Foresight VCT plc

Unaudited Half-Yearly Financial Report
for the six month period ended 30 June 2016

Foresight VCT plc
Company number: 03421340

Contents

Important information: the Company currently conducts its affairs so that the shares issued by Foresight VCT plc can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in a VCT.

Foresight VCT plc

Investment Objective

Ordinary Shares

To provide private investors with attractive returns from a portfolio of investments in fast growing, unquoted companies based in the United Kingdom.

Planned Exit Shares

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, buybacks and tender offers before the sixth anniversary of the closing date of the original offer.

Infrastructure Shares

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.

For further information go to

www.foresightgroup.eu

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Summary Financial Highlights

Financial Highlights

- Net asset value per Ordinary Share at 30 June 2016 was 82.6p after a payment of 7.0p in dividends (31 December 2015: 87.5p).
- Net asset value per Planned Exit Share at 30 June 2016 was 45.6p (31 December 2015: 36.8p).
- Net asset value per Infrastructure Share at 30 June 2016 was 91.1p after a payment of 2.5p in dividends (31 December 2015: 92.4p).

Ordinary Shares Fund

- An interim dividend for the year ended 31 December 2015 of 7.0p per Ordinary Share was paid on 1 April 2016.
- £25.3 million was raised through the issue of shares and the Offer has been extended to 31 December 2016.

Planned Exit Shares Fund

- Trilogy Communications was sold after the period end for an initial cash consideration of £1.4 million plus deferred consideration of £0.3 million.

Infrastructure Shares Fund

- An interim dividend for the year ended 31 December 2015 of 2.5p per Infrastructure Share was paid on 11 March 2016.
- The Board is pleased to declare an interim dividend for the year ending 31 December 2016 of 12.0p per Infrastructure Share, to be paid on 23 September 2016, relating to the sale of FS Pentre after the period end.

Chairman's Statement

Performance – Ordinary Shares Fund

i. Movement in Net Asset Value of the Ordinary Shares Fund

During the period, the net assets of the Ordinary Shares fund increased to £94.5 million at 30 June 2016 from £75.8 million at 31 December 2015.

Of this net increase, amounting to £18.7 million, the principal contributing factors were a total of £25.3 million raised through the issue of 28,496,616 new Ordinary Shares, (less issue costs of £1.0 million), investment income of £0.7 million and a net increase of £2.5 million from the investment performance of the Ordinary Shares fund portfolio. These increases were offset by payment of dividends totalling £7.4 million, management fees and other expenses of £0.9 million and share buybacks of £0.5 million.

Of particular note were the performance of Datapath and Specac International which, together, increased in value by a combined £3.5 million. Specac International was an investment made in April 2015 and to date has materially outperformed its original forecasts at the time of investment.

ii. Movement in Net Asset Value per Share of the Ordinary Shares Fund

At the end of the period, the net asset value of the Ordinary Shares fund was 82.6p per share, which, after adding back the 7.0p per share dividend paid on 1 April 2016, represented an increase of 2.4% over the period.

The investments that contributed significantly (£250,000 or more) to this result were as follows:

Company	£
Specac International Limited	1,866,011
Datapath Group Limited	1,642,453
Protean Software Limited	1,234,929
Trilogy Communications Limited	558,252
ICA Group Limited	(267,208)
Blackstar Amplification Holdings Limited	(300,899)
Autologic Diagnostics Group Limited	(434,121)
Thermotech Solutions Limited	(568,047)
Aerospace Tooling Holdings Limited	(691,391)
Other movements	(495,677)
Total	**2,544,302**

iii. Cash & Deal Flow

Investment Additions

During the period the Ordinary Shares fund made no new or follow-on private equity investments.

Investment Disposals

During the period a loan repayment of £45,000 was received from Specac International and deferred consideration of £51,247 was received from iCore Limited.

In March 2016 O-Gen Acme Trek was sold to Blackmead Infrastructure Limited, a subsidiary of Foresight's Inheritance Tax Solution, at book value for an initial cash consideration of £45,442 and a deferred consideration.

Cash Availability

The Ordinary Shares fund had cash and liquid resources of £32.0 million at 30 June 2016, which increased to £32.7 million at the time of writing. It is anticipated that these funds will be used to make several new private equity investments arising from the Manager's deal flow pipeline of new opportunities.

