



Annual Report and Accounts
31 December 2012



Foresight VCT

Objective

Ordinary Shares

The investment objective of the Ordinary Shares fund is to provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the United Kingdom.

Planned Exit Shares

The investment objective of the Planned Exit Shares fund is 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 the Planned Exit Shares fund is to distribute a minimum of 110p per share through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the original offer.

Infrastructure Shares

The investment objective of the Infrastructure Shares fund is to invest in companies which own and operate essential assets and services which enjoy long-term contracts with strong counterparties or government concessions. To ensure VCT qualification, Foresight Group will focus on companies where the provision of services is the primary activity and which generate long-term contractual revenues, thereby facilitating the payment of regular predictable dividends to investors.

VCT Tax Benefit for Shareholders beyond 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 from 6 April 2006 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.



For further information go to
www.foresightgroup.eu

Venture Capital Trust Status

Foresight VCT has been granted approval as a venture Capital Trust (VCT) under S274-S280A of the Income Tax Act 2007 for the year ended 31 December 2011 and the next complete review will be carried out for the year ended 31 December 2012. It is intended that the business of the Company be carried on so as to maintain its VCT status.

Financial Highlights

- Net asset value per Ordinary Share decreased by 4.1% for the year ended 31 December 2012 to 111.3p compared to 123.9p as at 31 December 2011, after adjusting for the interim dividend of 7.5p per share paid on 23 March 2012.
- Net asset value per Planned Exit Shares increased by 13.6% for the year ended 31 December 2012 to 100.0p compared to 92.4p as at 31 December 2011, after adjusting for the interim dividend of 5.0p per share paid on 31 August 2012.
- Net asset value per Infrastructure Share as at 31 December 2012 was 94.6p compared to 94.5p at launch.

Ordinary Shares Fund

- Interim dividend of 5.0p per Ordinary Share to be paid on 14 June 2013.
- Realisation proceeds and loan repayments totalling £7,469,282 were received from seven portfolio companies by the Ordinary Shares fund.
- The Ordinary Shares fund provided follow-on funding totalling £3,537,147 for ten portfolio companies and invested £6,980,181 in six new companies.

Planned Exit Shares Fund

- The Planned Exit Shares fund provided follow-on funding totalling £295,835 for four portfolio companies and invested £690,000 in one new company.
- Loan repayments were received by the Planned Exits Share fund totalling £625,000.
- An interim dividend of 5.0p per Planned Exit Share was paid on 31 August 2012.

Infrastructure Shares Fund

- Two investments were made by the Infrastructure Shares fund totalling £2,087,750.

“Foresight VCT plc was founded in 1997 and is still the best performing VCT since launch. The Company offers three different types of investment to shareholders via the Ordinary, Planned Exit and Infrastructure Share portfolios and currently has assets of circa £52m.”

John Gregory Chairman

Contents

Meet the Board	2
Highlights	3
Chairman's Statement	4
Investment Manager's Report	6
Investment Summary	13
Directors' Report	22
Directors' Remuneration Report	30
Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements	32
Unaudited Non-Statutory Analysis between the Ordinary Shares, Planned Exit Shares and Infrastructure Shares Funds	33
Independent Auditor's Report	35
Income Statement	36
Reconciliation of Movements in Shareholders' Funds	37
Balance Sheet	38
Cash Flow Statement	39
Notes to the Accounts	40
Shareholder Information	57
Notice of Annual General Meeting	58
Notice of Separate Meeting of Ordinary Shareholders	61
Notice of Separate Meeting of Planned Exit Shareholders	63
Notice of Separate Meeting of Infrastructure Shareholders	65



Meet the Board

“The differing career backgrounds and experience of the Directors is designed to bring a complementary balance of skills, knowledge and wisdom to the management of the Company’s affairs.”

John Gregory Chairman

John Gregory (64)

Chairman

John Gregory is a chartered accountant with a broad experience of banking, corporate finance and fund management; he was an executive director of Noble Fund Managers Limited until 2004. Currently, he is senior independent non-executive director of Sphere Medical Holding plc, an AIM listed medical devices company, non-executive Chairman of Social Impact VCT plc and a non-executive director or Chairman of a number of private companies. His earlier career was in the City of London and included posts as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited.

Gordon James Humphries (51)

Director

Gordon Humphries qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has over 25 years’ experience. He is currently head of investment companies at Standard Life Investments and before that he was deputy head of investment trusts at F&C Asset Management plc. Gordon is a non-executive director of Maven Income and Growth VCT 5 plc.

Peter Frederick Dicks (70)

Director

Peter Dicks was a founder director of Abingworth plc a successful venture capital company in 1973. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is chairman, Polar Capital Technology Trust plc and Graphite Enterprise Trust plc. In addition, he has been a director of Foresight VCT plc and Foresight 2 VCT plc since their launch in 1997 and 2004 respectively and is a director of Foresight 3 VCT plc and Foresight 4 VCT plc. He is also chairman of Unicorn AIM VCT plc.

Highlights

Performance Summary	31 December 2012			31 December 2011		
	Ordinary Shares	Planned Exit Shares	Infrastructure Exit Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Exit Shares
Capital Values						
Net asset value per share	111.3p	100.0p	94.6p	123.9p	92.4p	N/A
Net assets	£30,411,00	£6,144,000	£15,754,000	£34,617,000	£5,713,000	N/A
Revenue and Dividend						
Revenue return per share	0.3p	3.4p	(0.2)p	(0.1)p	1.4p	N/A
Total dividends paid	7.5p	5.0p	—	5.0p	3.0p	N/A

Performance Statistics

Net asset value per share	111.3p	100.0p	94.6p	123.9p	92.4p	N/A
Net asset value total return per share (since launch)	216.6p	108.0p	94.6p	218.5p	95.4p	N/A
Share price	103.5p	84.4p	100.0p	111.5p	91.5p	N/A
Share price total return per share (since launch)	213.6p	92.4p	100.0p	213.8p	94.5p	N/A

Dividend History

Ordinary Shares:	Dividend per share	Dividend per share (rebased)†
23 March 2012	7.5p	2.9p
17 June 2011	5.0p	1.9p
29 May 2009	1.0p	0.7p
7 March 2008	5.0p	3.4p
26 May 2006	0.5p	0.5p
5 July 2004	52.0p	52.0p
22 September 2003	8.0p	8.0p
30 June 2003	0.5p	0.5p
8 May 2000	100.0p	100.0p
6 August 1999	1.0p	1.0p
29 January 1999	3.2p	3.2p
Planned Exit Shares:		
31 August 2012	5.0p	5.0p
17 June 2011	3.0p	3.0p

† Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986; and rebased in January 2007 due to merger of Ordinary and C Share portfolios at a ratio of 0.688075647795 new Ordinary Shares for every 1 Ordinary Share held.

In addition to the details above, original holders of "C" Shares which became Ordinary Shares in January 2007 have received total dividends (rebased) of 23.7p per share.

Chairman's Statement

“Over the medium term we are optimistic that further realisations at attractive prices can be achieved and that this will facilitate distributions to shareholders. These realisations are likely to be achieved through mergers and acquisitions as many large companies have significant cash resources available to them.”

John Gregory Chairman

Performance and Dividends

I am pleased to be able to report generally sound progress in the development of our investment portfolios, with the Ordinary Shares fund benefiting from several profitable realisations but being negatively impacted by write-downs in its environmental investments and one investment in particular.

At 31 December 2012, the Company had three classes of shares (Ordinary Shares, Planned Exit Shares and Infrastructure Shares) and each class of shares has its own portfolio of investments, the performances of which are more fully described in the Investment Manager's Report.

Ordinary Shares

The continued strong performance in the private equity portfolio of the Ordinary Shares fund was off set by a significant write-down on Withion Power. As a result the net asset value decreased by 4.1% to 111.3p per share after adjusting for the 7.5p per share interim dividend. The Ordinary Share portfolio benefited from the strong performances of Autologic Diagnostics Group, Aquasium and Alaric, all of which saw increases in valuation or improved trading during the year, and from significant realisations, Autologic Diagnostics realising £2.19 million in January 2012 and including half of the investment in Infrared Integrated Systems Limited from which £0.6 million was realised in July 2012. The valuation of Trilogy fell as a result of lower sector multiples in the defence and communications sectors as well as some deferrals of orders, particularly in the US defence market in the second half of the year as Congress debated the 'fiscal cliff' and further spending cuts. Amongst other valuation adjustments, an additional provision was made in the case of Abacuswood. Overall, valuation decreases outweighed portfolio gains. However, despite these setbacks, Foresight Group (the 'Manager' comprising Foresight Group CI Limited and its subsidiaries) remains positive about the prospects for this portfolio.

Notwithstanding these predominantly positive signs, significant macroeconomic uncertainties remain, while trading and credit conditions continue to be difficult in many sectors of the economy. Against this background the Board and Foresight Group continues to believe it important to adopt a cautious approach to managing the portfolio.

Planned Exit Shares

The Planned Exit Shares fund is effectively fully invested, although realisations and loan repayments may be reinvested in new

opportunities as they occur, in a range of established businesses on terms which the Manager believes will meet the fund's ultimate yield and capital return objectives. Based on evidence to date the Manager remains confident about the prospects for the Planned Exit portfolio. The net asset value of the Planned Exit Shares increased after adjusting for the 5.0p dividend paid in the year, by 13.6% to 100.0p per share principally as a result of an increase in the value of Industrial Engineering Plastics.

Infrastructure Shares

The infrastructure Shares fund made 13 investments during the year under review in acquisition vehicles preparing to trade and made two trading investments during the year. The first secondary PFI market investment, made in October, was the Drumglass High School PFI contract in Dungannon, Northern Ireland. The investment cost was £1.8m and the PFI contract has 13 years remaining. The second investment was completed on 20 December 2012 with the acquisition of a 12.5% share in the Stirling Schools PFI Project for £2.2m. The contract has been operational for two years and has 26.5 years remaining.

Two further investments were completed in the first two weeks of 2013 which involved the acquisition of a 25% stake in each of the Sandwell Schools PFI Project and the Staffordshire Schools PFI Project, both of which are located in the West Midlands with an aggregate investment value of £3.4m. Four investments in the PFI healthcare sector were completed in March 2013 comprising three acute hospitals and one forensic psychiatry unit with an aggregate investment value of £11.5m. Across the eight investments, the fund now has 13 individual school buildings, three hospitals and a forensic psychiatry unit under management.

Although the rate of investment to date is behind original expectations, Foresight Group expects to have fully invested the fund within the next six months and negotiations are currently well advanced to acquire interests in further PFI contracts and investments in the wider infrastructure sector.

Dividends

The Company's policy is whenever possible to maintain a steady flow of tax-free dividends, generated from income or from capital profits realised on the sale of investments. As a result of the series of recent successful realisations, the Board is pleased to announce an interim dividend of 5.0p per Ordinary Share, which will be paid on 14 June

2013. This dividend will have an ex-date of 29 May 2013 and a record date of 31 May 2013. In addition to underpinning dividends in the future, these realisations have provided the funds required for new investments to replace those that have been sold and the opportunity to generate further value for shareholders.

An interim dividend for the Planned Exit Shares of 5.0p was paid on 31 August 2012.

In line with the dividend policy set out in the original prospectus, a dividend of 5.0p per Infrastructure Share is currently targetted to be paid in July 2014.

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 ISDX Growth Market (formerly PLUS) are valued at the bid price as at 31 December 2012. The portfolio valuations are prepared by Foresight Group and are subject to approval by the Board.

Enhanced Share Buyback

I am pleased to report that the Company's 2012 enhanced buyback scheme proved to be popular with shareholders with 2,830,963 Ordinary Shares being tendered at 117.49p per share. As a result of this transaction, 2,748,723 new Ordinary Shares were issued at 121.20p per share.

Other Share Issues and Share Buybacks

Alongside the enhanced buyback, the Company announced a top-up offer of Ordinary Shares. During April and August 2012, 222,522 Ordinary Shares were issued at prices ranging from 121.20p to 127.10p per share.

On 30 March 2012, 70,844 Ordinary Shares were allotted under the Company's Dividend Reinvestment Scheme at 117.46p per share.

On 7 October 2011, the Company launched a joint offer with Foresight 2 VCT plc to raise some £30 million through the issue of Infrastructure Shares, a new share class. Between 1 January 2012 and 18 July 2012, when the offer closed fully subscribed, 16,647,858 Infrastructure Shares were allotted at 100.00p per share.

All of these share issues were under the VCT provisions which commenced on 6 April 2006, namely: 30% upfront income tax relief which can be retained by qualifying investors if the shares are held for the minimum five year holding period.

During the period, as part of the Company's continuing buyback programme, 827,338 Ordinary Shares were purchased for cancellation at a cost of £884,359 and 37,020 Planned Exit Shares for cancellation at a cost of £31,097.

Investment Manager Novation

On 18 June 2012, the Board approved the novation of the investment management contract from Foresight Group LLP to Foresight Group CI Limited, another Foresight Group company. The novation does not affect the services provided to the company or the terms, conditions or costs of those services.

Annual General Meeting

The Company's Annual General Meeting will take place on 28 May 2013. I look forward to welcoming you to the meeting, which will be held in London.

Outlook

The Board remains cautious about the economic outlook in general. Our first priority is to support the existing portfolio so as to optimise the possibility of realising gains on the disposal of soundly based investments. Over the medium term we are optimistic that further realisations at attractive prices can be achieved and that this will facilitate distributions to shareholders. These realisations are likely to be achieved through mergers and acquisitions as many large companies have significant cash resources available to them. However many are waiting for improved economic conditions before committing these funds to growth or acquisition strategies. Your Manager believes that this has resulted in the Company's holding period for its portfolio companies being longer than originally anticipated, but we expect this to change as economic conditions improve.

John Gregory

Chairman
Telephone: 01296 682751
Email: j.greg@btconnect.com
29 April 2013

Investment Manager's Report

Share Class	% NAV Change to 31		NAV	Status
	Dec 2012	Dividend		
Ordinary Shares	-4.1	7.5p	111.3p	Fully invested
Planned Exit Shares	13.6	5.0p	100.0p	Fully invested
Infrastructure Shares	—	—	94.6p	In deployment phase

Manager's Commentary

The mixed trading conditions experienced in 2012 are expected to continue for the foreseeable future and there remains a significant risk of further macroeconomic stagnation, particularly in Europe where weakness in demand persists across the consumer, manufacturing and construction sectors. We continue to manage the various portfolio investments to ensure that their business models remain responsive to the persistence of these poor conditions and that costs are challenged in the interest of organisational efficiency.

Markets have displayed considerable volatility and uncertainty during the year, with a consequent impact on the valuations of several of the portfolio companies. Lower multiples are applied to earnings despite reasonably good performances. With the exception of the Infrastructure Share class which continues to make its early investments, our focus is upon the achievement of profitable realisations from existing portfolio companies.

Annual Portfolio Review: Ordinary Shares

The Ordinary Shares fund benefited from profitable realisations during the year but was negatively impacted by provisions made against certain environmental investments.

