

FORESIGHT SOLAR VCT PLC  
UNAUDITED HALF-YEARLY FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013



Foresight Solar VCT Plc  
Company number: 07289280



# Foresight Solar VCT plc

## 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.



For further information go to  
[www.foresightgroup.eu](http://www.foresightgroup.eu)

## VCT Tax Benefit for Shareholders beyond 6 April 2006

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 are not subject to income tax.
- Capital gains on disposal of VCT shares are tax free, whenever the disposal occurs.

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## Financial Highlights

	Six months ended 31 December 2013		Year ended 30 June 2013	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Net asset value per share	111.1p	98.3p	115.7p	99.4p
Revenue return/(loss) per share	0.7p	(0.5)p	4.8p	(0.4)p
Total (loss)/return per share	(1.1p)	(1.0)p	22.5p	(0.7)p
Share price per share	109.5p	100.0p	99.0p	100.0p



## Chairman's Statement

"During the six month period to December our efforts have been concentrated on re-investment of the £25m net proceeds of last year's bond refinancing. We expect this process to be substantially complete by our year-end but until then, as evidenced by these results, our financial performance will experience some small dilution. We are making good progress with our C Share offer which has raised over £11m to date."

David Hurst-Brown Chairman

### Results

#### Ordinary Shares

- Net asset value per Ordinary Share in the six months to 31 December 2013 decreased by 4.6p to 111.1p (30 June 2013: 115.7p). Of this decrease 3.0p is attributable to last year's second interim dividend of 3.0p paid in October.
- The Board is pleased to announce an interim dividend of 3.0p per Ordinary Share to be paid on 4 April 2014. The dividend will have an ex-date of 19 March 2014 and a record date of 21 March 2014.

#### C Shares

- The Board launched a C Shares fund in February 2013 to take advantage of new solar photovoltaic investment opportunities benefiting from the Renewable Obligation Certificate (ROC) regime (as opposed to the Feed-in-Tariff (FIT) scheme that benefited investments in the Ordinary Shares fund).
- As at 31 December 2013, a total of 8,471,012 C Shares had been issued based on an issue price of 100.0p per C Share. At 19 February 2014, the date the Offer closed, a total of 11,375,398 C Shares had been issued based on an issue price of 100.0p per C Share.

Ordinary Shares Fund	Six months ended 31 December 2013	Year ended 30 June 2013
Net asset value per share	111.1p	115.7p
Revenue return per share	0.7p	4.8p
Capital (loss)/return per share	(1.8)p	17.7p
Total dividends per share	8.0p	5.0p
Total (loss)/return per share	(1.1)p	22.5p
Share price per share	109.5p	99.0p

C Shares Fund	Six months ended 31 December 2013	Year ended 30 June 2013
Net asset value per share	98.3p	99.4p
Revenue loss per share	(0.5)p	(0.4)p
Capital loss per share	(0.5)p	(0.3)p
Total dividends per share	—	—
Total loss per share	(1.0)p	(0.7)p
Share price per share	100.0p	100.0p

### Results

I am pleased to be able to report on a period of robust operational performance from the Company's portfolio of solar investments, despite poor weather conditions.

At 31 December NAV of the Ordinary Shares fund was 111.1p a reduction of 4.6p since 30 June 2013. This reduction comprises 3.0p in respect of the second interim dividend from the last financial year paid in October and a small underlying loss from the business of 1.6p. The main reason for the underlying loss is a valuation dilution that will affect results until the bond refinancing proceeds are satisfactorily invested and become income generating.

A number of UK solar projects in Foresight Group's pipeline are suitable for deploying the proceeds of the bond issued in 2013 and the C share fundraising.

The Italian portfolio is performing technically better than expected and producing more energy than expected despite lower levels of irradiation.

The Spanish portfolio which comprises less than 5% of the funds asset base continues to be the subject of regulatory uncertainty which may have a negative effect on future valuation.



## Dividends

At the time of the IPO of Foresight Solar VCT the Board stated its plan to pay dividends of 5.0p per Ordinary Share each year throughout the life of Foresight Solar VCT plc after the first year, payable bi-annually via dividends of 2.5p per Ordinary Share in April and October each year.

As a result of the strong operational performance of the portfolio and the successful bond refinancing, the Board paid an increased second interim dividend of 3.0p per Ordinary Share on 25 October 2013. In addition the Board now plans to adopt a slightly modified medium term dividend policy whereby dividends are progressively increased during the life of the fund assuming no material setback in the Company's overall performance.

The Board is pleased to announce an interim dividend of 3.0p per share representing a 20% increase compared to last year's interim dividend of 2.5p per share. The dividend will be paid on 4 April 2014 will have an ex-dividend date of 19 March 2014 and a record date of 21 March 2014. The Board expects to maintain this progressive dividend policy in the second interim dividend due to be paid in October 2014, which will be announced with the annual report and accounts to 30 June 2014.