Additionally, a proportion of cash and liquidity will be retained for dividends to shareholders, paying annual running expenses and share buybacks.

iv. Investment Gains & Losses

During the period the Ordinary Shares fund realised losses amounting to £449,000, which had already been provided for in full, following the liquidation of i–plas Group Limited and the disposal of loans in Abacuswood Limited.

v. Running Costs

The annual management fee of the Ordinary Shares fund is 2.0%. During the period the management fees totalled £795,000, of which £199,000 was charged to the revenue account and £596,000 to the capital account. The average ongoing charges ratio of the Ordinary Shares fund for the period to 30 June 2016, at 2.1%, compares favourably with its VCT peer group.

vi. Ordinary Share Dividends

It continues to be the Company's policy to provide a flow of dividends which will be tax-free to qualifying shareholders, generated from income and from capital profits realised on the sale of investments. Distributions will, however, inevitably be dependent on cash being generated from portfolio investments and successful realisations, the timing of which is not predictable.

In accordance with this policy an interim dividend of 7.0p was paid on 1 April 2016 based on an ex-dividend date of 15 March 2016 and a record date of 16 March 2016.

Chairman's Statement continued

vii. Ordinary Shares Issues & Buybacks

A prospectus offer to raise £30 million was launched on 18 January 2016. During the period under review, £25.3 million was raised through the issue of 27,548,344 Ordinary Shares, allotted at prices ranging from 80.5p to 88.0p per share.

The Company allotted 948,272 Ordinary Shares under the Company's Dividend Reinvestment Scheme at 81.0p per share.

During the period, 695,409 Ordinary Shares were repurchased for cancellation at a cost of £0.5 million at an average discount to NAV of 10.5%. The Board and the Manager consider share buybacks at a suitable discount to be a benefit to shareholders as a whole and an appropriate way to manage the share price discount to NAV at which the Ordinary Shares trade.

viii. Summary Post Period End Update

Following the period end, a further £1.3 million (£26.6 million in total since launch) has been raised under the offer for subscription launched on 18 January 2016.

Trilogy Communications was sold on 4 August 2016, for an initial cash consideration of £574,459 plus deferred consideration of £146,289, compared to a carrying value of £337,264 as at 31 March 2016.

As noted in the prospectus (and the merger documentation between the Company and Foresight 2 VCT plc) the Board is considering what, if any, performance incentive arrangements with the Manager should be implemented relating to the Ordinary Shares fund. If, following these deliberations, the Board believes a performance incentive arrangement with the Manager is appropriate, it will seek Shareholder approval for any such arrangements before they are implemented.

Outlook – Ordinary Shares Fund

The Board and the Manager are encouraged by the performance of the portfolio over the last six months and are pleased with the progress made by several recent investments. In addition, the pipeline of potential investments contains a number of interesting opportunities.

Performance – Planned Exit Shares Fund

i. Movement in Net Asset Value of the Planned Exit Shares Fund

During the period, the net assets of the Planned Exit Shares fund increased to £5,222,000 at 30 June 2016 from £4,248,000 at 31 December 2015.

Of this net increase, the principal contributing factor was the increase of £1,331,000 in Trilogy Communications, which was sold following the period end. The Board is particularly pleased with this outcome for the Planned Exit Shareholders as it represents a remarkable turnaround in Trilogy's fortunes and demonstrates the benefit of active asset management for private equity style investments.

Additionally, the fund incurred management fees and expenses of £22,000 and made share buybacks totalling £26,000 during the period and there was a decrease of £340,000 from the investment performance of the remaining Planned Exit Shares fund portfolio, principally due to difficult market conditions for Industrial Engineering Plastics. Income for the period totalled £34,000.

ii. Movement in Net Asset Value per share of the Planned Exit Shares Fund

During the period, the net asset value of the Planned Exit Shares fund increased to 45.6p per share at 30 June 2016 from 36.8p per Share at 31 December 2015, an increase of 23.9%.

iii. Cash & Deal Flow

Investment Additions

There were no new or follow-on investments made during the period.

Investment Disposals

Although there were no disposals during the period, Trilogy Communications was sold on 4 August 2016, for an initial cash consideration of £1,372,027 plus deferred consideration of £349,393, compared to a carrying value of £799,029 as at 31 March 2016, an effective increase of 9.7p per share.

Deferred consideration of £13,369 was received from Channel Safety Systems during the period.

Cash Availability

The Planned Exit Shares fund had cash and liquid resources of £416,000 at 30 June 2016, which has decreased to £382,000 at the time of writing. The Planned Exit Shares fund is considered fully invested and its investments generate a running yield, which is principally utilised for the payment of dividends and expenses.

iv. Investment Gains & Losses

During the period, the Planned Exit Shares fund realised losses amounting to £524,000, which had already been provided for in full, following the liquidation of i–plas Group Limited.

v. Running Costs

The annual management fee of the Planned Exit Shares fund is 1.0%. During the period, management fees totalled £12,000, of which £3,000 was charged to the revenue account and £9,000 to the capital account. The total expense ratio of the Planned Exit Shares fund for the period ended 30 June 2016 was 0.8%.

vi. Planned Exit Share Dividends

It continues to be the Company's policy to provide a flow of dividends which will be tax-free to qualifying shareholders, generated from income and from capital profits realised on the sale of investments. Distributions, however, will inevitably be dependent on cash being generated from portfolio investments and successful realisations.