The performances of a number of portfolio companies continued to improve during the year, reflecting growing demand and strong sales pipelines, most notably Alaric Systems, Autologic Diagnostics, Aquasium, DCG Group, Infrared Integrated Systems and Closed Loop Recycling. Others experienced more difficult trading conditions, being affected to varying degrees by recession induced factors, including Trilogy Communications, i-plas, Silvigen and Withion. These mixed trading conditions are likely to continue for the foreseeable future, putting greater emphasis on robust business models and quality of management.

1. Follow-on funding

Company	£
Abacuswood Limited	300,265
alwaysON Limited	150,150
AtFutsal Group Limited	98,173
Autologic Diagnostics Holdings Limited	1,486,358
Closed Loop Recycling Limited	230,069
DCG Group Limited	20,129
i-plas Group Limited	123,334
Silvigen Limited	66,669
Trilogy Communications Limited	32,000
Withion Power Limited	1,030,000
Total	3,537,147

2. New investments

Company	£
Biofortuna Limited	312,531
Blackstar Amplification Holdings Limited	2,500,000
Flowrite Refrigeration Holdings Limited	492,500
Wholesale Efficiency II Limited	1,000,000
Leisure Efficiency II Limited	675,150
Leisure Efficiency III Limited	2,000,000
Total	6,980,181

3. Realisations

- The sale of Ebtec, a subsidiary of Aquasium (£2,187,278).
- The partial sale of the investments in Autologic Diagnostics (£3,578,535), Camwood (£473,316) and Infrared Integrated Systems (£621,311).
- Loan repayments and redemption premiums were received from Alaric Systems (£194,794) and a loan repayment from Withion Power (£100,000) while £47,439 was recovered from i-plas Group.
- A redemption premium was received from AppDNA (£196,800) and a distribution was received from Oxonica (£69,809).

4. Provisions to a level below cost in the year

Company	£
Abacuswood Limited	278,890
AtFutsal Group Limited	116,833
i-plas Group Limited	341,076
Silvigen Limited	422,217
Withion Power Limited	4,411,960
Total	5,570,976

5. Performance Summary

Notwithstanding four successful realisations during 2012, the net asset value of the Ordinary Shares fund was held back by the significant provisions made against the investments in Withion Power, Silvigen and i-plas, all environmental investments. Despite the uncertain economic conditions, underlying trading at several of the portfolio companies has been relatively strong, as evidenced by the performances of Alaric Systems, Aquasium, Autologic Diagnostics and DCG Group while initial indications at the three most recent investments, namely Biofortuna, Blackstar and Flowrite, look promising. Other businesses operating solely in UK markets have experienced relatively difficult trading conditions, except where the companies have particular competitive advantages. Following the recent completion of a £12.8 million funding round to double its capacity, Closed Loop Recycling is now well placed to demonstrate its potential.

Although these mixed conditions are expected to continue during 2013 and beyond, we are cautiously optimistic about the current prospects and outlook for several portfolio companies, which continue to display strong order books and revenue and profit growth. The M & A market continues to be active which augurs well for further possible realisations during 2013. However, macro economic fundamentals remain challenging with considerable uncertainties and so we are planning for a prolonged period of sluggish growth. Foresight is now actively pursuing new investment opportunities but is adopting a cautious approach in the light of current trading conditions. The Board and Manager have agreed that, within the existing investment policy, greater emphasis should, for the foreseeable future, be placed on private equity investments and less emphasis on environmental infrastructure investments.

Annual Portfolio Review: Planned Exit Shares

The performance of the Planned Exit Shares fund during the year was affected by both positive and negative factors, the former outweighing the latter resulting in the net asset value per Planned Exit Share increasing by 13.6% to 100.0p per share during the year. Several follow on investments were made during the year, most notably to fund the growth strategy of Channel Safety and to purchase additional shares in DCG Group and Industrial Engineering Plastics, all of which continue to trade well. Provisions were made against the investments in Closed Loop Recycling and i-plas. Where provisions have been made against the value of underlying investments, we have also provided against the income due from such investments.

1. Follow-on funding

Company	£
Channel Safety Systems Limited	125,000
DCG Group Limited	2,835
Industrial Engineering Plastics Limited	75,000
Trilogy Communications Limited	93,000
Total	295,835

2. New investments

- One new investment was made in the year. As part of a £1.4 million funding round in January 2012, the Planned Exit Shares fund invested £690,000 in Leisure Efficiency Limited.

3. Realisations

- Portchester Equity repaid £125,000 to the Planned Exit Shares fund in February 2012, with the remaining £500,000 of loans being repaid in August 2012.

4. Provisions to a level below cost in the year

Company	£
Closed Loop Recycling Limited	44,729
i-plas Group Limited	262,015
Total	306,744

Investment Manager's Report continued

5. Performance Summary

The Planned Exit Shares fund is now fully invested in a range of established businesses on attractive terms. We are cautiously optimistic about the current prospects and outlook for most of the portfolio companies, which continue to display good revenue and profit growth notwithstanding the uncertain economic climate. Although provisions had to be made against the investments in i-plas Group and Closed Loop Recycling, this was more than made up by increases in the valuations of Channel Safety and Industrial Engineering Plastics. Their performance, combined with encouraging prospects at DCG Group, Leisure Efficiency and Closed Loop Recycling following the recent raising of £12.8 million of loans to double its capacity, give comfort that the Planned Exit Shares fund's yield and capital return objectives can be met on the planned exit timetable. However, macro economic fundamentals remain challenging with considerable uncertainties and so we are planning for a prolonged period of sluggish growth. Foresight is actively monitoring the performance and likely returns from each investment to ensure that sufficient interest and cash are generated to meet the fund investors' running yield expectations and capital repayment profile.

Annual Portfolio Review: Infrastructure Shares Fund

By the closing date of 18 July 2012, a total of £33,295,716 had been raised for the Infrastructure Shares fund jointly with Foresight 2 VCT's Infrastructure Shares fund (i.e. c. £16.6m for each fund). The strategy of both funds is to invest in infrastructure assets on a *pari passu* basis in the secondary PFI, energy efficiency and onsite power generation markets.

The two funds have acquired shareholdings in eight operating PFI companies, comprising four in the education sector and four in the health sector. Across the eight investments in the portfolio, the Infrastructure Shares fund manages 13 individual schools, three acute hospitals and one forensic psychiatry unit. In terms of geographic diversification, four of the investments are located in Scotland, three in England and one in Northern Ireland. All of the projects are contracted under UK PFI standard form and the counterparties are various Local Authorities and NHS Trusts. All of the investments have strong operating records and have remaining contract terms ranging from 13 to 28 years. All also have project finance debt in place with interest rate hedging contracts for the duration of the concession removing any refinancing or interest rate risks. All of the companies have long term facilities management subcontracts in place which pass all operational risks through to blue chip companies that are well established in the UK PFI market.

Strong progress has been made towards investing the majority of the Infrastructure Shares fund in secondary PFI investments with 60% invested to date, although the proportion of VCT qualifying investments and yield profile are below the levels targeted. Secondary PFI yields have fallen significantly during the last 12 months owing to increased competition from four new PFI infrastructure funds and various tap issues from established funds, driven by increasing investor appetite

for PFI investments. Foresight has experienced first hand these falling yields when the Infrastructure Shares fund has been out-bid during competitive bidding processes. Although the yield profile of the current PFI investments is lower than planned, Foresight expects to invest the balance of the fund to generate superior yields in order to compensate for this.

Although advance VCT clearances have been received from HMRC in respect of four of the portfolio investments, only one has been executed as a VCT qualifying investment because the co-shareholders in three of those companies would not cooperate in entering into a VCT qualifying structure. The funds raised via the Infrastructure Share class will fall within the Company's qualifying holdings test from December 2014 and the intention is to increase the VCT qualifying proportion of the Infrastructure Share class to approximately 70% by this date. Prior to this date, non-qualifying assets will either be restructured as qualifying holdings where possible or alternatively replaced with VCT qualifying shareholdings which may be in secondary PFI, operational solar power plants or investments in the wider infrastructure sector in accordance with the investment policy.

Portfolio Outlook

Although the rate of investment to date is behind our original expectations, Foresight Group expects to have fully invested the fund within the next six months and negotiations are currently well advanced on a number of investments in the solar infrastructure sector. Due to the more challenging conditions in the secondary PFI market, there is an increasing probability that, in line with the investment policy set out in the original prospectus, the balance of the fund will be invested in attractive solar infrastructure opportunities. Solar investments exhibit an infrastructure-like risk and return profile, are likely to achieve VCT qualifying trade status with HMRC and also offer diversification and yield benefits to the portfolio.

Reflecting progress being made in generating yield from these investments, a dividend of 5.0p per Infrastructure share is currently targetted to be paid in July 2014 in line with the dividend policy set out in the original prospectus. Shareholders will be updated further in due course.

Portfolio Company Highlights

Following the demerger of the business on 1 January 2012 referred to in the last Annual Report, **Abacuswood** (formerly Land Energy) made progress during the year. The company aims to be the market leading waste wood pellet supplier in the UK to both the developing energy fuel market and the established animal bedding market. In the year to 31 December 2012, the Bridgend plant produced some 20,000 tonnes of pellets of which 70% was sold as animal bedding and 30% as fuel to biomass boiler schemes in the UK, enabling the average selling price per tonne to be increased. Demand continues to exceed supply for the plant's wood pellets and a further £300,265 was invested by the Ordinary Shares fund to finance capital expenditure and working capital. Upgrades have been made to the Bridgend plant

to increase capacity to 28,000 tonnes per annum (prior to a planned further upgrade to 50,000 tonnes per annum), enabling the customer base to be broadened and in anticipation of the expected growth in the energy market following the introduction of the Government backed Renewable Heat Incentive. New contracts have been signed with animal bedding customers for 16,000 tonnes as well as contracts for the supply of waste wood which will guarantee raw material prices for 60% of purchases over the next three years. Small contracts to supply pellets into boilers in schools and other commercial premises have been signed recently, with larger contracts currently under negotiation.

The new management team, led by Julian Tranter, an experienced CEO, plans to double plant capacity at Bridgend and ultimately expand into the growing distributed energy supply markets by establishing ESCos (Energy Supply Companies), many of which are already supplied. The first phase of this expansion is proposed to be funded by raising £5.5 million from new third party investors. Reflecting the terms of the demerger and delays in fund raising, a provision of £287,890 has been made against the original cost of investment. **Held in the Ordinary Shares fund.**

Alaric Systems, which develops and sells credit card authorisation and credit card anti fraud software to major financial institutions and retailers worldwide, performed particularly strongly in the year to 31 March 2013, generating an estimated profit before interest and tax of £2.1 million on sales of £10.4 million, significantly ahead of the previous year (PBIT of £1.5 million on sales of £8.7 million). A number of significant orders have been won recently which support achievement of the demanding budget for the current year. Capacity to satisfy these orders and further develop the product range is being met through continuing expansion of offices in Kuala Lumpur, Rome, Budapest and also London. In May and September 2012, reflecting strong cash generation, Alaric paid a total of £148,845 to the Company, comprising interest (£10,937), redemption premium (£68,954) and repayment of loan principal (£68,954). The strong performance resulted in an increase in Alaric's valuation of £3.16 million. **Held in the Ordinary Shares fund.**

In May 2012, as part of a phased £750,000 funding round, a further £150,150 was invested to fund **alwaysON's** working capital requirements. Following a change of management, the turnround of this VPN/VOIP service provider has continued to gather pace, such that for the year to 30 June 2012, the company achieved a breakeven operating profit on sales of £2.7 million. A recently awarded significant contract extension with a major customer and a growing sales pipeline are expected to underpin future profitability. **Held in the Ordinary Shares fund.**

Trading during the year at both subsidiaries of **Aquasium Technology**, namely **CVE** and **Ebtec**, exceeded budgeted revenues and operating profits with continuing demand for **CVE's** smaller electron welding machines. In June 2012, the Massachusetts based subsidiary, **Ebtec Corporation**, was successfully sold to NASDAQ listed **EDAC**

Technologies Corporation for approximately \$11 million in cash and stock, generating a 2.5 times return on original cost. **Ebtec** is an engineering services company providing high energy beam precision electron welding, cutting and drilling services to diverse industry sectors including the aerospace, power and medical sectors. Having invested a total of £1.93 million in **Aquasium** since 2001, the Company received £3,036,059 from the sale of **Ebtec**, comprising an initial £2,613,294 in cash (including interest of £426,016) on completion plus a further deferred payment during 2012 of £196,840, with up to a further £233,587 held in escrow receivable over the next 10 months. The Company still holds 33% of **Aquasium's** equity and £666,667 of loans. The strong performance of **CVE** resulted in an increase in **Aquasium's** valuation of £1,758,215. **Held in the Ordinary Shares fund.**

AtFutsal Group provides facilities for futsal, a fast growing type of indoor football with 30 million participants worldwide and the only type of indoor football recognised by the Football Association. The Swindon arena is generating cash while sales have built up steadily at the flagship super arena in Birmingham. Educational activities are increasingly important with some 750 students now taking sports related courses within **AtFutsal's** arenas and a number of partnerships established with educational establishments, football clubs and training organisations. This number is lower than budgeted although some 2,000 students are planned to be recruited for the forthcoming academic year starting in September 2013. The small, sub optimal Cardiff arena was closed down in June as a result of continuing small losses and a change in educational funding in Wales from September 2012. To help create national coverage, a further super arena was opened in Leeds in August 2012 funded with £762,500 from **Foresight VCTs**, including £98,173 from the Company. Sales growth is behind original expectations with UK consumer spending under pressure, and progress towards profitability has been impacted. As a result, **AtFutsal** is now trading at near cash break even. A provision of £116,833 has accordingly been made against the cost of investment. **Held in the Ordinary Shares fund.**

Approximately 50% of the investment in **Autologic Diagnostics** was successfully sold in January 2012 in a £48 million secondary management buy-out funded by **ISIS Equity Partners**. The sale generated cash proceeds of £2.187 million for the Ordinary Shares fund (nearly 2.7 times original cost of £0.8 million). The Ordinary Shares fund has retained an ongoing investment of £1.486 million in a combination of equity and loan stock in the new buy-out company. In the year ended 31 December 2012, an operating profit of £5.9 million is estimated on sales of £17.2 million (£5.2 million on sales of £12.2 million in 2011). **Autologic** is continuing to grow sales and profits further, particularly in the USA. **Held in the Ordinary Shares fund.**

Biofortuna, a molecular diagnostics business based in the Wirral, has developed unique expertise in the important area of enzyme stabilisation, effectively hi-tech freeze drying. Its first range of products, **SSPGo**, is a series of genetic compatibility tests for organ transplant recipients, although the application of the technology is extremely

Investment Manager's Report continued

broad. Because of the company's stabilisation and freeze-drying technology, its products can be transported easily (in the post if needed) and stored at room temperature for up to two years. The company is making progress in a number of areas, including an expansion into adjacent premises, improving manufacturing and internal processes and with FDA trials for its SSPGo product range, needed to make sales in the USA, starting in 2013. The SSPGo product range continues to see repeat orders from Abbott. The freeze-dried kit manufacturing service shows promise, with contract discussions with a number of parties. **Held in the Ordinary Shares fund.**