## Share Issues & New Fund Raising

During the period there were no issues or buybacks of Ordinary Shares. The Ordinary Shares fund is now effectively fully invested, other than in respect of reinvestment of the bond proceeds. The Board therefore launched a C Shares fund in 2013 to take advantage of new solar photovoltaic (PV) investment opportunities benefiting from the Renewable Obligation Certificate (ROC) regime (as opposed to the Feed-in-Tariff (FIT) scheme that benefited investments in the Ordinary Shares fund). The new fund, was launched as a separate C Share class whose assets and liabilities are segregated from those of the Ordinary Shares fund. At 19 February 2014, the date the fund closed, a total of 11,375,398 C Shares had been allotted and issued based on an issue price of 100.0p per C Share. Although the funds will be run separately, many overhead costs can be shared between both funds to the benefit of all classes of shareholder.

## C Share Top-up Offer

Following the recent success of the C Share Offer for Subscription, the Board is pleased to announce the launch of a 10% top-up offer for the C Shares.

The limited offer, for 1,137,539 C Shares, opened on 27 February and is expected to close on 8 April 2014.

## Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines 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. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to audit annually.

## Outlook

The Board and Foresight Group, the Investment Manager, are satisfied with the current operational performance of the portfolio and the quality of the returns being achieved. The refinancing of existing UK projects has facilitated the release of funds for further investment in a rapidly growing UK PV sector, which, in due course, should enhance returns of the Ordinary Shares fund. There is a strong pipeline of new projects being considered for investment.

Additionally, as outlined earlier in my statement the Company has been successful in raising sufficient funds to enable the Company to take advantage of further solar investment opportunities.

## David Hurst-Brown

Chairman

27 February 2014



# Investment Manager's Report

## UK Assets

A substantial pipeline of new investment opportunities is being considered both for re-investment of the proceeds of the bond refinancing on behalf of the Company's Ordinary Share class, as well as for investment of the proceeds from the issue of the new C Share class. The bond proceeds are currently held in the companies representing the original investments made into four solar power plants in Kent, Somerset and Wiltshire pending re-investment into new solar plants benefitting from the Renewable Obligation Certificate (ROCs) subsidy mechanism. The four plants are the principal assets of the Ordinary Share class and are all trading successfully benefitting from index linked Feed-in Tariffs (FITs) over 25 years. Because of the favourable differential between the yield on new ROC based plants and the cost of the bond, investors in Foresight Solar VCT's Ordinary Share class are expected to benefit from higher dividends and greater capital appreciation as a result of this refinancing, increasing the target return above 130p in 2016. £7.7 million of the proceeds of the C share class issue have been invested in new VCT qualifying companies pending onward investment predominantly in new ROC based solar power plants.

The UK assets over the second half of 2013 performed broadly in line with expectations, with strong technical performance across the whole portfolio enhancing the good weather seen in the summer months while negating poor weather conditions in the autumn months. Production (kWh) was 3.0% above expectations over the period despite irradiation being 0.9% down on forecasts.

Financial performance for the period fell 5.1% below long term expectations. The negative deviation between the production and financial performance was predominantly caused by meter readings not falling exactly on quarter ends, affecting FIT income timing.

When the timings of readings are negated by looking at annual performance, financial performance (-5.1%) is in line with annual production levels (-4.6%). In this case, lower than expected production levels are strongly linked with lower than expected irradiation levels (-5.8%) and two transformer failures at the Kent site in May, although the majority of this loss was negated by our insurance policy.

## European Assets

Although the Foresight Solar VCT Ordinary Share portfolio is predominantly comprised of UK solar assets, the Company also has exposure to several assets in both Italy and Spain accounting in aggregate for 15% of the portfolio value.

In contrast to a strong summer, the Company's Italian assets suffered from poor weather conditions in the final three months of 2013, with a significant drop in revenues directly linked to unusually low irradiance levels (-24%). Despite this, the strong summer meant half year financial performance was 1.5% under expectations.

The Spanish assets owned by the Company have been negatively impacted by changes in legislation, which have effectively placed a cap on the returns that Spanish solar assets can generate. We are currently

analysing the impact of the most recent regulatory change confirmed in February 2014. The Ordinary Share class' exposure to the Company's only Spanish asset is 4%. The C Share class has no exposure to Spanish assets. The financial impact of these regulatory changes are currently being analysed and a provision of 25% continues to be in place against the cost of the Spanish asset held by Foresight Solar VCT plc.