The Board intends to pay out substantially all of the proceeds of Trilogy as a distribution once the initial proceeds have been received, which is expected in the next few weeks. On the basis of current unadjusted proceeds and existing cash balances held by the fund, this would equate to approximately 14.0p per share.

vii. Planned Exit Shares Issues & Buybacks

There were no Planned Exit Shares issued during the period.

During the six months under review 72,773 Planned Exit Shares were repurchased for cancellation at a cost of £26,000 at an average discount to NAV of 9.1%. The Board and the Manager consider share buybacks to be an effective way to manage the share price discount to NAV at which the Planned Exit Shares trade.

viii Summary Post Period End Update

As noted above, Trilogy Communications was sold on 4 August 2016.

Outlook – Planned Exit Shares Fund

The original objective of the Planned Exit Shares fund was to return investors 110p per share through a combination of dividends and share buybacks by the sixth anniversary of the closure of the original offer, which was June 2016.

Following the sale of Trilogy in August 2016, there are still two investments held within the Planned Exit Shares portfolio and it continues to be the Board's policy to manage these investments until such time as the terms of an exit would maximise potential returns for Shareholders.

The total return for shareholders if the fund realised the remaining investments at current valuation would be 88.6p (comprising 43.0p in dividends paid to date and 45.6p representing the remaining NAV at 30 June 2016). To deliver the target return of 110p per share, a significant increase on the current valuations of the two remaining investments would need to be achieved on their disposal. Although significant movements remain a possibility, as demonstrated by the Trilogy realisation, it seems unlikely the target 110p will be achieved by the fund.

Performance – Infrastructure Shares Fund

i. Movement in Net Asset Value of the Infrastructure Shares Fund

During the period, the net assets of the Infrastructure Shares fund decreased to £29.6 million at 30 June 2016 from £30.0 million at 31 December 2015.

The Infrastructure Shares fund paid out dividends totalling £813,000 and management fees and other expenses of £265,000. Income for the period totalled £1.1 million.

ii. Movement in Net Asset Value per share of the Infrastructure Shares Fund

At the end of the period, the net asset value of the Infrastructure Shares fund was 91.1p per share, which, after adding back the 2.5p per share dividend paid on 11 March 2016, represented an increase of 1.3% over the period.

iii. Cash & Deal Flow

There were no new or follow-on investments or disposals made during the period.

The Infrastructure Shares fund had cash and liquid resources of £105,000 at 30 June 2016, which had increased to £4,209,000 at the time of writing, as a result of selling FS Pentre.

iv. Investment Gains & Losses

There were no realised gains or losses during the period.

v. Running Costs

The annual management fee of the Infrastructure Shares fund, which was 1.75% until 31 December 2014, was reduced to 1% from 1 January 2015. The Board agreed with Foresight Group to make this change following the impact of the delay in investing the original amounts raised in qualifying infrastructure investments, which is likely to impact the fund's future returns. During the period, management fees totalled £151,000, of which £38,000 was charged to the revenue account and £113,000 to the capital account. The ongoing charges ratio of the Infrastructure Shares fund for the period ended 30 June 2016 was 1.5%.

vi. Infrastructure Share Dividends

During the period, an interim dividend of 2.5p was paid on 11 March 2016 based on an ex-dividend date of 25 February 2016 and a record date of 26 February 2016.

The Board is pleased to declare a further interim dividend of 12.0p per Infrastructure Share to be paid on 23 September 2016. The shares will have an ex-dividend date of 8 September 2016 and a record date of 9 September 2016.

The Company's original objective was to provide an annual flow of dividends of 5.0p per share, tax-free to qualifying shareholders, generated from income and from capital profits realised on the sale of investments. Distributions will inevitably be dependent on cash being generated from portfolio investments and successful realisations. The ability to continue generating sufficient cashflows to satisfy an annual 5.0p per share dividend is uncertain in light of current yields.

vii. Infrastructure Shares Issues & Buybacks

There were no Infrastructure Shares issued during the period.

