriate to show how reasonably possible alternative assumptions change the fair value of the investments.

If unquoted investments moved by 15%, this would create an increase or decrease in investments of £494,000.

Notes to the Accounts continued

for the period ended 30 June 2011

16 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 to assets commensurately with the level of risk. The Company's capital is currently invested in unquoted investments, cash and near cash as well as current assets.

By its nature the Company has an amount of capital (net assets of £30,944,000), 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 adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders.

The Company has no external imposed capital requirements.

17 Post-balance sheet event

A further 3,946,100 shares have been issued at 100.0p per share, since 30 June 2011, for gross proceeds of £3,919,500.

In August 2011 the Company invested £16.0 million in 5MW ground-based PV projects located in Aylesford, Kent.

18 Related party transactions

Foresight Group LLP and Foresight Fund Managers Limited are considered to be related parties of the Company. Details of arrangements with these parties are given in the Directors' Report and Notes 3 and 13.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £179,000 during the period.

Foresight Fund Managers Limited is the Secretary of the Company, and received fees of £40,000 plus VAT during the period. The annual secretarial and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised by the offer (subject to a minimum index-linked fee of £60,000).

At the balance sheet date there was £213,743 due to Foresight Group and £14,959 due to Foresight Fund Managers Limited.

Foresight Group are responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests.

Foresight Group is also a party to the performance incentive agreement described in Note 13.

Shareholder Information

Dividends

Interim dividends are ordinarily paid to shareholders in April. Final dividends are ordinarily paid to shareholders in October. 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, Computershare Investor Services plc (see over for details).

Share price

The Company's Ordinary Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary Shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites.

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, Computershare Investor Services plc, under the signature of the registered holder.

Trading shares

The Company's Ordinary Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary markets maker for Foresight Solar VCT plc is Singer Capital Markets.

Investment in VCTs should be seen as a long-term investment and shareholders selling their shares within five years of original purchase may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their independent financial adviser.

Please call Foresight Group (see details below) if you or your adviser have any questions about this process.

Indicative financial calendar

February 2012	Announcement of interim results for the six months to 31 December 2011
October 2012	Announcement of annual results for the year ended 30 June 2012
October 2012	Posting of the Annual Report for the year ended 30 June 2012
November 2012	Annual General Meeting

Open invitation to meet the Investment Manager

As part of our investor communications policy, shareholders can arrange a mutually convenient time to come and meet the Company's investment management team at Foresight Group. If you are interested, please call Foresight Group (see details below).

Enquiries

Contact:	Please contact Foresight Group, for any queries regarding Foresight Solar VCT plc
Telephone:	01732 471800
Fax:	01732 471810
e-mail:	info@foresightgroup.eu
website:	www.foresightgroup.eu

Foresight Solar VCT plc is managed by Foresight Group which is authorised and regulated by the Financial Services Authority and the Guernsey Financial Services Commission. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them 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, and the income from, the investment.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight Solar VCT plc ("the Company") will be held on 9 November 2011 at 1 pm at the offices of Foresight Group, ECA Court, 24–26 South Park, Sevenoaks, Kent TN13 1DU for the purpose of considering

and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

- Resolution 1 To receive the Report and Accounts for the period ended 30 June 2011.
- Resolution 2 To approve the Directors' Remuneration Report.
- Resolution 3 To re-elect Lord Maples as a director.
- Resolution 4 To re-elect Michael Liston as a director.
- Resolution 5 To re-elect Timothy Dowlen as a director
- Resolution 6 To re-appoint Ernst & Young LLP as auditor and to authorise the directors to fix the auditor's remuneration.
- Resolution 7 That, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £123,350 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.
- Resolution 8 That, in substitution for existing authorities, the directors be and they are empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 7 above or by way of a sale of treasury shares as if Section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £55,513 pursuant to offer(s) for subscription;
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding 10% of the issued share capital from time to time

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2012, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

Notice of Annual General Meeting

Resolution 9 That, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 5,547,580;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2012 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

Foresight Fund Managers Ltd

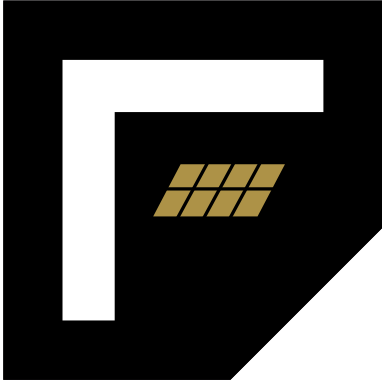
Company Secretary
12 October 2011

ECA Court
South Park
Sevenoaks
Kent
TN13 1DU

Notice of Annual General Meeting

Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 7 November 2011 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. 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, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 12 October 2011 (being the last business day prior to the publication of this notice), the Company's issued share capital was 37,008,542 shares carrying one vote each. Therefore, the total voting rights in the Company as at 12 October 2011 was 37,008,542.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. If you wish to attend the Annual General Meeting in person, please bring the proxy form with you to the meeting.
10. The Register of Directors' Interests will be available for inspection at the meeting.
11. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
13. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.eproxyappointment.com, in each case, so as to be received no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
14. Under Section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by a member or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.
16. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
Telephone number: 01732 471800
You may not use any electronic address provided either:
 - i) in this notice of Annual General Meeting; or
 - ii) any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.



Corporate Information

Directors

Lord Maples
Mike Liston
Tim Dowlen

Company Secretary

Foresight Fund Managers Limited
ECA Court
South Park
Sevenoaks
TN13 1DU

Investment Manager

Foresight Group CI Limited
PO Box 166
La Plaiderie House
La Plaiderie
St Peter Port
Guernsey
GY1 4HE

Registered Office

Foresight Group
ECA Court
South Park
Sevenoaks
TN13 1DU

Auditors and Tax Advisers

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

Solicitors and VCT Status Advisers

RW. Blears LLP
125 Old Board Street
London
EC2N 1AR

Registrar

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Registered Number

07289280