In July 2012, the Ordinary Shares fund invested £2.5 million in

Blackstar Amplification Holdings alongside £1 million from Foresight 4 VCT to finance a management buy-out of and provide growth capital to Blackstar Amplification Limited. The company was founded in 2004 by four senior members of the new product development team at Marshall Amplification to design and manufacture a range of innovative guitar amplifiers. Following commercial launch in 2007, sales grew rapidly, reflecting new product launches and entry into new markets, and a global brand was soon established. As a result of supply chain issues in 2011/12, UK and international demand could not be met fully and so terms were agreed with new suppliers to facilitate dual sourcing. Based in Northampton, the company is forecasting strong sales growth driven by new product launches (such as the ID: Series, a new entry level digital amplifier) and increased penetration in key markets, most notably the US. Turnover since July has grown substantially in line with budget. **Held in the Ordinary Shares fund.**

Foresight first invested in **Camwood**, an IT consulting company providing application portfolio management services to large enterprises, in October 2003, ultimately investing a total of £1.54 million in loans and equity on behalf of the Foresight VCT plc (who's share was £514,090) and another Foresight managed fund. During 2008, the Camwood software IP and development staff were hived down into a subsidiary, App-DNA, which was subsequently sold to Citrix Systems Inc in October 2011 for \$92 million. As referred to in the last Annual Accounts, the sale of App-DNA generated a return for the Company of £7.5 million (with up to a further £0.9 million held in escrow), some 32 times original cost. The Company's residual investment in Camwood (original cost £90,378 after recent loan repayments) was sold in April 2012 to the senior management team for £473,316, generating a 5.2 times return. **Sold.**

In December 2010, the Planned Exit Shares fund provided £565,000 to partially fund a management buy-in of long established Petersfield based **Channel Safety Systems** which designs and distributes fire safety systems and emergency lighting, as well as providing associated services. Having traded profitably through the recession, the company achieved an operating profit of over £420,000 on sales of £8.3 million for the year to 31 October 2012 (£246,000 operating profit on sales of £7.8 million for the previous year). The management team is implementing a growth strategy, including introducing new products

such as energy efficient LED emergency lighting, a domestic fire detection range and is combining this with a more effective marketing programme. In September 2012, as part of a £300,000 round to fund this growth strategy, a further £125,000 was invested by the Planned Exit Shares fund. Reflecting good trading results, the valuation of the investment was increased during the year by £228,882. **Held in the Planned Exit Shares fund.**

Closed Loop Recycling continued to make solid operational, commercial and revenue progress during the year, with production rates at record levels and significantly improved plant reliability, generating revenues in excess of £1.4 million per month. The company cannot meet customer demand for its recycled PET and HDPE. In March 2012, the Company advanced a short-term loan of £230,069 to meet working capital requirements. In the fourth quarter of 2012, the company signed a number of landmark agreements, including a major new supply contract and new customer contracts worth £17 million per annum as well as securing £12.8 million of loan finance (including £6 million from the Foresight Environmental Fund) to double capacity and turnover at the Dagenham factory to satisfy the new contracts. This capacity expansion will take a year to complete but, once commissioned, is forecast to result in substantial profits being generated. Notwithstanding the above solid trading and expansion plans, a provision of 10% (£175,640) has been made against the original cost of the investment to reflect the introduction of an executive share option scheme. Principally because of the weight of prior ranking capital provided by the Foresight funds, the recently enlarged management team had no realistic equity incentive, a situation which was not considered to be in the best, longer term interests of all shareholders. To address this, a capital reorganisation was effected to facilitate the introduction of such an incentive scheme, which is in line with normal market practice but necessitates making such a provision. **Held in the Ordinary Shares and Planned Exit Shares fund.**

DCG Group designs, sources, implements and maintains data storage solutions for companies and provides them as a managed service. Managed service contracts typically run for an initial term of three years and the company has a high level of customer retention. The £750,000 initial investment from the Planned Exit Shares fund was used to re-finance existing loans and to provide additional working capital to enable the company to continue the growth of its managed services. For the year to 31 March 2012, an operating profit of £486,000 was achieved on sales of £6.7 million and a similar performance is expected to be achieved in the current year. In February 2012, shares representing 1.3% of the equity were acquired from a retiring director for £22,964 (£20,129 by the Ordinary Shares fund and £2,835 by the Planned Exit Shares fund). After the year end, further shares representing 12.8% of the equity were acquired from other departing shareholders in January 2013 for £250,915 (£219,933 by the Ordinary Shares fund and £30,982 by the Planned Exit Shares fund). **Held in the Ordinary Shares and Planned Exit Shares fund.**

In May 2012, the Ordinary Shares fund invested £492,500 in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance the

£3.2 million management buyout of Flowrite Services Limited, a long established Maidstone based company which provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses, such as hotels, clubs, pubs and restaurants. The management team has accelerated sales efforts, already winning a number of significant new customers and contracts, and a number of possible acquisitions are being considered to broaden national coverage. Trading since May has been well ahead of budget. **Held in the Ordinary Shares fund.**

In December 2011 and March 2012, the Planned Exit Shares fund provided a total of £875,000 by way of loans and equity to partially fund a management buy-in at **Industrial Engineering Plastics**. The company is a long established Liphook based plastics distributor and fabricator to a wide range of industries nationally, principally supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic tanks and sheets. For the year ended 30 June 2012, with some 20 employees, the company achieved an adjusted EBITDA of £700,000 on sales of £5.1 million, slightly ahead of the performance in the previous year. A new Chief Executive has recently been recruited to replace the founder. Reflecting the terms of the purchase of additional shares in March 2012 from the retiring Chief Executive and also current trading, the valuation of the investment has been increased by £717,026 to £1,592,026. **Held in the Planned Exit Shares fund.**

Northampton based **Infrared Integrated Systems**, a market leader in the retail queue monitoring and people counting markets, continued to grow strongly and profitably, implementing a significant contract in the US to provide its queue monitoring solution across the estate of a major supermarket group. The company was trading at record levels, with a strong pipeline of large potential customers undergoing product trials and was strongly cash generative. Following a competitive sale process, a large US corporation made an attractive takeover offer in June 2012. The Company sold its investment for up to £901,878, of which £621,311 was paid at completion and up to a further £280,567 is receivable over the following two years and is held either in escrow or subject to future performance criteria being met, giving a 2.5 to 3.6 times return on the original cost of investment of £250,005. **Sold.**

Following a cost-cutting programme, a management reorganisation and price rises for its recycled plastic products in late 2011, **i-plas Group's** trading improved in Spring 2012, break even EBITDA effectively being achieved in April 2012. To fund working capital requirements, the Company advanced short-term loans totalling £123,334 in May and June. However, during the Summer, the company then experienced a marked fall in demand from its customers in the construction industries and also significant margin pressure, resulting in growing losses. With little prospect of a sustained recovery in its markets, the decision was reluctantly made not to provide further funding, and an administrator was appointed in October 2012, necessitating full provisions of £341,076 and £262,015 being made against the cost of investments respectively held by the Ordinary Shares fund and Planned Exit Shares fund. **Held in the Ordinary Shares and Planned Exit Shares fund.**

In January 2012, the Foresight VCT and Foresight 2 VCT Planned Exit Funds each invested £690,000 (i.e. £1.38 million in total) in a new, special purpose company, **Leisure Efficiency Limited**, to purchase and install energy saving equipment at 34 David Lloyd Leisure ("DLL") sites. All the equipment was installed by May 2012. The new company has a fixed life of seven years and will generate a strong yield over that period, after which it will be sold to DLL for a nominal value. Revenues are generated from taking a significant part of the value of the energy savings made by the equipment. The equipment is currently saving energy in excess of original projections and the company has already received several cash payments from DLL. **Held in the Planned Exit Shares fund**

£66,669 was invested in **Silvigen** to fund urgently needed working capital during the year. Reflecting much slower than expected growth in sales and continuing losses, the decision was reluctantly made not to provide further funding, resulting in the company going into administration in September 2012. A full provision of £422,217 was made against the cost of this investment. **Held in the Ordinary Shares fund**

Trilogy Communications achieved strong trading results in the two years to 29 February 2012, following a number of contract wins in the defence sector with partners such as Northrop Grumman and Raytheon. Trading in the current year, however, has been adversely affected by the deferral of certain expected orders under long-term defence contracts, particularly from the US, reflecting uncertainties about reductions in US defence spending. Specified annual reductions in fund spending are now in place (the so called 'Sequester'). These factors have resulted in Trilogy incurring substantial trading losses and requiring major cost reductions, although the broadcast division has continued to trade satisfactorily. There is evidence that these deferred programme orders are recommencing and are expected to continue in 2013 but reflecting these lower sales and losses, the valuation in the Ordinary Shares fund has been reduced by £946,751. As part of a phased £1.5 million funding round in late 2011, the Planned Exit Shares fund invested £93,000 and the Ordinary Shares fund invested £32,000 in January 2012 alongside Foresight 2 VCT Planned Exit fund and Trilogy's management team and other shareholders. **Held in the Ordinary Shares and Planned Exit Shares fund.**

Withion Power successfully built and commissioned a second generation 0.5MW advanced gasification waste wood to energy plant in Derby, being the first of three planned phases to build ultimately a 3MW plant. During 2012, the company invested £998,000 to finance additional capital expenditure and working capital requirements. As operating this small, first phase of the plant alone would be sub-economic, the decision was taken to hibernate the plant until the additional planned finance for the much larger second and third phases could be raised from strategic partners and funders or, alternatively, redevelop the site but this has proved challenging. Reflecting the continuing delay in raising funding for the expansion or pursuing the above mentioned alternative, it was considered prudent to make a provision of 75% (£3,942,373) against the cost of this investment



Investment Manager's Report continued

in the Ordinary Shares fund. No such provision was considered necessary against the cost of investment in the Planned Exit Shares fund (£375,000) as this fund has prior ranking security over certain surplus assets. Under the terms of the merger between the Ordinary Shares fund and the Keydata VCTs in February 2011, additional share consideration would be due to former Keydata shareholders after September 2013 if the value of the merger assets (Withion Power) at 30 September 2013 exceeds their value at the time of the merger. At present, there has been no increase in value and none is currently considered likely by that date. **Held in the Ordinary Shares and Planned Exit Shares fund.**

The two energy efficiency transactions proposed to be completed by **Wholesale Efficiency II** (£1,000,000) and **Leisure Efficiency II** (£675,150) respectively were delayed. Leisure Efficiency III (£2,000,000) was similarly set up in anticipation of an impending energy efficiency transaction for which an application was made to HMRC seeking VCT clearance. However, after much effort, HMRC neither declined nor pre-approved the proposed transaction so the decision was taken not to proceed. Other opportunities are now being pursued from both Foresight's energy efficiency and private equity pipeline. **Held in the Ordinary Shares fund.**

David Hughes

Chief Investment Officer

Foresight Group

29 April 2013

Investment Summary

Ordinary Shares Portfolio

Investment	31 December 2012			31 December 2011	
	Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
Alaric Systems Limited	1,404,418	6,374,892	* Discounted revenue multiple	1,473,372	2,225,040
Blackstar Amplification Holdings Limited	2,500,000	2,500,000	* Cost	—	—
Aquasium Technology Limited	1,000,000	2,318,660	* Discounted earnings multiple	1,930,000	2,776,644
Autologic Diagnostics Group Limited	1,582,872	2,130,439	* Discounted earnings multiple	813,604	3,825,463
Leisure Efficiency III Limited	2,000,000	2,000,000	* Cost	—	—
DCG Group Limited	270,099	1,786,767	* Discounted revenue multiple	249,970	1,928,622
Closed Loop Recycling Limited	1,936,319	1,710,680	* Discounted cash flow	1,706,250	1,656,250
Trilogy Communications Limited	993,715	1,158,000	* Discounted revenue multiple	961,715	2,072,751
Wholesale Efficiency II Limited	1,000,000	1,000,000	* Cost	—	—
Leisure Efficiency II Limited	675,150	675,150	* Cost	—	—
Flowrite Refrigeration Holdings Limited	504,997	504,997	Cost	—	—
Withion Power Limited +	4,881,546	469,586	Cost less impairment	3,951,546	3,951,546
alwaysON Group Limited	555,456	461,008	Discounted revenue multiple	405,306	303,980
Corero Network Security plc	1,903,116	455,544	Bid price	1,903,116	620,241
ANT plc	1,225,600	387,386	Bid price	1,225,600	327,788
iCore Limited	750,000	375,000	Cost less impairment	750,000	375,000
Biofortuna Limited	312,531	312,531	Cost	—	—
Abacuswood Limited	557,781	278,891	Cost less impairment	367,382	367,382
AtFutsal Group Limited	369,161	184,581	Cost less impairment	270,988	203,241
Aigis Blast Protection Limited	860,325	100,442	Discounted revenue multiple	860,325	342,545
Sarantel Group plc	3,134,493	34,550	Bid price	3,134,493	84,471
Docherty Heat and Energy Distributor Limited	9,438	9,438	Cost	9,438	9,438
Silvigen Limited	777,764	—	Nil value	711,094	355,547
i-plas Group Limited	606,257	—	Nil value	530,362	265,181
Oxonica plc	2,804,473	—	Nil value	2,804,473	77,344
DSM GeoData Limited	700,000	—	Nil value	700,000	—
Nanotecture Group plc	1,000,000	—	Nil value	1,000,000	—
SkillsMarket Limited	—	—	Dissolved	1,827,316	—
Infrared Integrated Systems Limited	—	—	Sold	250,005	623,480
Camwood Limited	—	—	Sold	90,378	458,297
	34,315,511	25,228,542		27,926,733	22,850,251

* Top ten investments by value shown on pages 15 to 16

+ The Ordinary Share Fund's investment in Withion Power Limited was invested by Keydata Income VCT 1 plc and Keydata Income VCT 2 plc before they merged with Foresight VCT plc on 28 February 2011. The value of the investment at the date of the merger was £3,960,984.