During the period under review 14,978 Infrastructure Shares were repurchased for cancellation at a cost of £14,000 at an average discount to NAV of 0.7%. The Board and the Manager consider share

Chairman's Statement continued

buybacks to be an effective way to help manage the share price discount to NAV at which the Infrastructure Shares trade.

viii. Summary Post Period End Update

FS Pentre, one of the fund's ground mounted solar farms, was sold on 1 July 2016, for a total consideration of £4.3 million, including interest.

Outlook – Infrastructure Shares Fund

Following the merger, Foresight VCT now has a controlling holding in four of the five currently qualifying investments, which if left unaddressed would lead to those investments becoming non-qualifying under VCT rules relating to control. However, a one year grace period is allowed to remedy this situation. Partial or complete disposals of these four investments is required to reduce ownership of each of these holdings to below 50% and the sale of FS Pentre, noted above, is the first of the four investments to be sold.

The Board and Manager have given consideration to other current investment opportunities and whether any sale proceeds should be reinvested or paid out as dividends to Shareholders, and concluded that any sales proceeds should (subject to VCT implications for both the Company and Shareholders and any other statutory and regulatory constraints) be paid out as dividends to Shareholders. The rationale behind this decision is that the asset type which can be held within the fund is of a nature suited to longer term investment and the Board and Manager believe that Shareholders individually are in the best position to decide on what form of future investment is most suited to their needs. Shareholders are, therefore, likely to receive back a substantial proportion of their investment sooner than originally anticipated, and the total return from an investment in the fund is expected to be lower because of the shorter period that a part of their funds would be earning a return from infrastructure investments.

The Board is conscious of its intention in the original prospectus to offer shareholders the opportunity to exit their investment or remain invested after the end of the initial five year holding period and will be writing to Infrastructure Shareholders separately regarding these opportunities.

Brexit

There are two principal areas where the implementation of Brexit could impact the VCT:

1. Investee Companies – there has been much debate on the possible impact on trade between Europe and the UK following the Brexit vote and how this will impact UK corporates. Although too early to estimate the impact, we do not believe that the impact will be material in the short to medium term; and
2. Regulation – many parts of the current VCT legislation have resulted from EU State Aid Directives, but we do not believe that post Brexit the amending of VCT legislation will be a priority for the UK Government.

Outlook

The Board is pleased with the recent performance within both the Planned Exit and Infrastructure Share funds and the post period end realisations in both share classes that have enabled further dividends to be declared.

The Ordinary Shares fund is now of a size that the Board believes will enable it to more easily sustain the Board's dividend objective and provides sufficient capacity for further new investments. A combination of solid performance from the seven investments made in 2015 as well as the existing portfolio generated a moderate increase in NAV in the period. The Board remains optimistic for the portfolio during the remainder of the year.

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31 August 2016

Manager's Report

Performance during the period

Ordinary Shares Fund

The net asset value per Ordinary Share increased by 2.4% (after adding back the interim dividend of 7.0p per Ordinary Share paid on 1 April 2016) to 82.6p per share as at 30 June 2016, from 87.5p at 31 December 2015. The Ordinary Shares fund benefitted during the period from good performances by several portfolio companies, most notably Datapath, Protean and Specac which performed particularly strongly, resulting in an increase in their aggregate valuation of £4.7 million, or 4.1p per share.

Having completed seven investments during the previous year, the Ordinary Shares fund continues to focus on new opportunities. However, uncertainty following the recent changes to VCT rules and more recently the EU referendum have delayed completing further deals. We are currently in exclusivity and in due diligence on two new investments for the Ordinary Shares fund with offers on funding under negotiation on several other investments.

Further details can be found in the Ordinary Shares Portfolio Review later in this report.

Planned Exit Shares Fund

The net asset value per Planned Exit Share increased during the period to 30 June 2016 by 23.9% to 45.6p per share from 36.8p at 31 December 2015. This reflected the successful sale of Trilogy Communications Limited after the period end, providing an uplift of over £1.3 million for the fund. We are working to realise the two remaining investments. Further details can be found in the Planned Exit Shares Portfolio Review later in this report.

Infrastructure Shares Fund

During the period, the net asset value per Infrastructure Share increased by 1.3% (after adding back the 2.5p interim dividend paid on 11 March 2016) to 91.1p per share as at 30 June 2016, from 92.4p at 31 December 2015.

On 1 July 2016, the Infrastructure Shares fund successfully completed the sale of FS Pentre Limited, the holding company of the Pentre solar farm project, for £4.3 million which represented a premium of £0.4 million above book value.

The portfolio which, following the Pentre sale comprises investments in three ground mounted solar plants and eight operating PFI projects in the health and education sectors, performed in line with expectations during the period.