## Increasing Capital Value and Dividends

The overall scale generated from re-investing the bond proceeds and the C Share class proceeds is expected to enhance investor returns for both share classes, particularly in optimising ultimate sale proceeds. Once fully operational, the new solar ROC plants are expected to deliver a net 5.0p annual dividend to investors. Combined with the annual residual equity distributions from the four existing UK solar assets, this is resulting in progressive, growing dividends for Ordinary Share class investors.

Each 100.0p invested in new solar ROC plants is expected to generate a total return of 120.0p. By adding this to the estimated residual net present value of the four UK solar assets, the bond refinancing and reinvestment strategy is expected to improve total returns for Ordinary Share investors. The Ordinary Share class benefitted from the more generous FIT subsidy mechanism available at the time of investment hence the original target of 130p.

## Outlook

Utility scale ground based UK solar PV installations are currently growing rapidly based on ROC subsidy support. It is estimated that around 1.5 gigawatts of installed capacity will be connected to the national grid network in the 12 month period to 31 March 2014 which represents an investment of approximately £2 billion. The market is expected to continue at similar volumes over the medium term based on the confirmed ROC subsidy mechanism. This supports the Company's strategy of aggregating a solar portfolio of scale which can be optimised through refinancing and/or a sale.

### Jamie Richards

Head of Infrastructure  
Foresight Group  
27 February 2014

# Investment Summary

## Ordinary Shares Fund

Investment	31 December 2013			30 June 2013	
	Amount Invested £	Valuation £	Valuation Methodology	Amount Invested £	Valuation £
<b>Kent Solar Project</b>					
Tethys Solar 01 Limited	949,000	1,327,714	Discounted cashflow	1,000,000	1,392,499
Miranda Solar 09 Limited	949,000	1,324,359	Discounted cashflow	1,000,000	1,388,512
Umbriel Solar 07 Limited	949,000	1,324,346	Discounted cashflow	1,000,000	1,388,769
Oberon Solar 05 Limited	949,000	1,324,098	Discounted cashflow	1,000,000	1,388,512
Enceladus Solar 02 Limited	949,000	1,323,979	Discounted cashflow	1,000,000	1,388,512
Blyth Solar Limited	949,000	1,321,000	Discounted cashflow	1,000,000	1,386,663
Titania Solar 06 Limited	949,000	1,320,188	Discounted cashflow	1,000,000	1,386,937
Ariel Solar 08 Limited	949,000	1,320,182	Discounted cashflow	1,000,000	1,386,932
Saturn Solar 04 Limited	949,000	1,320,047	Discounted cashflow	1,000,000	1,386,796
Rugby Solar Limited	949,000	1,319,969	Discounted cashflow	1,000,000	1,388,629
	<b>9,490,000</b>	<b>13,225,882</b>		<b>10,000,000</b>	<b>13,882,761</b>
<b>Puriton Solar Project</b>					
Diss Solar Limited	949,000	1,301,825	Discounted cashflow	1,000,000	1,367,228
Uranus Solar 11 Limited	949,000	1,300,935	Discounted cashflow	1,000,000	1,367,227
Triton Solar 13 Limited	949,000	1,300,562	Discounted cashflow	1,000,000	1,367,227
Proteus Solar 14 Limited	949,000	1,299,107	Discounted cashflow	1,000,000	1,364,032
Puck Solar 10 Limited	949,000	1,295,085	Discounted cashflow	1,000,000	1,365,315
Neried Solar 12 Limited	949,000	1,294,620	Discounted cashflow	1,000,000	1,364,597
Deal Solar Limited	949,000	1,294,318	Discounted cashflow	1,000,000	1,364,345
	<b>6,643,000</b>	<b>9,086,452</b>		<b>7,000,000</b>	<b>9,559,971</b>
<b>Malmesbury Solar Project</b>					
Liss Solar Limited	949,000	1,211,981	Discounted cashflow	1,000,000	1,276,422
Hull Solar Limited	949,000	1,211,621	Discounted cashflow	1,000,000	1,278,414
Bude Solar Limited	949,000	1,211,262	Discounted cashflow	1,000,000	1,278,412
Sark Solar Limited	949,000	1,211,170	Discounted cashflow	1,000,000	1,278,414
Kesh Solar Limited	949,000	1,205,131	Discounted cashflow	1,000,000	1,276,680
Rhyl Solar Limited	949,000	1,204,649	Discounted cashflow	1,000,000	1,276,199
Looe Solar Limited	949,000	1,204,558	Discounted cashflow	1,000,000	1,276,112
Bute Solar Limited	474,500	606,029	Discounted cashflow	500,000	641,869
	<b>7,117,500</b>	<b>9,066,401</b>		<b>7,500,000</b>	<b>9,582,522</b>
<b>Bridgewater Solar Project</b>					
Neptune Solar 15 Limited	949,000	1,342,401	Discounted cashflow	1,000,000	1,407,953
Charon Solar 16 Limited	949,000	1,334,545	Discounted cashflow	1,000,000	1,404,408
Bury Solar Limited	949,000	1,333,596	Discounted cashflow	1,000,000	1,403,461
	<b>2,847,000</b>	<b>4,010,542</b>		<b>3,000,000</b>	<b>4,215,822</b>
Greensite Limited	325,878	325,878	Price of recent investment	325,878	325,878
<b>Total UK</b>	<b>26,423,378</b>	<b>35,715,155</b>		<b>27,825,878</b>	<b>37,566,954</b>
<b>Italian Solar Project</b>					
Foresight VCT (Lux) 1 S.à.r.l	3,947,352	4,482,621	* Discounted cashflow	3,947,352	4,581,002
Foresight VCT (Lux) 2 S.à.r.l	10,854	10,854	Price of recent investment	10,854	10,854
	<b>3,958,206</b>	<b>4,493,475</b>		<b>3,958,206</b>	<b>4,591,856</b>
<b>Spanish Solar Project</b>					
Foresight Luxembourg Solar 2 S.à.r.l	2,325,786	1,685,736	* Cost less impairment	2,325,786	1,678,936
	<b>2,325,786</b>	<b>1,685,736</b>		<b>2,325,786</b>	<b>1,678,936</b>
	<b>32,707,370</b>	<b>41,894,366</b>		<b>34,109,870</b>	<b>43,837,746</b>