Investment Summary

Planned Exit Shares Fund

Investment	31 December 2012			31 December 2011	
	Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
Industrial Engineering Plastics Limited	875,000	1,592,026	* Discounted earnings multiple	800,000	800,000
Channel Safety Systems Group Limited	690,000	918,882	* Discounted earnings multiple	565,000	565,000
Data Continuity Group Limited	752,835	820,383	* Discounted revenue multiple	750,000	831,925
Trilogy Communications Limited	558,000	697,500	* Discounted revenue multiple	465,000	581,250
Leisure Efficiency Limited	690,000	690,000	* Cost	—	—
Closed Loop Recycling Limited	566,667	521,938	* Discounted cash flow	566,667	566,667
Withion Power Limited	374,952	374,952	* Cost	374,952	374,952
i-plas Group Limited	524,030	—	Nil Value	524,030	262,015
Portchester Equity Limited	—	—	Sold	625,000	625,000
	5,031,484	5,615,681		4,670,649	4,606,809

* All investments with a value are shown on pages 17 to 18

Infrastructure Shares Fund

Investment	31 December 2012			31 December 2011	
	Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
York Infrastructure 3 Limited	1,000,000	1,000,000	* Cost	—	—
Stirling Gateway HC Limited	1,087,750	1,087,750	* Cost	—	—
12 Limited Companies (Preparing to trade)	11,500,000	11,500,000	Cost	—	—
	13,587,750	13,587,750		—	—

* All investments with a value are shown on page 19

Investment Summary

Ordinary Shares Portfolio

Top ten investments by value at 31 December 2012 are detailed below:

Alaric Systems Limited



develops payment system software, principally credit card authorisation ("Authentic") and card fraud detection ("Fractals") software, which is sold to major financial institutions, card processors and, increasingly, major retailers worldwide. Alaric continues to enjoy strong growth. Significant contracts have recently been won in the USA, Mexico, Australia, Europe and the Far East while a number of other promising contracts are in prospect. Capacity to satisfy these orders is being met through continuing expansion of the offices in London, Rome and Kuala Lumpur. Recent wins include contracts with major US and European card processors, a large retailer in the Far East and a contract to facilitate delivery of mobile financial services throughout Jamaica. Through another partnership, Alaric is now aiming to facilitate full financial services to be delivered through mobile phones to other such countries. Audited accounts for the year to 31 March 2012 showed significant growth in PBIT to £1.46 million on sales of £8.67 million (£540k on £5.54 million of sales in 2011), well ahead of budget, with cash at that date of £3.6 million. Reflecting the above orders, further sales growth resulted in a PBIT of £2m being achieved on sales of £10.4 million in the year to 31 March 2013, with continuing strong cash generation. Growth is budgetted to accelerate in the current year to 31 March 2014.

31 March 2012

First investment	February 2002	Year ended:	£'000
% Equity/Voting Rights	15.2%	Sales	8,665
Income received and receivable in the year	£9,092	Profit before Tax	1,367
Equity at cost	£1,271,510	Retained Profit	1,511
Loan stock at cost	£132,908	Net Assets	3,248

Blackstar Amplifications Holdings Limited



designs and manufactures innovative guitar amplifiers and associated products for the UK and international music instrument market. Based in Northampton, Blackstar has established a global brand on a catalogue of 50+ products, each of which has received industry acclaim.

No accounts filed since the investment was made

First investment	July 2012		
% Equity/Voting Rights	28.6%		
Income received and receivable in the year	£79,397		
Equity at cost	£250,000		
Loan stock at cost	£2,250,000		

Aquasium Technology Limited



is principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment at its facilities in Cambridgeshire, UK. The group sold its stake in Ebtec, a component manufacturing and processing service headquartered in Massachusetts, USA in 2012 for c\$11 million. The sale resulted in Foresight recouping c1.3x original investment. Foresight retains a loan and equity position in Aquasium.

31 December 2011

First investment	October 2001	Year ended:	£'000
% Equity/Voting Rights	33.3%	Sales	15,297
Income received and receivable in the year	487,104	Profit before Tax	632
Equity at cost	£333,333	Retained Profit	307
Loan stock at cost	£666,667	Net Assets	491

Autologic Diagnostics Group Limited



was founded in 1999 and develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles. As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate to the in-car computer running the process or system, which in turn requires a diagnostic tool. Autologic Diagnostics supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.

A secondary buy-out of Autologic was completed on 20 January 2012, realising proceeds of £2,092,178 for Foresight VCT plc. Foresight VCT plc retains a loan and share investment in the company.

31 December 2011

First investment	February 2009	Year ended:	£'000
% Equity/Voting Rights	3.7%	Sales	12,231
Income received and receivable in the year	98,049	Profit before Tax	7,068
Equity at cost	£18,537	Retained Profit	6,646
Loan stock at cost	£1,564,335	Net Assets	6,416

Investment Summary

Ordinary Shares Portfolio

Leisure Efficiency III Limited

an acquisition vehicle preparing to trade

Data Continuity Group Limited



is a provider of data storage and back-up solutions to corporates either remotely as a managed service or at customers' premises. The demand for DCG's services is driven by greater compliance requirements for retention and retrieval of data and the ever growing volume of electronic data produced by organisations. The company continues to build its managed service customer base and its recurring revenues. A mid-range service with multi-tenanted capability has been launched for re-sale by channel partners and the company will soon provide a virtualised disaster recovery service.

31 March 2012

First investment	March 2004	Year ended:	£'000
% Equity/Voting Rights	33.3%	Sales	6,747
Income received and receivable in the year	£1,565	Profit before Tax	292
Equity at cost	£270,099	Retained Profit	442
Loan stock at cost	—	Net Liabilities	(1,201)

Closed Loop Recycling Limited



is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. The company continues to make solid operational, commercial and revenue progress with recent production rates at record levels and significantly improved plant reliability and consistency. Product quality remains high and there is strong demand for all the recycled material it produces. The company continues to be affected by raw material quality which restricts throughput and yield, but is making progress in addressing this problem. Its Core Supplier, Veolia Environmental Services, has invested substantial sums in a new Plastic Recovery Facility, from which early supplies have been excellent. It is also planning significant investment at the Dagenham site during 2013 to increase capacity to meet the substantial demand for the cleaned and sorted output, which should be possible without adding significantly to its fixed overhead costs. Closed Loop Recycling is now generating revenues in excess of £1.3 million per month.

30 June 2011

First investment	August 2008	Year ended:	£'000
% Equity/Voting Rights	4.9%	Sales	11,234
Income received and receivable in the year	£26,285	Loss before Tax	(3,873)
Equity at cost	£250,000	Retained Loss	(3,873)
Loan stock at cost	£1,686,319	Net Liabilities	(15,291)

Trilogy Communications Limited



is a world class supplier of audio communications to the defence, emergency management, industrial and broadcast sectors. Trilogy counts some of the world's best known names in broadcast and defence among its customer base including the BBC, Sony, Radio France, Raytheon, Northrop Grumman and BAE. Trilogy's Mercury IP system continues to make good progress in the defence market, especially in the US.

28 February 2012

First investment	September 2005	Year ended:	£'000
% Equity/Voting Rights	12.2%	Sales	8,555
Income received and receivable in the year	£87,296	Profit before Tax	449
Equity at cost	£205,048	Retained Profit	437
Loan stock at cost	£788,667	Net Liabilities	(866)

Wholesale Efficiency II Limited

an acquisition vehicle preparing to trade

Leisure Efficiency II Limited

an acquisition vehicle preparing to trade

Investment Summary

Planned Exit Shares Portfolio

Investments at 31 December 2012 are detailed below:

Industrial Engineering Plastics Limited



is a Liphook and Birmingham-based company, established for over 25 years, which distributes plastics to industry, supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic sheets and tanks. The company also fabricates plastic materials. Across the product range, the majority of customers are either plastic fabricators, duct installers or chemical plants. Industrial Engineering Plastics ("IEP") primarily sources material from Germany, the UK and China. Foresight backed an MBI of IEP in December 2011 with a total investment of £1.6 million, £800k of which was invested from the Planned Exit fund.

30 June 2011

First investment	December 2011	Year ended	£'000
% Equity/Voting Rights	46.3%	Sales	4,835
Income received and receivable in the year	£74,486	Profit before tax	611
Equity at cost	£150,000	Retained profit	485
Loan stock at cost	£725,000	Net Assets	2,040

Channel Safety Systems Group Limited



specialises in the design, distribution, installation and service of fire detection systems and emergency lighting. Demand for most of Channel Safety Systems' products and systems is driven by health and safety regulation and, increasingly, carbon reduction initiatives and legislation, which Channel Safety Systems addresses with its low energy LED emergency lighting range. Foresight backed an MBI of Channel Safety Systems in December 2010 with an investment of £1.1 million from the Planned Exit fund. During 2012, the company introduced a range of new products and grew EBITDA profits by 18%.

31 October 2012

First investment	December 2010	Year ended:	£'000
% Equity/Voting Rights	15.8%	Sales	8,454
Income received and receivable in the year	£56,186	Profit before Tax	62
Equity at cost	£75,750	Retained Profit	69
Loan stock at cost	£614,250	Net Assets	380

Data Continuity Group Limited



is a provider of data storage and back-up solutions to corporates either remotely as a managed service or at customers' premises. The demand for DCG's services is driven by greater compliance requirements for retention and retrieval of data and the ever growing volume of electronic data produced by organisations. The company continues to build its managed service customer base and its recurring revenues. A mid-range service with multi-tenanted capability has been launched for re-sale by channel partners and the company will soon provide a virtualised disaster recovery service.

31 March 2012

First investment	November 2010	Year ended:	£'000
% Equity/Voting Rights	2.8%	Sales	6,747
Income received and receivable in the year	£1,565	Profit before Tax	292
Equity at cost	£77,835	Retained Profit	442
Loan stock at cost	£675,000	Net Liabilities	(1,201)

Trilogy Communications Limited



is a world class supplier of audio communications to the defence, emergency management, industrial and broadcast sectors. Trilogy counts some of the world's best known names in broadcast and defence among its customer base including the BBC, Sony, Radio France, Raytheon, Northrop Grumman and BAE. Trilogy's Mercury IP system continues to make good progress in the defence market, especially in the US.

28 February 2012

First investment	November 2011	Year ended:	£'000
% Equity/Voting Rights	—	Sales	8,555
Income received and receivable in the year	—	Profit before Tax	449
Equity at cost	—	Retained Profit	437
Loan stock at cost	£558,000	Net Liabilities	(866)

Investment Summary

Planned Exit Shares Portfolio

Leisure Efficiency Limited

provides energy efficiency solutions to David Lloyd Leisure Limited ("David Lloyd"). The provisions of the energy efficiency solution includes the deployment of energy equipment across a number of David Lloyd sites. The deployment was complete in May 2012. Revenues are generated through a pay as you save agreement.

	January 2012	No accounts filed since the investment was made
First investment		
% Equity/Voting Rights	50%	
Income received and receivable in the year	£86,200	
Equity at cost	£69,000	
Loan stock at cost	£621,000	

Closed Loop Recycling Limited



is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. The company continues to make solid operational, commercial and revenue progress with recent production rates at record levels and significantly improved plant reliability and consistency. Product quality remains high and there is strong demand for all the recycled material it produces. The company continues to be affected by raw material quality which restricts throughput and yield, but is making progress in addressing this problem. Its Core Supplier, Veolia Environmental Services, has invested substantial sums in a new Plastic Recovery Facility, from which early supplies have been excellent. It is also planning significant investment at the Dagenham site during 2013 to increase capacity to meet the substantial demand for the cleaned and sorted output, which should be possible without adding significantly to its fixed overhead costs. Closed Loop Recycling is now generating revenues in excess of £1.3 million per month.

	April 2010	Year ended:	30 June 2011
First investment			£'000
% Equity/Voting Rights	—	Sales	11,234
Income received and receivable in the year	£20,726	Loss before Tax	(3,873)
Equity at cost	—	Retained Profit	(3,873)
Loan stock at cost	£566,667	Net Liabilities	(15,291)

Withion Power Limited



is a Derby based project which successfully generated electricity, using advanced gasification technology from waste wood sourced from local suppliers, over a period of three months in Q3 2012. Working with management at O-Gen UK, four options for the technology developed are now being assessed. A structured process is being carried out to identify a strategic partner, such as a large engineering group, wishing to commercialise the small scale 0.5MW gasification technology. Another option is to build the originally planned 3MW plant but changes in the ROC subsidy rate during 2012 have made this technology less attractive and less economic compared to standard gasification technologies. Discussions are taking place with a party interested in developing the technology with regard to a possible merger or joint venture. Through O-Gen UK, discussions are also being held with other parties about using the site and facilities to construct and finance a plant using standard gasification technologies.

	December 2010	Year ended:	30 September 2011
First investment			£'000
% Equity/Voting Rights	5.0%	Sales	—
Income received and receivable in the year	£40,611	Loss before Tax	(10,306)
Equity at cost	£37,452	Retained Loss	(10,306)
Loan stock at cost	£337,500	Net Liabilities	(4,424)

Investment Summary

Infrastructure Shares Portfolio

York Infrastructure 3 Limited

invested into the Drumglass High School PFI project. The project is a 26 year old concession to design, build, finance and maintain a 6,880m² secondary school in the town of Dungannon, Northern Ireland. Construction of the facility began in July 1999 and completed in August 2000.

First investment	September 2012	No accounts filed since the investment was made
% Equity/Voting Rights	50%	
Income received and receivable in the year	£9,370	
Equity at cost	£700,000	
Loan stock at cost	£300,000	

Stirling Gateway HC Limited

invested into a project which includes the design, redevelopment, construction, financing and operation of five secondary schools and a new Raploch community campus, incorporating two primary schools, a special needs school, a nursery, a community facilities, sports facilities and associated services. The project has been operating for just over four years and has 26 years left on the original 30 year contract.

First investment	December 2012	No accounts filed since the investment was made
% Equity/Voting Rights	6%	
Income received and receivable in the year	£1,070	
Equity at cost	£674,165	
Loan stock at cost	£413,585	

Investment Summary – Realisation Summary

The table below gives details of realisations during the year:

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2011 £
Ordinary Shares Fund				
Abacuswood Limited	109,866	—	(109,866)	109,866
Alaric Systems Limited	68,954	194,794	125,840	68,954
AppDNA Limited	—	196,800	196,800	—
Aquasium Technology Limited	930,000	2,187,278	1,257,278	930,000
Autologic Diagnostocs Group Limited	813,604	3,578,535	2,764,931	3,825,463
Camwood Limited	90,378	473,316	382,938	458,297
Infared Intergrated Systems Limited	250,005	621,311	371,306	623,480
i-plas Group Limited	47,439	47,439	—	47,439
Oxonica plc	—	69,809	69,809	—
Skillsmarket Limited	1,827,316	—	(1,827,316)	—
Withion Power Limited	100,000	100,000	—	100,000
	4,237,562	7,469,282	3,231,720	6,163,499

Deferred consideration of £140,000 was also recognised by the Ordinary Shares fund during the year and is included in debtors.

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2011 £
Planned Exit Shares Fund				
Portchester Equity Limited	625,000	625,000	—	625,000
	625,000	625,000	—	625,000

Infrastructure Shares Fund

There have been no realisations in the year.