Further details can be found in the Infrastructure Shares Portfolio Review later in this report.

Fund raising for the Ordinary Shares Fund

We continue to see a number of high quality private equity investment opportunities. In order to take advantage of current opportunities, on 18 January 2016, the Board launched a full prospectus to raise up to £30 million through the issue of new Ordinary Shares. The issue has been well received by both new and existing investors, with £25.3 million raised through the issue of 27.5 million new Ordinary Shares in the period. The offer currently remains open.

We believe that, with the UK and US economies slowly recovering and reducing UK uncertainty post Brexit, investing in growing, well managed private companies in this phase of the economic cycle should, based on past experience, generate attractive returns over the longer term.

Consequential Changes to certain Infrastructure Share Class investments

A consequence of the merger of the Company and Foresight 2 VCT in December 2015 meant that the Infrastructure Share Class had controlling positions in four of its five qualifying investments. Under VCT rules, the Company benefits from a 12 month grace period within which to reduce its holdings in each asset to below 50% which could be achieved through partial or full disposals by December 2016.

On 1 July 2016, the Infrastructure Shares fund successfully completed the sale of FS Pentre Limited, the holding company of the Pentre solar farm project, for £4.3 million which represented a premium of £0.4 million above book value. Pentre was sold to another Foresight managed investment vehicle for an attractive premium reflecting an independent third party valuation. Pentre was one of the qualifying investments in which the Company held a controlling position.

The whole or part disposal of three of the remaining qualifying holdings is likely to be made to either a third party investor or to another fund managed by Foresight Group at an independently verified valuation. In order to continue to generate yield, any such part disposals would be expected to take place towards the end of 2016.

To bring the VCT's holding down to 49.9% or less of each investment and satisfy this control test, a whole or part disposal of each of the three remaining controlled investments is required, as set out in the table below.

Estimated value to be disposed as at 30 June 2016:

Investee Company	Holding (£)	Fully Diluted Ownership	Required disposal (£)
FS Hayford Farm Ltd	2,785,424	55%	241,958
FS Tope Ltd	2,736,548	87%	1,160,341
Drumglass HoldCo Ltd	3,424,163	79%	1,244,803
Total			**2,647,102**

The Board and Manager have given consideration to other current investment opportunities and whether any sale proceeds should be reinvested or paid out as dividends to Shareholders, and concluded that any sales proceeds should (subject to VCT implications for both the Company and Shareholders and any other statutory and regulatory constraints) be paid out as dividends to Shareholders. The rationale behind this decision is that the asset type which can be held within the fund is of a nature suited to longer term investment and the Board and

Manager's Report continued

Manager believe that Shareholders individually are in the best position to decide on what form of future investment is most suited to their needs. Shareholders are, therefore, likely to receive back a substantial proportion of their investment sooner than originally anticipated, and the total return from an investment in the fund is expected to be lower because of the shorter period that a part of their funds would be earning a return from infrastructure investments.

Impact of recent changes to VCT legislation

The budget in July 2015 introduced a number of significant changes to VCT legislation. Following EU State Aid approval, these regulatory changes took effect from 18 November 2015, the date of Royal Assent to the Finance Act 2015. Two of these changes in particular are expected to impact the future management of all VCTs. First the restriction on the age of a company that is eligible for investment by a VCT (generally no more than seven years from the date of the company's first commercial sale) and second, restrictions on VCT funds being used in acquiring an interest in another company or existing business. By precluding replacement capital transactions, such as shareholder recapitalisations, management buy-outs and buy-ins and funding acquisitions by investee companies, the restrictions are designed to encourage more development capital transactions and investment in generally younger, less mature companies.

The Foresight VCTs already invest in all these types of transactions so, although the proposed changes will result in a change of investment emphasis, they are not expected to have a material impact. Foresight VCTs will continue to focus on investing in established, growing, profitable companies with an attractive risk/return profile. The emphasis will change from replacement capital transactions to development capital investments, including investing in earlier stage companies with a clear path to profitability. It will not be the policy, except in exceptional circumstances, to invest in start-up companies.

Foresight Group has a strong track record in development capital transactions, having invested in both growth capital and replacement capital transactions since its formation over 30 years ago. For example, 40% of all investments made since 2010 were development capital transactions. Since then, 14 of these investments have been successfully realised, generating an average return of 2.2 times original cost.

With this long, successful, track record, Foresight's marketing efforts have already been refocused towards finding more suitable, later stage development capital investment opportunities, with the aim of accelerating their growth. A number of such opportunities are currently under active consideration. Foresight Group remains confident that sufficient, suitable, new and attractive investment opportunities can be sourced which will meet its return criteria and comply with the VCT rules.