Foresight VCT (Lux) 1 S.à.r.l and Foresight VCT (Lux) 2 S.à.r.l are the holding vehicles for ForVEI Srl.

\* Some of the differences between the original costs and valuations relate to currency movements. However, the Company has entered into currency options to offset the currency losses, so the Company does not suffer currency gains or losses on the investment cost. The currency options are not reflected in cost but is disclosed as a current asset/(liability) on the face of the Balance Sheet. When the investments are sold the Company can exercise its option and receive back UK Sterling at the same Euro exchange rate they were purchased at. In the meantime the value of the option (derivative) varies in value depending on movements in the Euro and UK Sterling exchange rate and this unrealised change in value is credited or charged to the profit and loss account as a gain or loss on the value of derivatives.

Detail on the projects above listed by values are shown on pages 6 to 7.

## C Shares Fund

At 31 December 2013, one investment of £5 million and one investment of £2.7 million had been made in acquisition vehicles preparing to trade. An update on any investments made will be given in the Annual Report and Accounts to 30 June 2014.



## Investment Summary continued

Foresight Solar VCT plc has invested in the below projects via the investment vehicles listed on page 5.

### Kent Solar

Kent Solar is a 4.9MW operational PV plant in Aylesford, Kent. The plant was commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size.

First investment	August 2011	Year ended	31 March 2013
			£'000
Voting rights within each project investment vehicle	49%	Income	1,812
Dividend and interest income receivable by the VCT in the period	£170,290	Profit before tax	215
Equity at cost	£3,000,000	Retained profit	69
Loan stock at cost	£6,490,000	Net assets	10,397

### Puriton Solar

Puriton Solar is a 4.0MW operational PV plant in Puriton, Somerset. The plant was partially commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size.

First investment	February 2012	Year ended	31 March 2013
			£'000
Voting rights within each project investment vehicle	49%	Income	1,365
Dividend and interest income receivable by the VCT in the period	£119,203	Profit before tax	33
Equity at cost	£2,100,000	Retained loss	(44)
Loan stock at cost	£4,543,000	Net assets	9,434

### Malmesbury Solar

Malmesbury Solar is a 5.0MW operational PV plant in Wiltshire. The plant was commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size.

First investment	December 2011	Year ended	31 March 2013
			£'000
Voting rights within each project investment vehicle	49%	Income	1,841
Dividend and interest income receivable by the VCT in the period	£127,418	Profit before tax	376
Equity at cost	£2,250,000	Retained profit	192
Loan stock at cost	£4,867,500	Net assets	9,783

### Bridgewater Solar

Bridgewater Solar is a 1.9MW operational plant in Bridgwater, Somerset. The plant was partially commissioned and connected to the national grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for projects of this size. Final commissioning took place in October 2011.

First investment	February 2012	Year ended	31 March 2013
			£'000
Voting rights within each project investment vehicle	49%	Income	680
Dividend and interest income receivable by the VCT in the period	£51,087	Profit before tax	41
Equity at cost	£900,000	Retained profit	5
Loan stock at cost	£1,947,000	Net assets	4,681



## Investment Summary continued

Foresight Solar VCT plc has invested in the below projects via the investment vehicles listed on page x.