Investment Summary

at 31 December 2012

Co-Investing Funds

Foresight Group also manages or advises Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc, Foresight Solar VCT plc, Albany Ventures Fund III Limited, Foresight Environmental Fund LP, Foresight European Solar Fund GP Limited, Foresight Solar EIS and Foresight Sustainable UK Investment Fund ('Foresight Sustainable'). Investments have been made by the funds that Foresight Group manages at cost, as follows:

	Foresight VCT O, PE and Infra shares £	Foresight 2 VCT O, C, PE and Infra shares £	Foresight 3 VCT O shares £	Foresight 4 VCT O and C shares £
Abacuswood Limited	557,781	2,141,367	—	954,593
Aigis Blast Protection Limited	860,325	1,262,636	—	347,226
Alaric Systems Limited	1,404,418	—	681,113	—
alwaysON Group Limited	555,456	1,600,198	—	370,190
AtFutsal Limited	369,161	2,166,693	738,323	738,323
Autologic Diagnostics Group Limited	1,582,872	1,981,816	2,110,896	2,035,660
Biofortuna Limited	312,531	—	312,531	625,006
Blackstar Amplifications Holdings Limited	2,500,000	—	—	1,000,000
Channel Safety Systems Group Limited	690,000	690,000	—	—
Closed Loop Recycling Limited	2,502,986	5,423,334	5,848,628	4,025,053
Corero Network Security plc	1,903,116	—	302,925	—
DCG Group Limited	1,022,934	752,835	—	—
Flowrite Refrigeration Limited	504,997	—	205,418	710,441
Industrial Engineering Plastics Limited	875,000	875,000	—	—
Infrastructure SPVs (preparing to trade)	11,500,000	11,500,000	—	—
Leisure Efficiency II Limited (SPV)	675,150	—	—	675,150
Leisure Efficiency III Limited (SPV)	2,000,000	—	—	2,000,000
Lesuire Efficiency Limited	690,000	690,000	—	—
Sarantel Group plc	3,134,493	—	—	—
Stirling Gateway HC Limited	1,087,500	1,087,500	—	—
Trilogy Communications Limited	1,551,715	1,954,717	—	578,430
Wholesale Efficiency II Limited (SPV)	1,000,000	—	—	1,000,000
Withion Power Limited	5,256,498	1,417,048	—	—
York Infrastructure 3 Limited	1,000,000	1,000,000	—	—

Companies in liquidation and valued at £nil are not included in the table above.

Where Foresight Group controls over 50% of an investment by virtue of its discretionary management of one or more VCTs, decisions either have to be taken by the individual Boards of the VCTs or voting is limited to 50%.

1

Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2012.

Principal activity and status

The principal activity of the Company is the making of investments in unquoted or AIM-listed companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance has been received up to 31 December 2011 as a Venture Capital Trust and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Business review

The purpose of this review is to provide shareholders with a 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.

Nature of the Company

Foresight VCT plc is a Venture Capital Trust listed on The London Stock Exchange.

Investment objective

Ordinary Shares

The investment objective of the Ordinary Shares fund is to provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the United Kingdom.

It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotations.

Planned Exit Shares

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns achievable through 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 the Planned Exit fund is to distribute a minimum of 110p per share issued through a combination of tax-free income, buybacks and tender offers before the sixth anniversary of the closing date of the Planned Exit Share offer. The first allotment of Planned Exit shares was 3 March 2010.

Infrastructure Shares

The investment objective of the Infrastructure Shares fund is to invest in companies which own and operate essential assets and services which enjoy long term contracts with strong counterparties or government concessions. To ensure VCT qualification, Foresight Group will focus on companies where the provision of services is the primary activity and which generates long term contractual revenues, and thereby facilitating

the payment of regular predictable dividends to investors. The first allotment of Infrastructure shares was 20 February 2012.

Investment policy

The Company will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for shareholders.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM listed securities, cash is primarily held in interest bearing money market open ended investment companies (OEIC) as well as a range of non-qualifying companies. Non Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment into investee companies and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

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

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 uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any 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 within different industry sectors using a mixture of securities. The maximum amount invested in any one company, including any guarantees to banks or third parties providing loans or other investment into investee companies, is limited to 15% of the portfolio at the time of investment.

Investment style

Investments are selected in the expectation that value will be enhanced by 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.

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an

amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company doesn't currently borrow its policy permits it to do so.

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.

Foresight Group prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions or strategic partners with similar investment criteria.

In considering a prospective investment in a company, particular regard will be paid to:

Ordinary Shares

- Evidence of high-margin products or services capable of addressing fast-growing markets;
- The company's ability to sustain a competitive advantage;
- The strength of the management team;
- The existence of proprietary technology; and
- The company's prospects of being sold or achieving a flotation within three to five years.

Planned Exit Shares

- Security of income and capital;
- Asset backed;
- The company's ability to provide an attractive yield to the fund;
- The prospects of achieving an exit within five years; and
- The strength of the management team.

Infrastructure Shares

- Long-term contracts with Governmental or blue-chip counterparties;
- Protection from Competition;
- Inflation-linked revenues over 10-50 year contract durations.

A review of the investment portfolio and of market conditions during the period is included within the Investment Manager's Report.

Principal risks, risk management and regulatory environment

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

- Economic risk — 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.
- 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, ISDX Growth Market 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 risk — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AIM or ISDX Growth Market 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.

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 UK Corporate Governance Code. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

Performance and key performance indicators (KPIs)

The Board expects the Manager to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments in fast-growing unquoted companies and maintaining a steady flow of tax-free dividends for shareholders. 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



Directors' Report

discount of the share price relative to the net asset value and total expenses as a ratio of shareholders' funds.

A record of some of these indicators is contained on page 3 entitled '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 2.7%. Share buybacks, excluding the enhanced buyback, were completed at an average discount of 11.6%. Combined, these KPIs compare favourably with the wider VCT marketplace based on independently published information.

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 Manager's Report.

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

Clearly, some investments in unquoted companies at an early stage of their development are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates an opportunity for enhanced returns to shareholders. The growth of some of these companies is, however, largely dependent on the continuing level of expenditure on relevant products and services by larger corporations.

Foresight VCT 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. Several investments have been made in clean energy and environmental infrastructure projects which have clear environmental benefits.

Results and dividends

The total loss attributable to equity shareholders for the year amounted to £778,000 (2011: profit £8,028,000). The Board is not recommending a final dividend for the Ordinary Shares fund (2011: nil) nor for the Planned Exit Shares fund (2011: nil). An interim dividend of 5.0p per Ordinary share will be paid on 14 June 2013.

Share capital

Enhanced Buyback

A total of 2,830,963 Ordinary Shares were repurchased by the Company for 117.49p per share as part of the enhanced buyback scheme.

As part of the transaction, 2,748,723 new Ordinary Shares were issued at 121.20p per share.

Other Share Issues and Share Buybacks

The Company announced alongside the enhanced buyback a small top-up offer of Ordinary Shares. The offer was open during April and August 2012 and 222,522 Ordinary Shares were issued at prices ranging from 121.2p to 127.1p per share.

On 30 March 2012 the Company allotted 70,844 Ordinary Shares of 1.0 pence each under the Company's Dividend Reinvestment Scheme at 117.46p per share.

As part of the Company's active buyback programme, during the period, 827,338 Ordinary Shares were purchased for cancellation at prices ranging from 103.75p per share to 110.75p per share, at a cost of £884,359, representing an average discount of 11.6% to net asset value.

The Infrastructure Shares class issued 16,647,858 infrastructure shares in the year at a price of 100.0p.

CREST

The Company entered CREST, a paperless settlement system, on 27 September 2001. CREST is a voluntary system and those Shareholders who wish to retain their certificates may do so.

Directors

The Directors who held office during the year and their interests in the issued Ordinary Shares, Planned Exit Shares and Infrastructure Shares of 1p each of the Company were as follows:

	31 December 2012 Ordinary Shares	31 December 2012 Planned Exit Shares	31 December 2012 Infrastructure Shares	1 January 2012 Ordinary Shares	1 January 2012 Planned Exit Shares	1 January 2012 Infrastructure Shares
John Gregory	—	—	—	—	—	N/A
Peter Dicks	49,579	—	—	50,608	—	N/A
Gordon Humphries	3,335	—	—	3,439	—	N/A

Both Peter Dicks and Gordon Humphries participated in the enhanced buyback in April 2012 and as a result their holdings have reduced to 49,579 and 3,335 Ordinary Shares respectively. In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Dicks, Mr Gregory and Mr Humphries retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 2. The Board believes that Mr Dicks', Mr Gregory's and Mr Humphries' balance of skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board.

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

Management

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

Since the end of the year, the Remuneration Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Remuneration Committee considered the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considered the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided which include Company Secretarial services. Following this review, it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the interests of Shareholders as a whole.

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 Note 3 of the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments and which earned fees of £1,005,949 during the year (2011: £665,540). Foresight Fund Managers Limited, Company Secretary, received fees excluding VAT of £100,000 (2011: £100,000) during the year. VCF Partners, an associate of Foresight Group, received from investee companies arrangement fees of £288,820 (2011: £58,535) as a result of investments made during the year and directors fees of £209,138

(2011: £181,550). Foresight Group is also a party to the performance incentive agreement described in Note 14 to the financial statements.

VCT status monitoring

SGH Martineau LLP (London and Birmingham based solicitors) advise Foresight VCT on compliance with legislative requirements relating to VCTs. SGH Martineau LLP review investment activity as appropriate and carry out regular reviews of Foresight VCT's investment portfolio. SGH Martineau LLP report directly to the Board.

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.

Financial instruments

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

Purchase of own shares

It is the Company's policy to consider repurchasing shares when they become available in order to provide liquidity for the Company's shares.

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 9 days (2011: 59 days). Foresight Group who provide investment management services are deemed to be the only trade creditor of the Company.

Directors' and officers' liability insurance

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

Annual General Meeting

A formal notice convening the Annual General Meeting to be held on 28 May 2013 can be found on pages 58 to 60. Resolutions 1 to 7 will

1

Directors' Report

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. Resolutions 7 to 9 renew share issue and buyback authorities for the Ordinary Shares, Planned Exit Shares and Infrastructure Shares.

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 £250,000 (representing 49.44% of the current issued share capital of the Company) and will be used for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to the dividend investment scheme, 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 be in substitution for existing authorities and will expire on the fifth anniversary of the passing of the resolution.

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 £100,000 in each class of share in the Company pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued Ordinary Share capital pursuant to the dividend investment scheme, (iii) with an aggregate nominal value of up to £100,000 in each class of share in the Company pursuant to performance incentive arrangements with Foresight Group and (iv) with an aggregate nominal value of up to 10% of the issued share capital of each class of share 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 2014 and will be in substitution for all other existing authorities.

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 4,162,887 Ordinary Shares, 920,807 Planned Exit Shares and 2,495,513 Infrastructure Shares representing approximately 14.99% of each share class at the date of the notice convening the Annual General Meeting. 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 an Ordinary Share, Planned Exit Share or Infrastructure Share as relevant, taken from the London Stock Exchange daily official list for the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Article 5 (1) of the Buyback and Stabilisation Regulation 2003. This authority will be in substitution for existing authorities to purchase shares and will expire at the conclusion of the Annual General Meeting to be held in 2014.

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. 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 interests are protected.

Separate Meetings of the Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders

Formal notices convening separate meetings of Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders, also to be held on 28 May 2013, can be found on pages 61 to 66. The resolutions proposed at these meetings, if passed, will approve the passing of Resolutions 7 and 9 to be proposed at the Annual General Meeting and will sanction any modification of the rights of Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders resulting therefrom.

The resolutions to be proposed at the separate meetings 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.

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 auditors are 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 auditors are aware of that information.

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 27,324,155 Ordinary Shares, 6,142,813 Planned Exit Shares and 16,647,858 Infrastructure Shares as at 31 December 2012.

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 60.

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.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint KPMG Audit Plc as the Company's auditors will be put to the forthcoming Annual General Meeting.

Corporate Governance

The Directors of Foresight VCT confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ("UK Corporate Governance Code") issued by the Financial Reporting Council in June 2010, as appropriate for a Venture Capital Trust. 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 UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 31 December 2012.

The Board

The Company has a Board of three Non-Executive Directors, all of whom (other than Peter Dicks who is considered non-independent under the listing rules by virtue of being a director of several Foresight VCTs which are all managed by Foresight Group) are considered to be independent.

Peter Dicks is also a Director of Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc. The Board believes, having regard to the specialist nature of VCTs and the fact that the Manager advises a number of VCTs, that it is in the best interests of shareholders if, on each of the boards of the VCTs advised by the Manager, there are certain Directors who are common. That is to say, a common Director is able to assess how the Manager performs in respect of one fund with the valuable background knowledge of how well or badly the Manager is performing in relation to other funds for which he also has responsibility as a Director. Where conflicts of interest arise between the different funds then the common Director would seek to act fairly and equitably between different groups of shareholders. Where this is difficult or others might perceive that it was so, then decisions would be taken by the Directors who are not common Directors. The most likely source of potential conflicts would normally be the allocation of investment opportunities but as these are allocated by the Manager pro rata to the cash raised by each fund, subject to the availability of funds, in practice such conflicts do not arise. Additionally, 'specialist funds' may be allocated investments specific to their investment policy in priority to more generalist funds.

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and on an adhoc 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 Manager sets out the matters over which the 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 Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

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 B.23 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after each year's service. Nonindependent 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 B.4.1.

The Board has access to a Company Secretary who also attends all Board meetings. The Manager attends all formal Board Meetings although the Directors may meet without the Manager being present. Informal meetings with management 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	Nomination	Remuneration
John Gregory	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Gordon Humphries	4/4	2/2	1/1	1/1

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group,



Directors' Report

Foresight Fund Managers Limited and SGH Martineau, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

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.

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 Gordon Humphries (Chairman), Peter Dicks and John Gregory, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to, amongst other things, consider the following:

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

KPMG Audit Plc prepares the Company's tax return in addition to undertaking the Company's external audit. This is completed after signing off the annual accounts. The Audit Committee is of the opinion that KPMG are best placed to provide these taxation services. These non-audit services are not material in value compared to the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditors.

The Nomination Committee comprises Gordon Humphries (Chairman), Peter Dicks and John Gregory 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 and then annually.

The Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Gordon Humphries (Chairman), Peter Dicks and John Gregory 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 and remuneration of the Manager.

Board Evaluation

The Board undertakes a formal annual evaluation of its own performance and that of its committees. There is no formal annual evaluation of individual Directors as recommended by provision B.6 of the UK Corporate Governance Code. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees). The Chairman then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation the Chairman will take appropriate action to address any issues arising from the process.

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.

Internal control

The Directors of Foresight 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 financial 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.

SGH Martineau 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 from 1 January 2005 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 UK Corporate Governance 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 year 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 Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the 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, SGH Martineau and Foresight Fund Managers Limited.

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 year 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.

Such review procedures have been in place throughout the full financial year 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 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 decided that the systems and procedures employed by the 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.

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 22. 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. 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 buyback 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

29 April 2013

1

Directors' Remuneration Report

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 auditors, KPMG Audit Plc, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the "Independent Auditor's Report".

Consideration by the Directors of matters relating to Directors' Remuneration

The Remuneration Committee comprises three Directors: Gordon Humphries (Chairman), Peter Dicks and John Gregory. 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 year neither the Board nor the Remuneration Committee has 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.

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 year ended 31 December 2012 were agreed during the year.

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.