While all the implications of the new rules have yet to be clarified, it is clear that, over the medium term, as existing investments are realised, the change in investment emphasis and the nature of new investments will lead to an increase in the VCTs' risk profile. Over the medium term, however, any such increase in risk profile could be tempered by a favourable outcome to the proposed VCT policy review, as mentioned below. The rule changes will, however, make the VCTs' operating environment more complicated and could limit the number of opportunities available for investment. Similarly, the Company may not necessarily be able to provide further investment funds for companies already in its portfolio.

Proposed VCT Policy Review

Although the recent rule changes preclude VCTs investing in replacement capital transactions, the Treasury and HMRC have agreed to review this policy following representations from *inter alia* the British Venture Capital Association, the Association of Investment Companies and a number of legal firms. We hope that in due course the current rules to enable VCTs to invest will be relaxed to allow an element of replacement capital alongside a significant element of growth capital in any particular transaction. At this early stage, it is not possible to forecast the ultimate outcome of the review and Shareholders will be kept informed of any significant developments.

If this review concludes satisfactorily, the range of potential investment opportunities for VCTs would be widened, compared to the more restrictive regime that currently applies.

Portfolio Review: Ordinary Shares Fund

1. New Investments

No new investments were made during the period to 30 June 2016. We are currently working on two potential investments for the Ordinary Shares fund and are looking to complete the first of these by the end of Q3.

2. Follow-on funding

No follow-on investments were made during the period.

3. Realisations

In March 2016 the Company's interest in O-Gen Acme Trek was sold to Blackmead Infrastructure Limited, a subsidiary of Foresight's Inheritance Tax Solution, at book value for an initial cash consideration of £45,000 and a deferred consideration.

Following period end the Company successfully completed the sale of Trilogy Communications Limited to California based Clear-Com LLC on 4 August 2016. The Ordinary Shares fund received £574,000 in cash following completion, with further deferred consideration payable subject to warranty claims and tax claims.

4. Material Provisions to a level below cost (including take-on cost) in the period

Company	£
AlwaysON Group Limited	187,525
Autologic Diagnostics Group Limited	434,121
ICA Group Limited	267,208
Ixaris Systems Limited	80,034
TFC Europe Limited	242,367
Thermotech Solutions Limited	568,047
Total	**1,779,302**

5. Performance Summary

The net asset value per Ordinary Share increased by 2.4% (after adding back the interim dividend of 7.0p per Ordinary Share paid on 1 April 2016) to 82.6p per share as at 30 June 2016, from 87.5p at 31 December 2015. The Ordinary Shares fund benefitted during the period from good performances by several portfolio companies, most notably Datapath, Protean and Specac, which performed particularly strongly resulting in an increase in their aggregate valuation of £4.7 million. Specac has continued its strong growth and performance while Datapath and Protean both benefited from an improved focus on sales and new product development.

Provisions totalling £1.8 million were made during the period. Following the launch of Autologic Diagnostics Group's new Assist Service, this change in strategy towards a pure SaaS recurring revenue model resulted in lower EBITDA during 2015 and depending on the level of new customer sales, is also likely to impact EBITDA in 2016. Reflecting this reduced profitability, a provision of £434,121 was made against the cost of the investment during the period.

A provision of £187,525 was made against the investment in AlwaysOn Group, due to continuing weak trading. Similarly, a provision against cost of £242,367 was made against TFC due to the slow recovery in oil & gas markets. A provision against cost of £267,208 was made against ICA Group reflecting lower profitability. Thermotech experienced delays in contract wins which impacted profits in the quarter to March 2016. As such, a provision of £568,047 was made to the investment during the period. The acquisition of a local competitor, Oakwood is expected to make a significant contribution to future profits.

As a consequence of the VCT rule changes referred to above, Foresight's marketing efforts have been refocussed towards finding more suitable, later stage development capital investment opportunities, with the aim of accelerating the growth of established, profitable companies. A number of such opportunities are currently under active consideration. The M&A market continues to be active, providing opportunities for future realisations.

Portfolio Review: Planned Exit Shares Fund

1. New Investments

No new investments were made during the period.

2. Follow-on funding

No follow-on investments were made during the period.

3. Realisations

Following period end the Company successfully completed the sale of Trilogy Communications Limited to California based Clear-Com LLC on 4 August 2016. The Planned Exit Shares fund received £1,372,000 in cash following completion (compared with a carrying value of £799,029 at 31 March 2016), with further deferred consideration payable subject to warranty claims and tax claims.