### Greenersite Limited

Greenersite is a 100KW operational rooftop installation in Weobley, Hertfordshire. The installation was commissioned and connected to the grid before the 1 August 2011 FIT deadline and therefore attracts the highest FIT rate that has been available in the UK for this type of rooftop installation.

First investment	March 2013	Year ended	31 March 2013
			£'000
Voting rights	100%	<b>Income</b>	48
Dividend and interest income receivable by the VCT in the year	—	<b>Profit before tax</b>	18
Equity at cost	£325,878	<b>Retained profit</b>	18
Loan stock at cost	—	<b>Fixed assets</b>	241

### Italian Solar

These plants are a joint venture with VEI Capital, an investment fund owned by five Italian institutions including Generali and Intesa. CDC, the French infrastructure investor, joined the venture during the year.

First investment	June 2011	Year ended	31 March 2013
			€'000
% Equity/voting rights within each project investment vehicle	7.8%	<b>Income</b>	488
Dividend and interest income receivable by the VCT in the period	£126,590	<b>Loss before tax</b>	(128)
Equity at cost	} including Foresight VCT (Lux) 1 and Foresight VCT (Lux) 2	<b>Retained profit</b>	—
Loan stock at cost		£3,895,075	<b>Fixed assets</b>

### Spanish Solar

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. The project is performing reliably but short term cash flows have been impacted by a retrospective cap on production enforced by the Spanish government for the period 2011–2013. Foresight arranged a project finance facility alongside the equity to finance the acquisition of the plant. Recent regulatory changes in connection with taxation and revenue indexation have impacted the carrying value of this project.

First investment	June 2011	Year ended	31 March 2012
			€'000
% Equity/voting rights within each project investment vehicle	14%	<b>Income</b>	303
Dividend and interest income receivable by the VCT in the period	—	<b>Profit before tax</b>	15
Equity at cost	£2,325,786	<b>Retained profit</b>	10
Loan stock at cost	—	<b>Fixed assets</b>	8,369

### Co-investing funds

Foresight Group also manages or advises Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc, Albany Ventures Fund III LP, Foresight Environmental Fund LP, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS 2, Foresight Solar EIS 3, Foresight Solar EIS 4, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP, Foresight Sustainable UK Investment Fund and Foresight Nottingham Fund LP. There are no common investments between these funds and Foresight Solar VCT plc.



# Unaudited Half-Yearly Financial Report and Responsibility Statements

## Principal Risks and Uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

- Performance
- Regulatory
- Operational; and
- Financial

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 30 June 2013. A detailed explanation can be found on page 11 of the Annual Report and Accounts which is available at [www.foresightgroup.eu](http://www.foresightgroup.eu) or by writing to Foresight Group at ECA Court, 24–26 South Park, Sevenoaks, Kent, TN13 1DU.

In the view of the Board, there have been no changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

## Directors' Responsibility Statement:

The Disclosure and Transparency Rules ('DTR') of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Unaudited Half-Yearly Financial Report for the six months ended 31 December 2013.

The Directors confirm to the best of their knowledge that:

- (a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (b) the Unaudited Half-Yearly Financial Report for the six months ended 31 December 2013 includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the year and a description of principal risks and uncertainties that the Company faces for the remaining six months of the year);
- (c) the summarised set of financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R; and
- (d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

## 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 10 of the 30 June 2013 Annual Report and Accounts. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Business Review and Notes to the Accounts of the 30 June 2013 Annual Report and Accounts. In addition, the Annual Report and Accounts includes 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, which benefit from Feed-in-Tariffs guaranteed by the UK Government. 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.

The Half-Yearly Financial Report for the six months ended 31 December 2013 has not been audited or reviewed by the auditors.

On behalf of the Board

**David Hurst-Brown**

Chairman  
27 February 2014

# Unaudited Non-Statutory Analysis between the Ordinary Shares and C Shares Funds

## Income Statements

for the six months ended 31 December 2013

	Ordinary Shares Fund			C Shares Fund		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment holding losses	—	(541)	(541)	—	—	—
Income	595	—	595	13	—	13
Investment management fees	(83)	(249)	(332)	(15)	(44)	(59)
Gains on the value of derivatives	—	24	24	—	—	—
Other expenses	(149)	—	(149)	(42)	—	(42)
<b>Return/(loss) on ordinary activities before taxation</b>	<b>363</b>	<b>(766)</b>	<b>(403)</b>	<b>(44)</b>	<b>(44)</b>	<b>(88)</b>
Taxation	(76)	56	(20)	10	10	20
<b>Return/(loss) on ordinary activities after taxation</b>	<b>287</b>	<b>(710)</b>	<b>(423)</b>	<b>(34)</b>	<b>(34)</b>	<b>(68)</b>
<b>Return/(loss) per share</b>	<b>0.7p</b>	<b>(1.8)p</b>	<b>(1.1)p</b>	<b>(0.5)p</b>	<b>(0.5)p</b>	<b>(1.0)p</b>