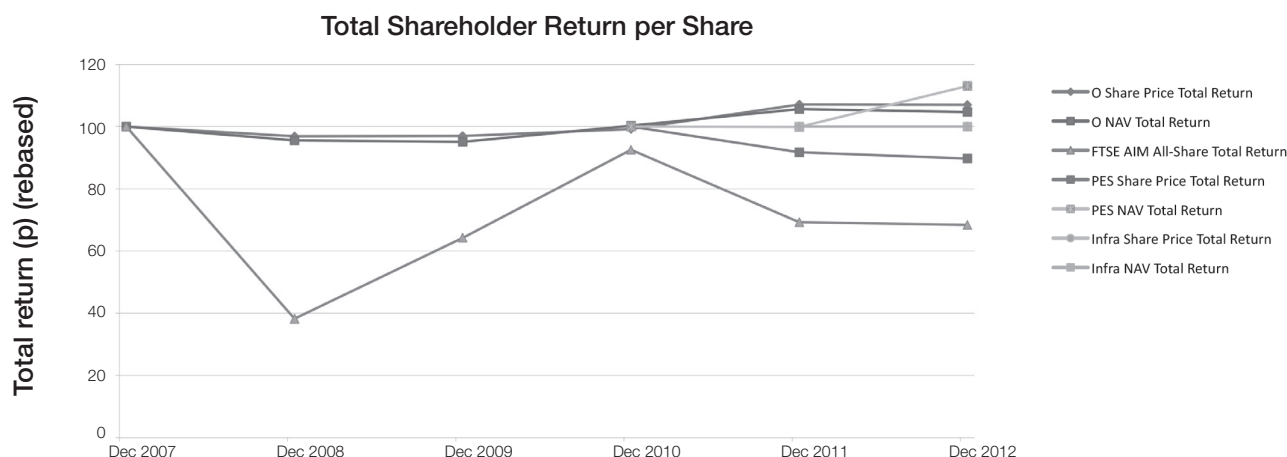
It is the intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

Service contracts

None of the Directors has a service contract but, under letters of appointment dated 29 September 1997 (and Board resolution dated 9 March 2007 for Gordon Humphries and 30 July 2010 for John Gregory), may resign at any time by mutual consent. 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 every year.

Total shareholder return

The graph below charts the total shareholder return to 31 December 2012, on the hypothetical value of £100 invested by an Ordinary Shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered by the Board an appropriate index against which to measure the Company's performance both given the Company's holdings of AIM listed companies and that the profile of many AIM companies are similar to those held by Foresight VCT. The graph below charts the total shareholder return over a period of 5 years from 1 January 2008 to 31 December 2012.



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 year were as shown below. No Director has waived or agreed to waive any emoluments from the Company in either the current year or previous period.

No other remuneration was paid or payable by the Company during the current year or previous 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.

Only the information below has been audited. See the Independent Auditor's Report on page 35.

	Directors' fees (£) year ended 31 December 2012	Directors' fees (£) year ended 31 December 2011
John Gregory	27,500	25,000
Peter Dicks	22,000	20,000
Gordon Humphries	22,000	20,000
Antony Diment* (resigned 26 May 2011)	–	7,863
Total	71,500	72,863

* Amounts paid and payable to third parties.

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

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 29 April 2013 and is signed on its behalf by Gordon Humphries (Director).

On behalf of the Board

Gordon Humphries
Director
29 April 2013



Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the 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, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website (which is delegated to Foresight Group and incorporated into their website). 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 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 the Company faces.

On behalf of the Board

John Gregory

Chairman

29 April 2013

Unaudited Non-Statutory Analysis between the Ordinary Shares, Planned Exit Shares and Infrastructure Shares Funds

Income Statements

for the year ended 31 December 2012

	Ordinary Shares Fund			Planned Exit Shares Fund			Infrastructure Shares Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	—	3,372	3,372	—	—	—	—	—	—
Investment holding (Losses)/gains	—	(4,384)	(4,384)	—	648	648	—	—	—
Income	526	—	526	326	—	326	122	—	122
Investment management fees	(166)	(497)	(663)	(14)	(42)	(56)	(52)	(157)	(209)
Other expenses	(312)	—	(312)	(50)	—	(50)	(98)	—	(98)
Return/(loss) on ordinary activities before taxation	48	(1,509)	(1,461)	262	606	868	(28)	(157)	(185)
Taxation	26	10	36	(52)	8	(44)	5	3	8
Return/(loss) on ordinary activities after taxation	74	(1,499)	(1,425)	210	614	824	(23)	(154)	(177)
Return/(loss) per share	0.3p	(5.4)p	(5.1)p	3.4p	10.0p	13.4p	(0.2)p	(1.0)p	(1.2)p

Balance Sheets

at 31 December 2012

	Ordinary Shares Fund £'000	Planned Exit Shares Fund £'000	Infrastructure Shares Fund £'000
Fixed assets			
Investments held at fair value through profit or loss	25,229	5,616	13,588
Current assets			
Debtors	1,957	271	232
Money market securities and other deposits	3,310	109	—
Cash	8	280	2,021
	5,275	660	2,253
Creditors			
Amounts falling due within one year	(93)	(132)	(87)
Net current assets	5,182	528	2,166
Net assets	30,411	6,144	15,754
Capital and reserves			
Called-up share capital	273	61	166
Share premium account	3,513	—	15,777
Capital redemption reserve	389	1	—
Special distributable reserve	26,206	5,556	(169)
Revenue reserve	(107)	389	(23)
Capital reserve	9,658	(447)	3
Revaluation reserve	(9,521)	584	—
Equity shareholders' funds	30,411	6,144	15,754
Number of shares in issue	27,324,155	6,142,813	16,647,858
Net asset value per share	111.3p	100.0p	94.6p

At 31 December 2012 there was an inter-share debtor/creditor of £194,000 which has been eliminated on aggregation.

Unaudited Non-Statutory Analysis between the Ordinary Shares, Planned Exit Shares and Infrastructure Shares Funds

Reconciliations of Movements in Shareholders' Funds

for the year ended 31 December 2012

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ordinary Shares Fund								
As at 1 January 2012	279	—	352	30,932	(181)	8,372	(5,137)	34,617
Share issues in the year	31	3,657	—	—	—	—	—	3,688
Expenses in relation to share issues	—	(144)	—	—	—	—	—	(144)
Repurchase of shares	(37)	—	37	(4,229)	—	—	—	(4,229)
Net realised gain on disposal of investments	—	—	—	—	—	3,372	—	3,372
Investment holding losses	—	—	—	—	—	—	(4,384)	(4,384)
Dividends	—	—	—	—	—	(2,096)	—	(2,096)
Management fees charged to capital	—	—	—	(497)	—	—	—	(497)
Tax credited to capital	—	—	—	—	—	10	—	10
Revenue gain for the year	—	—	—	—	74	—	—	74
As at 31 December 2012	273	3,513	389	26,206	(107)	9,658	(9,521)	30,411

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planned Exit Shares Fund								
As at 1 January 2012	62	—	—	5,682	179	(146)	(64)	5,713
Repurchase of shares	(1)	—	1	(84)	—	—	—	(84)
Investment holding gain	—	—	—	—	—	—	648	648
Dividends	—	—	—	—	—	(309)	—	(309)
Management fees charged to capital	—	—	—	(42)	—	—	—	(42)
Tax credited to capital	—	—	—	—	—	8	—	8
Revenue return for the year	—	—	—	—	210	—	—	210
As at 31 December 2012	61	—	1	5,556	389	(447)	584	6,144

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Infrastructure Shares Fund								
As at 1 January 2012	—	—	—	—	—	—	—	—
Share issues in the period	166	16,481	—	—	—	—	—	16,647
Expenses in relation to share issues	—	(704)	—	—	—	—	—	(704)
Investment stamp duty	—	—	—	(12)	—	—	—	(12)
Management fees charged to capital	—	—	—	(157)	—	—	—	(157)
Tax credited to Capital	—	—	—	—	—	3	—	3
Revenue loss for the period	—	—	—	—	(23)	—	—	(23)
As at 31 December 2012	166	15,777	—	(169)	(23)	3	—	15,754

Independent Auditor's Report

To the Members of Foresight VCT plc

We have audited the financial statements of Foresight VCT plc for the year ended 31 December 2012 set out on pages 36 to 56. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements set out on page 32, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the information given in the Corporate Governance Statement set out on page 27 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 29, in relation to going concern;
- the part of the Corporate Governance Statement on page 27 relating to the Company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Gareth Horner (Senior Statutory Auditor)

for and on behalf of
KPMG Audit Plc
Statutory Auditor
Chartered Accountants
Edinburgh
29 April 2013

Income Statement

for the year ended 31 December 2012

	Notes	Year ended 31 December 2012			Yearended 31 December 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments		—	3,372	3,372	—	11,312	11,312
Investment holding losses		—	(3,736)	(3,736)	—	(2,871)	(2,871)
Realised gains on derivatives		—	—	—	—	25	25
Unrealised losses on the value of derivatives		—	—	—	—	(25)	(25)
Income	2	974	—	974	712	—	712
Investment management fees	3	(232)	(696)	(928)	(166)	(499)	(665)
Other expenses	4	(460)	—	(460)	(460)	—	(460)
Return/(loss) on ordinary activities before taxation		282	(1,060)	(778)	86	7,942	8,028
Taxation	6	(21)	21	—	(8)	8	—
Return/(loss) on ordinary activities after taxation		261	(1,039)	(778)	78	7,950	8,028
Return per share:							
Ordinary Share	8	0.3p	(5.4)p	(5.1)p	(0.1)p	25.0p	24.9p
Planned Exit Share	8	3.4p	10.0p	13.4p	1.4p	(1.0)p	0.4p
Infrastructure Share	8	(0.2)p	(1.0)p	(1.2)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.

The Notes on pages 40 to 56 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
Year ended 31 December 2011	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Company								
As at 1 January 2011	537	17,677	29	18,038	(80)	(1,605)	(2,304)	32,292
Share reconstruction	(241)	—	241	—	—	—	—	—
Share issues in the year	127	9,785	—	—	—	—	—	9,912
Expenses in relation to share issues	—	(126)	—	(87)	—	—	—	(213)
Repurchase of shares	(82)	—	82	(8,043)	—	—	—	(8,043)
Transfer from capital account	—	(131)	—	—	—	131	—	—
Cancellation of share premium	—	(27,205)	—	27,205	—	—	—	—
Net realised gain on disposal of investments	—	—	—	—	—	11,313	—	11,313
Net realised gain on derivatives	—	—	—	—	—	25	—	25
Investment holding losses	—	—	—	—	—	—	(2,872)	(2,872)
Unrealised losses on the value of derivatives	—	—	—	—	—	—	(25)	(25)
Dividends	—	—	—	—	—	(1,646)	—	(1,646)
Management fees charged to capital	—	—	—	(499)	—	—	—	(499)
Tax credited to capital	—	—	—	—	—	8	—	8
Revenue return for the year	—	—	—	—	78	—	—	78
As at 31 December 2011	341	—	352	36,614	(2)	8,226	(5,201)	40,330

	Called-up share capital	Share premium account	Capital redemption reserve	Special distributable reserve	Revenue reserve	Capital reserve	Revaluation reserve	Total
Year ended 31 December 2012	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Company								
As at 1 January 2012	341	—	352	36,614	(2)	8,226	(5,201)	40,330
Share issues in the year	197	20,138	—	—	—	—	—	20,335
Expenses in relation to share issues	—	(848)	—	—	—	—	—	(848)
Repurchase of shares	(38)	—	38	(4,313)	—	—	—	(4,313)
Net realised gain on disposal of investments	—	—	—	—	—	3,372	—	3,372
Investment holding losses	—	—	—	—	—	—	(3,736)	(3,736)
Investment stamp duty	—	—	—	(12)	—	—	—	(12)
Dividends	—	—	—	—	—	(2,405)	—	(2,405)
Management fees charged to capital	—	—	—	(696)	—	—	—	(696)
Tax credited to capital	—	—	—	—	—	21	—	21
Revenue return for the year	—	—	—	—	261	—	—	261
As at 31 December 2012	500	19,290	390	31,593	259	9,214	(8,937)	52,309

The notes on pages 40 to 56 form part of these financial statements.



Balance Sheet

at 31 December 2012

Registered Number: 03421340

	Notes	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	44,433	27,458
Current assets			
Debtors	10	2,266	2,119
Money market securities and other deposits		3,419	11,341
Cash		2,309	98
		7,994	13,558
Creditors			
Amounts falling due within one year	11	(118)	(686)
Net assets		52,309	40,330
Capital and reserves			
Called-up share capital	12	500	341
Share premium account		19,290	—
Capital redemption reserve		390	352
Special distributable reserve		31,593	36,614
Revenue reserve		259	(2)
Capital reserve		9,214	8,226
Revaluation reserve		(8,937)	(5,201)
Equity shareholders' funds		52,309	40,330
Net asset value per share:			
Ordinary Share	13	111.3p	123.9p
Planned Exit Share	13	100.0p	92.4p
Infrastructure Share	13	94.6p	—

The financial statements on pages 36 to 56 were approved by the Board of Directors and authorised for issue on 29 April 2013 and were signed on its behalf by:

John Gregory
Director

The notes on pages 40 to 56 form part of these financial statements.

Cash Flow Statement

for the year ended 31 December 2012

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Cash flow from operating activities		
Investment income received	1,209	400
Deposit and similar interest received	39	20
Investment management fees paid	(796)	(713)
Secretarial fees paid	(114)	(138)
Other cash payments	(891)	(551)
Net cash outflow from operating activities and returns on investment	(553)	(982)
Taxation	—	—
Returns on investment and servicing of finance		
Purchase of unquoted investments and investments quoted on AIM	(23,605)	(3,259)
Net proceeds on sale of investments	6,342	16,120
Net proceeds on deferred consideration	197	—
Net proceeds from derivative transactions	—	49
Net capital (outflow)/inflow from financial investment	(17,066)	12,910
Equity dividends paid	(2,321)	(1,646)
Management of liquid resources		
Movement in money market funds	7,922	(9,343)
	(12,018)	939
Financing		
Proceeds of fund raising	15,857	235
Acquisition issue shares	—	8
Expenses of fund raising	(320)	(180)
Dividends reinvested	—	59
Repurchase of own shares	(1,308)	(1,633)
	14,229	(1,511)
Increase/(decrease) in cash	2,211	(572)
Reconciliation of net cash flow to movement in net funds		
Increase/(decrease) in cash for the year	2,211	(572)
Net cash at start of year	98	670
Net cash at end of year	2,309	98

Analysis of changes in net debt

	At 1 January 2012 £'000	Cash flow £'000	At 31 December 2012 £'000
Cash and cash equivalents	98	2,211	2,309

The notes on pages 40 to 56 form part of these financial statements.

Notes to the Accounts

for the year ended 31 December 2012

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, 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 or 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 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 cost 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 arm’s 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 discussion with the Investment Manager, will agree the values that reflect the extent to which a realised loss should be recognised. 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 has the right to receive the premium and expects to do so.