4. Material Provisions to a level below cost (including take-on cost) in the period

Company	£
Industrial Engineering Plastics Limited	317,323
Total	**317,323**

5. Performance Summary

The net asset value per Planned Exit Share increased during the period to 30 June 2016 by 23.9% to 45.6p per share from 36.8p as at 31 December 2015. This reflected the above mentioned successful sale of Trilogy Communications Limited providing an uplift of over £1.3 million to the fund.

With a view to improving trading, operational efficiency and systems at Industrial Engineering Plastics, a new Chairman and experienced turnaround CEO were appointed in late 2014. Performance improved subsequently and good progress made in improving efficiency, cost control and sales channels, with an increasing focus on higher margin fabrication work. The company experienced weaker than expected trading in late 2015 due to lower demand, however, resulting in slower than expected progress in implementing this turnaround.

We are working to realise the two remaining investments.

Portfolio Review: Infrastructure Shares Fund

Background

The Infrastructure Shares fund was combined with the Foresight 2 VCT Infrastructure Shares fund following the merger on 18 December 2015.

The strategy of the Infrastructure Shares fund is to invest in infrastructure assets in the secondary PFI, solar infrastructure, energy efficiency and on-site power generation markets.

The Infrastructure Shares fund holds shareholdings in eight operating PFI companies, four in the education sector holding interests in 13 schools and four in the health sector, comprising three acute hospitals and one forensic psychiatry unit. All of the projects are contracted under UK PFI standard form and the counterparties are various Local Authorities and NHS Trusts. These investments have strong operating records and have remaining contract terms ranging from 11 to 26 years. All have project finance debt in place with long term interest

Manager's Report continued

rate hedging contracts and also long term facilities management subcontracts which pass all operational risks through to major, well established companies.

Reflecting increased competition from other PFI infrastructure funds during the course of the offer, asset prices rose and yields fell significantly to lower levels than originally projected, driven by increasing investor appetite for PFI investments and a contraction in the supply of new infrastructure assets. To help lower costs and improve investor returns, Foresight Group agreed with the Board to reduce its management fee from 1.75% to 1% per annum with effect from 1 January 2015. The total return will, however, depend on the prices achieved on an ultimate sale or refinancing of the assets.

Portfolio Developments

During the period, the net asset value per Infrastructure Share increased by 1.3% (after adding back the 2.5p interim dividend paid on 11 March 2016) to 91.1p per share as at 30 June 2016, from 92.4p at 31 December 2015.

As referred to in both the last published annual and interim accounts, higher prices than expected were paid for the PFI and solar assets due to increased competition, resulting in correspondingly lower yields. Reflecting lower gas prices during 2015, UK wholesale power prices fell significantly, reducing solar plant revenues. In August 2015, the Government removed the Climate Change Levy, resulting in a c.3% reduction in future cash flows at a project level, impacting both existing and new solar investments. These reduced assumptions for solar plants' future revenues have had a negative impact on their net asset values. The combination of these various factors is likely to reduce overall ultimate returns to investors.

Against this challenging market backdrop, we remain focused on capital preservation and portfolio optimisation, using operational and maintenance efficiencies to drive cost savings and quality benefits for the Infrastructure Shares fund. The current low interest rate environment presents the opportunity to refinance the projects (with suitable debt finance) and generate a value uplift on the ultimate sale of the solar assets in the Infrastructure Shares fund. Total return will also depend on prices achieved on the ultimate sale of the PFI and solar assets. We continue to work hard to position the assets for sale at the best possible price.

New and Follow-on Investments

No new or follow-on investments were made during the period.

Outlook

As explained in further detail above, as a consequence of the merger of the Company and Foresight 2 VCT in December 2015, the whole or part of three of the remaining qualifying investments held within the Infrastructure Shares fund will need to be sold by the first anniversary, i.e. by no later than December 2016.

Portfolio Highlights

In September 2015, as part of a £4.2 million round alongside other Foresight VCTs, the Ordinary Shares fund invested £2.75 million in **ABL Investments Limited** ("ABL") to support further growth. ABL, based in Wellingborough, Northants and with a manufacturing subsidiary in Serbia, manufactures and distributes office power supplies and distributes monitor arms, cable tidies and CPU holders to office equipment manufacturers and distributors across the UK. Founded in 2003, ABL has grown strongly over the last five years, achieving an EBITDA of £1.9 million on sales of £5.5 million in its financial year to 31 August 2015, reflecting a strong focus on customer service, speed of delivery and value for money. Trading in the year is in line with budget. Good progress has been made in shaping the new team and corporate structures following the appointment of a new Chairman and Finance Director in September 2015.