## Balance Sheets

at 31 December 2013

	Ordinary Shares Fund £'000	C Shares Fund £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss	41,894	7,700
<b>Current assets</b>		
Debtors	902	173
Money market securities and other deposits	8	—
Cash	4	551
	914	724
<b>Creditors</b>		
Amounts falling due within one year	(189)	(94)
<b>Net current assets</b>	<b>725</b>	<b>630</b>
<b>Net assets</b>	<b>42,619</b>	<b>8,330</b>
<b>Capital and reserves</b>		
Called-up share capital	384	85
Share premium account	—	8,346
Capital redemption reserve	1	—
Profit and loss account	42,234	(101)
<b>Equity shareholders' funds</b>	<b>42,619</b>	<b>8,330</b>
Number of shares in issue	38,366,252	8,471,012
<b>Net asset value per share</b>	<b>111.1p</b>	<b>98.3p</b>

At 31 December 2013 there was an inter-share debtor/creditor of £159,000 which has been eliminated on aggregation.



## Unaudited Non-Statutory Analysis between the Ordinary Shares and C Shares Funds continued

### Reconciliations of Movements in Shareholders' Funds

for the six months ended 31 December 2013

Ordinary Shares fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2013	384	—	1	43,987	44,372
Expenses in relation to share issues	—	—	—	(179)	(179)
Dividends	—	—	—	(1,151)	(1,151)
Loss for the period	—	—	—	(423)	(423)
<b>As at 31 December 2013</b>	<b>384</b>	<b>—</b>	<b>1</b>	<b>42,234</b>	<b>42,619</b>

C Shares fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2013	57	5,673	—	(33)	5,697
Share issues in the period	28	2,831	—	—	2,859
Expenses in relation to share issues	—	(158)	—	—	(158)
Loss for the period	—	—	—	(68)	(68)
<b>As at 31 December 2013</b>	<b>85</b>	<b>8,346</b>	<b>—</b>	<b>(101)</b>	<b>8,330</b>

# Unaudited Income Statement

for the six months ended 31 December 2013

	Six months ended 31 December 2013 (unaudited)			Six months ended 31 December 2012 (unaudited)			Year ended 30 June 2013 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding (losses)/gains	—	(541)	(541)	—	1,567	1,567	—	7,432	7,432
Realised losses on investments	—	—	—	—	—	—	—	(28)	(28)
Income	608	—	608	1,442	—	1,442	2,461	—	2,461
Investment management fees	(98)	(293)	(391)	(69)	(206)	(275)	(158)	(475)	(633)
Gains/(losses) on the value of derivatives	—	24	24	—	(142)	(142)	—	(305)	(305)
Other expenses	(191)	—	(191)	(143)	—	(143)	(329)	—	(329)
<b>Return/(loss) on ordinary activities before taxation</b>	<b>319</b>	<b>(810)</b>	<b>(491)</b>	<b>1,230</b>	<b>1,219</b>	<b>2,449</b>	<b>1,974</b>	<b>6,624</b>	<b>8,598</b>
Taxation	(66)	66	—	—	—	—	(160)	160	—
<b>Return/(loss) on ordinary activities after taxation</b>	<b>253</b>	<b>(744)</b>	<b>(491)</b>	<b>1,230</b>	<b>1,219</b>	<b>2,449</b>	<b>1,814</b>	<b>6,784</b>	<b>8,598</b>
<b>Return/(loss) per share:</b>									
Ordinary Share	0.7p	(1.8)p	(1.1)p	3.2p	3.2p	6.4p	4.8p	17.7p	22.5p
C Share	(0.5)p	(0.5)p	(1.0)p	N/A	N/A	N/A	(0.4)p	(0.3)p	(0.7)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.

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

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.