(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 the application of a multiple to that company’s historic, current or forecast turnover (the multiple being based on data from comparable companies in the sector but with the resulting value being adjusted to reflect points of difference identified by the Investment Manager including, inter alia, a lack of marketability).

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 an effective interest rate basis where there is reasonable certainty that the redemption premiums will be paid. Where uncertainty exists they will be recognised on realisation of investment.

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. The liability is recognised when the related distribution to shareholders is made.

e) Financial instruments

During the course of the year 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

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) Deferred 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.

h) Capital reserves

The capital reserve is shown in aggregate and is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies; and
- Income and costs for the period (revenue items).

(ii) Revaluation reserve (Unrealised capital reserve)

Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit and loss, all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

Notes to the Accounts

for the year ended 31 December 2012

1 Accounting policies (continued)

i) Investment recognition and derecognition

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.

j) Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values. Liquid resources comprise money market funds.

2 Income

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Loan Stock interest	836	599
Overseas based Open Ended Investment Companies ("OEICs")	30	24
Dividends	106	77
Bank desposits	2	2
Other	—	10
	974	712

The Directors are of the opinion that the Company is engaged in a single segment of business and therefore no segmental reporting is provided.

3 Investment management fees

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Investment management fees charges to the revenue account	232	166
Investment management fees charges to the capital account	696	499
	928	665

Foresight Group advise the Company on investments in qualifying companies under an agreement dated 11 October 1999. The agreement was for an initial period of five years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

Foresight Group have received an annual management fee of 2% of the net assets of the Ordinary Shares fund (adjusted to reflect quoted investments at mid-market prices) and 1% of the net assets of the Planned Exit Shares fund, and 1.75% of the net assets of the Infrastructure Shares fund in the year ended 31 December 2012. The annual management fees are calculated and payable quarterly in advance.

At an Extraordinary General Meeting on 15 January 2007, new incentive arrangements for Foresight Group were approved by shareholders. In summary, Foresight Group will receive an incentive equal to 15% of all distributions made to shareholders in excess of a Total Return of £1 per Ordinary Share. This hurdle became 180.4p per Ordinary Share after the reconstruction on 1 March 2011. Further details are provided in Note 14.

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 common practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ("deal fees") to portfolio companies in which the Company invests.

Foresight Fund Managers Limited is the Company Secretary and received annual fees for the services provided excluding VAT of £100,000 (2011: £100,000). The annual secretarial fee is £100,000 payable quarterly in advance together with any applicable VAT.

4 Other expenses

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Accounting and secretarial services excluding VAT	100	100
Directors' remuneration including employer's National Insurance contributions	82	79
Auditor's remuneration excluding VAT		
– audit services	21	20
– taxation services	6	4
Foreign exchange	–	35
Other	251	222
	460	460

5 Directors' remuneration

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
John Gregory	28	25
Peter Dicks	22	20
Gordon Humphries	22	20
	72	65
Amounts paid and payable to third parties for the services of:		
Antony Diment	–	8
	72	73
Employers' NIC and VAT on above as appropriate	10	6
	82	79

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors, although Foresight Group is entitled to a performance incentive arrangement as detailed in notes 3 and 14.

Further details of Directors' interests are given on page 31.

Notes to the Accounts

for the year ended 31 December 2012

6 Tax on ordinary activities

Analysis of charge in the period:

	Year ended 31 December 2012			Year ended 31 December 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	(21)	21	—	8	(8)	—
Total current tax	(21)	21	—	8	(8)	—
Deferred tax	—	—	—	—	—	—
Total tax	(21)	21	—	8	(8)	—

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Total (loss)/return on ordinary activities before taxation (2012: 24.5%; 2011: 26.5%)	(778)	8,028
	(191)	2,127
Capital realised gains not taxable	(826)	(2,998)
Capital unrealised losses not relieviable	915	761
Movement in unutilised expenses	128	130
Dividends not taxable	(26)	(20)
Current tax charge for the year	—	—

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments. The Company is exempt from such tax as a result of qualifying as a Venture Capital Trust.

No deferred tax asset has been recognised in the year for surplus management expenses. At present it is not envisaged that any tax will be recovered on these in the foreseeable future. The total amount of deferred tax assets unrecognised is £1,034,000 (2011: £1,044,000).

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.

7 Dividends

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Ordinary Shares		
Dividends — paid in the year	2,012	1,461
Planned Exit Shares		
Dividends — paid in the year	309	185
Infrastructure Shares		
Dividends — paid in the year	—	—

Dividends paid in the year do not include dividends reinvested of £84,000, which is included within the reconciliations of movements in Shareholders' Funds.

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Corporate (not fund) Income available for distribution by way of dividends for the year	261	78

The Board is not recommending a final dividend for the Ordinary Shares fund for the year ended 31 December 2012 (2011: Nil). An interim dividend of 5.0p per Ordinary Share will be paid on 14 June 2013 (2012: 7.5p).

The Board is not recommending a final dividend for the Planned Exit Shares fund for the year ended 31 December 2012 (2011: Nil).

As at 31 December 2012, reserves available for dividend distribution total £32,129,000 (2011: £39,637,000) comprising the revenue, capital and distributable reserves, less the net unrealised loss on those investments whose prices are quoted in an active market and deemed readily realisable.

In accordance with S.259 of the Income Tax Act 2007, a Venture Capital Trust may not retain more than 15% of its qualifying income in any one accounting period. The payment of the interim dividends satisfies this requirement.

8 Return per share

	Year ended 31 December 2012			Year ended 31 December 2011		
	Ordinary Share £'000	Planned Exit Share £'000	Infrastructure Share £'000	Ordinary Share £'000	Planned Exit Share £'000	Infrastructure Share £'000
Total return after taxation	(1,425)	824	(177)	8,005	23	N/A
Total return per share (note a)	(5.1)p	13.4p	(1.2)p	24.9p	0.4p	N/A
Revenue return from ordinary activities after taxation	74	210	(23)	(9)	87	N/A
Revenue return per share (note b)	0.3p	3.4p	(0.2)p	(0.1)p	1.4p	N/A
Capital return from ordinary shares after taxation	(1,499)	614	(154)	8,014	(64)	N/A
Capital return per share (note c)	(5.4)p	10.0p	(1.0)p	25.0p	(1.0)p	N/A
Weighted average number of shares in issue in the year	27,783,381	6,170,224	14,626,385	32,097,234	6,179,833	N/A

Notes:

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

Notes to the Accounts

for the year ended 31 December 2012

9 Investments

	2012	2011
Company	£'000	£'000
Quoted investments	878	1,033
Unquoted investments	43,555	26,425
	44,433	27,458

Company	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2012	6,265	26,333	32,598
Investment holding (losses)/gains	(5,232)	92	(5,140)
Valuation at 1 January 2012	1,033	26,425	27,458
Movements in the period:			
Purchases at cost	—	25,200	25,200
Disposal proceeds	—	(8,095)	(8,095)
Realised gains	—	3,232	3,232
Investment holding losses	(155)	(3,207)	(3,362)
Valuation at 31 December 2012	878	43,555	44,433
Book cost at 31 December 2012	6,265	46,670	52,935
Investment holding losses	(5,387)	(3,115)	(8,502)
Valuation at 31 December 2012	878	43,555	44,433

Investment holding losses in the income statement, include a write down of £375,000 relating to a bank overdraft Guarantee Facility provided by the Ordinary Shares fund, which is not reflected above.

Deferred consideration of £140,000 was also recognised by the Ordinary Shares fund in the year, and is included in debtors.

Capitalised interest of £109,000 was recognised by the Ordinary Shares fund in the year, and is included within purchases at cost.

Ordinary Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2012	6,265	21,662	27,927
Investment holding (losses)/gains	(5,232)	156	(5,076)
Valuation at 1 January 2012	1,033	21,818	22,851
Movements in the period:			
Purchases at cost	—	10,626	10,626
Disposal proceeds	—	(7,470)	(7,470)
Realised gains	—	3,232	3,232
Investment holding losses	(155)	(3,855)	(4,010)
Valuation at 31 December 2012	878	24,351	25,229
Book cost at 31 December 2012	6,265	28,050	34,315
Investment holding losses	(5,387)	(3,699)	(9,086)
Valuation at 31 December 2012	878	24,351	25,229

Investment holding losses in the income statement, include a write down of £375,000 relating to a bank overdraft Guarantee Facility provided by the Ordinary Shares Fund, which is not reflected above.

Deferred consideration of £140,000 was also recognised by the Ordinary Shares fund in the year, and is included in debtors.

Capitalised interest of £109,000 was recognised by the Ordinary Shares fund in the year, and is included within purchases at cost.

9 Investments (continued)

	Quoted £'000	Unquoted £'000	Total £'000
Planned Exit Shares Fund			
Book cost as at 1 January 2012	—	4,671	4,671
Investment holding losses	—	(64)	(64)
Valuation at 1 January 2012	—	4,607	4,607
Movements in the period:			
Purchases at cost	—	986	986
Disposal proceeds	—	(625)	(625)
Realised gains	—	—	—
Investment holding gain	—	648	648
Valuation at 31 December 2012	—	5,616	5,616
Book cost at 31 December 2012	—	5,032	5,032
Investment holding gain	—	584	584
Valuation at 31 December 2012	—	5,616	5,616

	Quoted £'000	Unquoted £'000	Total £'000
Infrastructure Shares Fund			
Book cost as at 1 January 2012	—	—	—
Investment holding gain	—	—	—
Valuation at 1 January 2012	—	—	—
Movements in the period:			
Purchases at cost	—	13,588	13,588
Disposal proceeds	—	—	—
Realised gains	—	—	—
Investment holding gain	—	—	—
Valuation at 31 December 2012	—	13,588	13,588
Book cost at 31 December 2012	—	13,588	13,588
Investment holding gain	—	—	—
Valuation at 31 December 2012	—	13,588	13,588

As permitted by Financial Reporting Standard 9, "Associates and Joint Ventures", investments are held as part of an investment portfolio, and their value to the Company is through their marketable value as part of a portfolio of investments, rather than as a medium through which the Company carries out its business. Therefore, the investments are not considered to be associated undertakings.

Where the Company's interest in an investment is greater than 50% of the investee company's total equity, specific clauses are included in the investee company's articles of association to prevent the Company from exercising control. Therefore, these investments are not considered to be subsidiary undertakings.

10 Debtors

	2012 £'000	2011 £'000
Accrued interest	1,026	1,343
Prepayments	13	264
Deferred consideration	590	450
Other debtors	637	62
	2,266	2,119

During the year, Foresight VCT plc paid £700,00 relating to two bank overdraft guarantee facilities for the Ordinary Shares fund for Withion Power (£500,000) and Abacuswood (£200,000). A write down of £375,000 has been recognised on the Withion facility by the Ordinary Shares fund, which is included within the income statement. At year end included in debtors is £325,000 relating to Withion (£125,000) and Abacuswood (200,000).

Notes to the Accounts

for the year ended 31 December 2012

11 Creditors: amounts failing due within one year

	2012 £'000	2011 £'000
Accruals and other creditors	118	686
	118	686

12 Called-up share capital

	2012 £'000	2011 £'000
Allotted, called-up and fully paid:		
27,324,155 Ordinary Shares of 1p each (2011: 27,940,367)	273	279
6,142,813 Planned Exit Shares of 1p each (2011: 6,179,833)	61	62
16,647,858 Infrastructure Shares of 1p each (2011: —)	166	—

Enhanced Buyback

A total of 2,830,963 Ordinary Shares were repurchased by the Company for 117.49p per share as part of the enhanced buyback scheme. As part of the transaction, 2,748,723 new Ordinary Shares were issued at 121.20p per share.

Other Share Issues and Share Buybacks

The Company announced alongside the enhanced buyback a small top-up offer of Ordinary Shares. The offer was open during April and August 2012 and 222,522 Ordinary Shares were issued at prices ranging from 121.20p to 127.70p per share.

On 30 March 2012 the Company allotted 70,844 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 117.46p per share.

As part of the Company's active buyback programme, during the period, 827,338 Ordinary Shares were purchased for cancellation at a cost of £884,359, and 37,020 Planned Exit Shares for cancellation at a cost of £31,097.

Infrastructure Shares issued 16,647,858 shares in the year at a price of 100.00p.

All of these share issues were under the new VCT provisions that commenced on 6 April 2006, namely: 30% upfront income tax relief which can be retained by qualifying investors if the shares are held for the minimum five year holding period.

	Ordinary Shares No.	Planned Exit Shares No.	Infrastructure Shares No.
At 1 January 2012	27,940,367	6,179,833	—
Enhanced buyback — repurchase of shares	(2,830,963)	—	—
Enhanced buyback — issue of shares	2,748,723	—	—
Share issues	293,366	—	16,647,858
Share buybacks	(827,338)	(37,020)	—
At 31 December 2012	27,324,155	6,142,813	16,647,858

13 Net asset value per share

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

	31 December 2012			31 December 2011		
	Ordinary Shares	Planned Exit Shares	Infrastructure Shares	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
	Fund	Fund	Fund	Fund	Fund	Fund
Net assets	£30,411,000	£6,144,000	£15,754,000	£34,617,000	£5,713,000	—
No. of shares at year end	27,324,155	6,142,813	16,647,858	27,940,367	6,179,833	—
Net asset value per share	111.3p	100.0p	94.6p	123.9p	92.4p	—

14 Performance-related incentive

Ordinary Share Incentive

Foresight Group is entitled to a performance incentive equal in value to 15% of all distributions made to shareholders in excess of a Total Return of £1 per Ordinary Share. For these purposes the Total Return will always be calculated as the aggregate amount of: (i) the latest NAV per Ordinary Share, plus (ii) an amount of 10.75p being the dividends paid per C Share prior to the Conversion of Ordinary and C Shares in January 2007; plus (iii) all distributions paid per Ordinary Share following the Conversion.

The £1 hurdle per Ordinary Share became 180.4p per Ordinary Share after the reconstruction on 1 March 2011 of 0.554417986 new Ordinary Shares for every existing Ordinary Share held. The 10.75p in dividends became 19.4p as a result of the share reconstruction.

At 31 December 2012 the rebased NAV was 111.3p per Ordinary Share and the rebased dividends paid (including the 19.4p noted above) were 42.7p. This makes a total return of 154.0p compared to the hurdle of 180.4p per Ordinary Share.

The performance related incentive fee will be satisfied by either a cash payment or an issue of Ordinary Shares to Foresight Group (or a combination of both) at the Board's discretion. Any Ordinary Shares to be issued to Foresight Group would be calculated by dividing the amount to be satisfied by the issue of Ordinary Shares by the latest NAV of an Ordinary Share (as reduced by an amount equal to the relevant distribution to be made). The number of Ordinary Shares to which Foresight Group would be entitled would be subscribed for at their par value of 1p each.

Planned Exit Share Incentive

Foresight Group will be entitled to a performance incentive which is conditional on distributions of a minimum of 110p per Planned Exit Share issued under the offer and remaining in issue at the date of calculation. The performance incentive is equivalent to the next 15p of Distributions above this hurdle of 110p plus 20% of any Distributions above 125p. The performance incentive may be satisfied in cash or by the issue of new Planned Exit Shares to Foresight, at the discretion of the Board.