## Unaudited Balance Sheet

at 31 December 2013

Registered Number: 07289280

	As at 31 December 2013 (unaudited) £'000	As at 31 December 2012 (unaudited) £'000	As at 30 June 2013 (audited) £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	49,594	37,674	43,838
<b>Current assets</b>			
Debtors	916	891	614
Money market securities and other deposits	8	18	8
Cash	555	814	5,895
	1,479	1,723	6,517
<b>Creditors</b>			
Amounts falling due within one year	(124)	(64)	(286)
<b>Net current assets</b>	1,355	1,659	6,231
<b>Net assets</b>	50,949	39,333	50,069
<b>Capital and reserves</b>			
Called-up share capital	469	384	441
Share premium account	8,346	—	5,673
Capital redemption reserve	1	1	1
Profit and loss account	42,133	38,948	43,954
<b>Equity shareholders' funds</b>	50,949	39,333	50,069
<b>Net asset value per share:</b>			
Ordinary Share	111.1p	102.5p	115.7p
C Share	98.3p	N/A	99.4p

## Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 December 2013

Company	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2013	441	5,673	1	43,954	50,069
Share issues in the period	28	2,831	—	—	2,859
Expenses in relation to share issues	—	(158)	—	(179)	(337)
Dividends	—	—	—	(1,151)	(1,151)
Loss for the period	—	—	—	(491)	(491)
<b>As at 31 December 2013</b>	<b>469</b>	<b>8,346</b>	<b>1</b>	<b>42,133</b>	<b>50,949</b>

# Unaudited Cash Flow Statement

for the six months ended 31 December 2013

	Six months ended 31 December 2013 (unaudited) £'000	Six months ended 31 December 2012 (unaudited) £'000	Year ended 30 June 2013 (audited) £'000
<b>Cash flow from operating activities</b>			
Investment income received	241	1,642	2,753
Deposit and similar interest received	4	—	—
Investment management fees paid	(453)	(404)	(702)
Secretarial fees paid	(99)	(80)	(134)
Other cash payments	(88)	(117)	(202)
<b>Net cash (outflow)/inflow from operating activities and returns on investment</b>	<b>(395)</b>	<b>1,041</b>	<b>1,715</b>
<b>Returns on investment and servicing of finance</b>			
Purchase of investments	(7,700)	(7)	(333)
Net proceeds on sale of investments	1,403	411	410
<b>Net capital (outflow)/inflow from financial investment</b>	<b>(6,297)</b>	<b>404</b>	<b>77</b>
Equity dividends paid	(1,151)	(959)	(1,918)
<b>Financing</b>			
Proceeds of fund raising	2,809	—	6,050
Expenses of fund raising	(306)	(48)	(415)
	2,503	(48)	5,635
<b>(Decrease)/increase in cash</b>	<b>(5,340)</b>	<b>438</b>	<b>5,509</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash for the period	(5,340)	438	5,509
Net cash at start of period	5,903	394	394
<b>Net cash at end of period</b>	<b>563</b>	<b>832</b>	<b>5,903</b>
<b>Analysis of changes in net cash</b>			
	1 July 2013 £'000	Cash flow £'000	31 December 2013 £'000
Cash and cash equivalents	5,903	(5,340)	563



## Notes to the Unaudited Half-Yearly Financial Report

for the six months ended 31 December 2013

- 1 The Unaudited Half-Yearly results have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 30 June 2013. Unquoted investments have been valued in accordance with IPEVC guidelines. Quoted investments are stated at bid prices in accordance with UK Generally Accepted Accounting Practice.
- 2 These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 31 December 2013 and 31 December 2012 has been neither audited nor reviewed. Statutory accounts in respect of the year to 30 June 2013 have been audited and reported on by the Company's auditor and delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006. No statutory accounts in respect of any period after 30 June 2013 have been reported on by the Company's auditor or delivered to the Registrar of Companies.
- 3 Copies of the Unaudited Half-Yearly Financial Report for the six months ended 31 December 2013 have been sent to shareholders and are available for inspection at the Registered Office of the Company at ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU. Copies of the Unaudited Half-yearly Financial Report for the six months ended 31 December 2013 are also available electronically at [www.foresightgroup.eu](http://www.foresightgroup.eu).

### 4 Net asset value per share

The net asset value per share is based on net assets at the end of the period and the number of shares in issue at that date.

	Ordinary Shares Fund		C Shares Fund	
	Net assets £'000	Number of Shares in Issue	Net assets £'000	Number of Shares in Issue
31 December 2013	42,619	38,366,252	8,330	8,471,012
31 December 2012	39,333	38,366,252	N/A	N/A
30 June 2013	44,372	38,366,252	5,697	5,731,693

### 5 Return per share

The weighted average number of shares for the Ordinary Shares and C Shares funds used to calculate the respective returns are shown in the table below:

	Ordinary Shares Fund Number of Shares	C Shares Fund Number of Shares
Six months ended 31 December 2013	38,366,252	6,828,787
Six months ended 31 December 2012	38,366,252	N/A
Year ended 30 June 2013	38,366,252	5,079,631

# Notes to the Unaudited Half-Yearly Financial Report

for the six months ended 31 December 2013

## 6 Income

	Six months ended 31 December 2013 (unaudited) £'000	Six months ended 31 December 2012 (unaudited) £'000	Year ended 30 June 2013 (audited) £'000
Bank interest	4	—	—
Loan stock interest	604	735	1,368
Dividends received	—	707	1,093
	<b>608</b>	1,442	2,461