Infrastructure Share Incentive

The performance incentive fee of the Infrastructure Shares is equivalent to 15% of Distributions in excess of 100p per Infrastructure Share and the Boards believe this should align the interests of investors and Foresight Group. Performance incentive fees will not be paid to Foresight Group until investors have received total Distributions of 100p per Infrastructure Share.

Notes to the Accounts

for the year ended 31 December 2012

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, short-term debtors, creditors and derivatives that arise directly from the Company's operations.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2012:

	Ordinary Shares	
	2012 (Fair value) £'000	2011 (Fair value) £'000
Assets at fair value through profit and loss		
Investment portfolio	44,433	27,458
Current asset investments (money market funds)	3,419	11,341
Cash at bank	2,309	98
	50,161	38,897
Receivables		
Prepayments and other debtors	2,180	2,174
Liabilities at amortised cost or equivalent		
Creditors	(32)	(741)
	52,309	40,330

15 Financial instrument risk management (continued)

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

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

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (83.1% of net assets) or quoted on the sterling denominated UK AIM market (1.7% of net assets).

An analysis of the maturity of the assets of the Company above, 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 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 £20,284,000 at 31 December 2012 (31 December 2011:£25,521,000).

Company Portfolio	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	£'000	£'000	%	%	Days	Days
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	3,419	11,341	0.0	0.7	—	—
Loan stock	11,678	12,378	11.4	11.3	1,187	1,236
— exposed to fixed interest risk						
Loan stock	2,878	1,704	1.6	3.7	—	—
— exposed to variable interest rate risk						
Cash	2,309	98	—	—	—	—
Total exposed to interest rate risk	20,284	25,521				
Loan stock	133	133	—	—	—	—
— not exposed to interest rate risk						
Total	20,417	25,654				

Notes to the Accounts

for the year ended 31 December 2012

15 Financial instrument risk management (continued)

	Total portfolio	
	31 December 2012 £'000	31 December 2011 £'000
Maturity analysis:		
– in one year or less	10,506	14,125
– in more than one year but no more than two years	523	2,068
– in more than two years but no more than three years	1,836	669
– in more than three years but no more than four years	1,487	2,550
– in more than four years but no more than five years	6,065	6,242
Total	20,417	25,654

During the course of the year 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 31 December 2012 (0.5% at 31 December 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 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 31 December 2012 was £22,597,000 (31 December 2011: £27,828,000) 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. Several small AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	Company	
	2012 £'000	2011 £'000
Loan stocks	14,689	14,215
Current asset investments (money market funds)	3,419	11,341
Other debtors	2,180	2,174
Cash at Bank	2,309	98
Total	22,597	27,828

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 AIM listed companies which the Company holds are thinly 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 31 December 2012 is: £44,433,000 (31 December 2011: £27,458,000).

15 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 five years from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and 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.

Although part of these assets are quoted on AIM, 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% (2011: 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 portfolio or a combination of the two.

	2012 Return and net assets	2011 Return and net assets
If overall share prices fell by 15% (2011: 15%), with all other variables held constant — decrease (£'000)	(6,665)	(4,119)
Decrease in earnings, and net asset value (in pence)	(13.30)p	(12.07)p

	2012 Return and net assets	2011 Return and net assets
If overall share prices increased by 15% (2011: 15%), with all other variables held constant — increase (£'000)	6,665	4,119
Increase in earnings, and net asset value (in pence)	13.30p	12.07p

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Notes to the Accounts

for the year ended 31 December 2012

15 Financial instrument risk management (continued)

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.

	2012 Return and net assets	2011 Return and net assets
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(29)	(17)
Decrease in earnings, and net asset value, per Share (in pence)	(0.06)p	(0.05)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	29	17
Increase in earnings, and net asset value, per Share (in pence)	0.06p	0.05p

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

In accordance with amendments to FRS 29, the following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices (unadjusted) in active markets for identical assets 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).

Company

As at 31 December 2012

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	878	—	—	878
Unquoted investments	—	—	43,555	43,555
Current asset investments (money market funds)	3,419	—	—	3,419
Financial assets	4,297	—	43,555	47,852

As at 31 December 2011

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	1,033	—	—	1,033
Unquoted investments	—	—	26,425	26,425
Current asset investments (money market funds)	11,341	—	—	11,341
Financial assets	12,374	—	26,425	38,799

15 Financial instrument risk management (continued)

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.

The gains/(losses) on level 3 investments are included within investment holding gains/(losses) and realised losses on investments in the Income Statement.

Year ended 31 December 2012

	Company Level 3 £'000
Valuation brought forward at 1 January 2012	26,425
Purchases	25,200
Disposal proceeds	(8,095)
Realised gains	3,232
Investment holding losses	(3,207)
Valuation carried forward at 31 December 2012	43,555

Transfers

During the year 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 £0.1 million.

16 Capital commitments and contingent liabilities

The Company had no capital commitments at 31 December 2012 (2011: £nil).

The maximum consideration which may be paid by the Company for the acquisition of the assets of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc is £6.4 million. On 28 February 2011, being the date of the acquisitions, £3.6 million was paid with a maximum of an additional £2.8 million being payable through the issue of Ordinary Shares to the original Keydata shareholders. The balance is to be determined based on certain milestones having been met as at 30 September 2013 but as at the date of these accounts the probability of the extra payment being made in full or in part was not easily quantifiable. There were no contingent liabilities at 31 December 2011.

17 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.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is, 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 Group 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. There has been no change in this approach from the previous year.



Notes to the Accounts

for the year ended 31 December 2012

17 Management of Capital (continued)

Financial liabilities and borrowing facilities

The Company had no committed borrowing facilities, liabilities or guarantees at 31 December 2012 or 31 December 2011 other than as disclosed in note 10.

Fair values

The fair value of the Company's financial assets and liabilities at 31 December 2012 and 31 December 2011 are not different from their carrying values.

18 Post-balance sheet event

On 27 March 2013, Foresight VCT plc issued 446,940 Ordinary Shares of 1p each at 111.3p per share, in accordance with the terms of the offer for subscription dated 3 December 2012.

19 Related party transactions

No Director has an interest in any contract to which the company is a party.

20 Transactions with the manager

Foresight Group which acts as investment manager to the Company in respect of its venture capital investments earned fees of £1,005,949 during the year (2011: £665,540). Foresight Fund Managers Limited, Company Secretary, received fees excluding VAT of £100,000 (2011: £100,000) during the year.

At the balance sheet date, there was £nil (2011: £161,146) due to Foresight Group and £nil (2011: £nil) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from the related parties.

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services plc (see back cover for details).

Share price

The Company's Ordinary Shares, Planned Exit Shares and Infrastructure Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary Shares and Infrastructure Shares are 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. Due to the fact that Planned Exit Shares are bought back at net asset value, and in order to keep costs down, it has been decided not to list the Planned Exit Shares in the Financial Times.

Investor Centre

Investors are able to manage their shareholding online using Computershare's secure website — 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 Shares, Planned Exit Shares and Infrastructure 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 makers for Foresight VCT plc is Panmure Gardon & 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.

Indicative financial calendar

April 2014 Announcement of preliminary results for the year ended 31 December 2013

April 2014 Posting of the Annual Report for the year ended 31 December 2013

May 2014 Annual General Meeting

August 2013 Announcement of Interim Results for the six months ending 30 June 2013

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 VCT plc:

Telephone: 01732 471800

Fax: 01732 471810

e-mail: info@foresightgroup.eu

website: www.foresightgroup.eu

Foresight 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 the 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 VCT plc (“the Company”) will be held on 28 May 2013 at 1:00pm at the offices of RW Blears LLP, 125 Old Broad Street, London, EC2N 1AR 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 year ended 31 December 2012.
- Resolution 2 To approve the Directors’ Remuneration Report.
- Resolution 3 To re-elect Peter Dicks as a director.
- Resolution 4 To re-elect John Gregory as a director.
- Resolution 5 To re-elect Gordon Humphries as a director.
- Resolution 6 To re-appoint KPMG Audit Plc as auditors and to authorise the directors to fix the auditor’s remuneration.
- Resolution 7 That, in substitution for all other 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 £250,000 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 all other 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 £100,000 by way of an issue of ordinary shares of 1p each in the capital of the Company (“Ordinary Shares”) and/or £100,000 by way of an issue of planned exit shares of 1p each in the capital of the company (“Planned Exit Shares”) and/or £100,00 by way of an issue of infrastructure shares of 1p each in the capital of the Company (“Infrastructure Shares”), in each case pursuant to offer(s) for subscription;
 - (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital of the Company from time to time pursuant to the dividend investment scheme operated by the Company;
 - (c) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares and/or £100,000 by way of an issue of Infrastructure Shares, in each case pursuant to performance incentive arrangements with Foresight Group, such shares to be issued at nominal value; and
 - (d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) 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 Ordinary Share capital from time to time and/or 10% of the issued Planned Exit Share capital from time to time and/or 10% of the issued Infrastructure 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 2014, 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.

- Resolution 9 That, in substitution for all other existing authorities, 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 4,162,887 Ordinary Shares and/or 920,807 Planned Exit Shares and/or 2,495,513 Infrastructure Shares;
 - (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 Ordinary Shares, Planned Exit Shares or Infrastructure Shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) 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 2014 unless such authority is renewed prior to such time; and
 - (v) the Company may make a contract to purchase Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) 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 Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) pursuant to such contract.

By order of the Board

Foresight Fund Managers Limited

Company Secretary

29 April 2013

ECA Court
24–26 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. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time 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 6388. 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 26 April 2013 (being the last business day prior to the publication of this notice), the Company's issued share capital was 50,561,766 shares, comprising 27,771,095 Ordinary Shares, 6,142,813 Planned Exit Shares and 16,647,858 Infrastructure Shares carrying one vote each. Therefore, the total voting rights in the Company as at 26 April 2012 was 50,561,766.
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. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. 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.
12. 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 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received no later than 1.00 pm on the day which is two days (excluding non-working days) before the day of 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.
13. 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.
14. 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.

Notice of Separate Meeting of Ordinary Shareholders

Notice is hereby given that a separate meeting of the holders of ordinary shares of 1p each in the capital of Foresight VCT plc ("the Company") will be held on 28 May 2013 at 1.10 pm at the offices of RW Blears LLP, 125 Old Broad Street, London, EC2N 1AR (or as soon thereafter as the annual general meeting of the Company convened for 1.00 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 1.00 pm on 28 May 2013 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and

b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Ordinary Shares.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

29 April 2013

Notes:

- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 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.
- 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 6388. 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.
- A reply-paid form of proxy for your use is enclosed (Form of Proxy – Separate Meeting of Ordinary Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received not later than 1.10pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.00 am on the day which is two days (excluding non-working days) before the date of the adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking the poll. 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.
- As at 26 April 2013 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund was 27,771,095 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 26 April 2013 was 27,771,095 Ordinary Shares.



Notice of Separate Meeting of Ordinary Shareholders

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. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 29 May 2013 at 9.00 am at the offices of Foresight Group LLP, ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU or as soon thereafter as may be arranged and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.

Notice of Separate Meeting of Planned Exit Shareholders

Notice is hereby given that a separate meeting of the holders of planned exit shares of 1p each in the capital of Foresight VCT plc ("the Company") will be held on 28 May 2013 at 1.15 pm at the offices of RW Blears LLP, 125 Old Broad Street, London, EC2N 1AR (or as soon thereafter as the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company convened for 1.10 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the planned exit shares of 1p each in the capital of the Company ("Planned Exit Shares") hereby sanction, approve and consent to:

a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 1.00 pm on 28 May 2013 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and

b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Planned Exit Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Planned Exit Shares.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

29 April 2013

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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.
3. 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 6388. 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.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Planned Exit Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received not later than 1.15pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.05 am on the day which is two days (excluding non-working days) before the date of the adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll. 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.
5. As at 26 April 2013 (being the last business day prior to the publication of this notice), the issued share capital of the Planned Exit Shares fund was 6,142,813 shares, carrying one vote each. Therefore, the total voting rights in the Planned Exit Shares fund as at 26 April 2013 was 6,142,813 Planned Exit Shares.



Notice of Separate Meeting of Planned Exit Shareholders

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. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Planned Exit Shares present in person or by proxy holding not less than one-third of the paid up Planned Exit Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 29 May 2013 at 9.05 am at the offices of Foresight Group LLP, ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU or as soon thereafter as may be arranged and at such adjourned meeting the holders of Planned Exit Shares present in person or by proxy shall be a quorum regardless of the number of Planned Exit Shares held.

Notice of Separate Meeting of Infrastructure Shareholders

Notice is hereby given that a separate meeting of the holders of infrastructure shares of 1p each in the capital of Foresight VCT plc ("the Company") will be held on 28 May 2013 at 1.20 pm at the offices of RW Blears LLP, 125 Old Broad Street, London, EC2N 1AR (or as soon thereafter as the separate meeting of the holders of planned exit shares of 1p each in the capital of the Company convened for 1.15 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the infrastructure shares of 1p each in the capital of the Company ("Infrastructure Shares") hereby sanction, approve and consent to:

a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable, set out in the notice of annual general meeting of the Company convened for 1.00 pm on 28 May 2013 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and

b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Infrastructure Shares which will, or may, result from the passing and carrying into effect of the said Resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Infrastructure Shares.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

29 April 2013

Notes:

- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 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.
- 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 6388. 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.
- A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Infrastructure Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or the proxy must be registered electronically at www.investorcentre.co.uk/eproxy, in each case, so as to be received not later than 1.20pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.10 am on the day which is two days (excluding non-working days) before the date of the adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll. 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.
- As at 26 April 2013 (being the last business day prior to the publication of this notice), the issued share capital of the Infrastructure Shares fund was 16,647,858 shares, carrying one vote each. Therefore, the total voting rights in the Infrastructure Shares fund as at 26 April 2013 was 16,647,858 Infrastructure Shares.



Notice of Separate Meeting of Infrastructure Shareholders

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. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Infrastructure Shares present in person or by proxy holding not less than one-third of the paid up Infrastructure Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 29 May 2013 at 9.10 am at the offices of Foresight Group LLP, ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU or as soon thereafter as may be arranged and at such adjourned meeting the holders of Infrastructure Shares present in person or by proxy shall be a quorum regardless of the number of Infrastructure Shares held.



Corporate Information

Directors

John Gregory (Chairman)
Peter Dicks
Gordon Humphries

Secretary

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

Manager

Foresight Group CI Limited
La Plaiderie House
La Plaiderie
St Peter Port
Guernsey
GY1 1WP

Auditors and Tax Advisers

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Contact Numbers

Registrar's Shareholder Helpline
— Computershare (0870 703 6388)
General and Portfolio Queries
— Foresight Group (01732 471800)

Solicitors and VCT Status Advisers

SGH Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA

Registrar

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

Registered Number

03421340



Foresight VCT plc

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