## 7 Investments held at fair value through profit or loss

Company	Unquoted & Total £'000
Book cost as at 1 July 2013	34,110
Investment holding gains	9,728
Valuation at 1 July 2013	43,838
Movements in the period:	
Purchases at cost	7,700
Disposal proceeds	(1,403)
Investment holding losses	(541)
<b>Valuation at 31 December 2013</b>	<b>49,594</b>
Book cost at 31 December 2013	40,407
Investment holding gains	9,187
<b>Valuation at 31 December 2013</b>	<b>49,594</b>

Ordinary Shares	Unquoted & Total £'000
Book cost as at 1 July 2013	34,110
Investment holding gains	9,728
Valuation at 1 July 2013	43,838
Movements in the period:	
Disposal proceeds	(1,403)
Investment holding losses	(541)
<b>Valuation at 31 December 2013</b>	<b>41,894</b>
Book cost at 31 December 2013	32,707
Investment holding gains	9,187
<b>Valuation at 31 December 2013</b>	<b>41,894</b>

C Shares	Unquoted & Total £'000
Book cost and value as at 1 July 2013	—
Movements in the period:	
Purchases at cost	7,700
<b>Book cost and value as at 31 December 2013</b>	<b>7,700</b>



## 8 Transactions with the manager

Details of arrangements of the Company with Foresight Group are given in the Annual Report and Accounts for the year ended 30 June 2013, in the Directors' Report and Note 3.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £391,000 in the six months ended 31 December 2013.

Foresight Group also provides administration services to the Company via Foresight Fund Managers Limited, and received fees of £84,000 during the six months ended 31 December 2013. The annual administration 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 for each of the Ordinary and C Share funds).

At the balance sheet date there was £39,000 due to Foresight Group.

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 did not receive any fees of this nature in the six months ended 31 December 2013.

Foresight Group is also a party to the performance incentive agreement described in Note 13 of the Annual Report and Accounts for the year ended 30 June 2013.



# Shareholder Information

## Dividends

Dividends are ordinarily paid to shareholders in April and 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 back cover for details).

## Share price

The Company's Ordinary and C 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.

## Investor Centre

Investors are able to manage their shareholding online using Computershare's secure website — [www.investorcentre.co.uk](http://www.investorcentre.co.uk) — to undertake the following:

- **Holding Enquiry** — view balances, values, history, payments and reinvestments.
- **Payments Enquiry** — view your dividends and other payment types.
- **Address Change** — change your registered address (communications with shareholders are mailed to the registered address held on the share register).
- **Bank Details Update** — choose to receive your dividend payments directly into your bank account instead of by cheque.
- **Outstanding Payments** — reissue payments using our online replacement service.
- **Downloadable Forms** — including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Shareholders just require their Shareholder Reference Number (SRN) to access any of these features. The SRN can be found on communications previously received from Computershare.

## Trading shares

The Company's Ordinary and C 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 market maker for Foresight Solar VCT plc is Panmure Gordon & Co.

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.

Foresight Group has been made aware that some of its shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to purchase their VCT shares at an inflated price. These 'brokers' can be very persistent and extremely persuasive and shareholders are advised to be wary of any unsolicited approaches. Details of any share dealing facilities that are endorsed by Foresight Group are included on this page.

## Indicative financial calendar

October 2014	Announcement of annual results for the year ended 30 June 2014
October 2014	Posting of the Annual Report and Accounts for the year ended 30 June 2014
December 2014	Annual General Meeting
February 2015	Announcement of interim results for the six months ended 31 December 2014

## 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

Please contact Foresight Group, for any queries regarding Foresight Solar VCT plc:

Telephone:	01732 471800
Fax:	01732 471810
e-mail:	<a href="mailto:info@foresightgroup.eu">info@foresightgroup.eu</a>
website:	<a href="http://www.foresightgroup.eu">www.foresightgroup.eu</a>

Foresight Solar VCT plc is managed by Foresight Group CI Limited which is licensed by 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.

 **Foresight Solar VCT plc**  
ECA Court  
24-26 South Park  
Sevenoaks  
Kent  
TN13 1DU



## Corporate Information

### **Directors**

David Hurst-Brown (Chairman)  
Mike Liston  
Tim Dowlen

### **Investment Manager & Administration providers**

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

### **Company Secretary**

Foresight Fund Managers Limited  
ECA Court  
24-26 South Park  
Sevenoaks  
Kent  
TN13 1DU

### **Registered Office**

Foresight Group  
ECA Court  
24-26 South Park  
Sevenoaks  
Kent  
TN13 1DU

### **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