Production facilities have largely been brought in house, enabling the Serbian operations to expand its production offering. The company has relaunched its website to include a greater level of functionality and product detail which will be supported by a new marketing campaign to existing and potential customers. **Held in the Ordinary Shares fund.**

In June 2013, the Ordinary Shares fund invested £1.5 million alongside other Foresight VCTs in a £3.5 million investment in Dundee based **Aerospace Tooling Corporation** ("ATL"), a well-established specialist engineering company. ATL provides repair, refurbishment and remanufacturing services to large international companies for components in high-specification aerospace and turbine engines. With a heavy focus on quality assurance, the company enjoys well established relationships with companies serving the aerospace, military, marine and industrial markets. In the year to 30 June 2014, a number of large orders underpinned exceptional growth, with turnover doubling and EBITDA profits increasing significantly to a record £4.3 million.

Reflecting particularly strong cash generation, the company effected a recapitalisation and dividend distribution in September 2014, returning the entire £3.5 million cost of the Foresight VCTs' investments made only 15 months previously. Having received full repayment of its loan of £1.35 million and dividends of £150,000 equal to the cost of its equity investment, the Ordinary Shares fund retained its original 23% equity shareholding in the company, effectively at nil cost.

Although sales and profitability were expected to be lower in the year to 30 June 2015, the actual trading results were weaker than budgeted, an EBITDA of £2.5 million being achieved on sales of £8.1 million, reflecting weak trading in the final quarter of the year due to a premature reduction of work under a major defence contract. This unexpected early contract termination was subsequently followed by a significant reduction in work for an important customer in the oil and gas industries, as a consequence of the falling energy prices. With poor order visibility, costs were reduced, management changes made and sales efforts increased substantially.

In the financial year ended 30 June 2016, the Company recorded significantly lower sales and incurred EBITDA losses. Sales were in line with the revised budget for the year and EBITDA losses were slightly reduced reflecting an improvement in trading in the last quarter. The new recently appointed CEO is continuing to have a positive impact on ATL with a key focus on sales growth, via new customer acquisition initiatives, in addition to exploring opportunities with the Company's existing customers. The company is forecasting a return to profitability in the current year. **Held in the Ordinary Shares fund.**

In April 2014, the two Foresight portfolio companies, **AlwaysOn Group** and Data Continuity Group (together now known as AlwaysOn Group) merged and implemented a major reorganisation, involving significant cost reductions and a subsequent change in the year end to June 2015. The merged business now provides data backup services, connectivity and, as a Gold partner, Microsoft's Lync collaboration software (rebranded as Skype for Business) to SMEs and larger enterprises. For the financial year to 30 June 2016 a small EBITDA loss was incurred on reduced sales of £5.5 million (compared to an EBITDA of £53,000 on sales of £8.0 million in the prior year). Whilst revenues were behind budget, improved operational efficiency and higher margin mix resulted in a lower budgeted EBITDA loss over the financial year. In the current year, trading continues at a similar level, with small losses being incurred. **Held in the Ordinary Shares and Planned Exit Shares funds.**

For the year to December 2015, **Aquasium Technology** achieved an operating profit of £1.2 million on sales of £9.1 million, reflecting strong spares and service revenues with good visibility on the order pipeline for the current year (2014: £845,000 operating profit on sales of £10.1 million). Although trading was behind budget for the first half to June 2016, a number of significant orders have been won subsequently.

Aquasium is continuing the development of new electron beam technologies which are expected to have considerable commercial potential. During the year, the Ebflow (reduced pressure vacuum) machine was demonstrated to various potential customers, successfully welding thick steel in minutes rather than several hours. Although good progress is being made with potential international buyers of Ebflow machines, the sales cycle for this disruptive technology is expected to be slow and so investment in marketing and business development has been increased to accelerate sales of these machines.

In July 2015, the company repaid a loan of £166,667. At 30 June 2016 the Ordinary Shares fund held a loan of £166,667, due for repayment in Q3 2016, and 33% of Aquasium's equity. The investment in Aquasium has to date returned £3.8m, representing a multiple of over 2.0x cost. **Held in the Ordinary Shares fund.**

Following the £48 million secondary buy-out by Living Bridge (formerly ISIS Private Equity) in January 2012, the Ordinary Shares fund retained investments in equity and loan stock valued at £3.46 million in **Autologic Diagnostics Group**. For the year to 31 December 2014, an EBITDA of £5.4 million was achieved on sales of £19.7 million, with relatively stronger sales in the UK and Europe compared with the USA. In May 2015, a new business model was launched to generate recurring revenues and improve the quality of the company's earnings from a new product, Assist Plus, and associated Assist Plus service. This change in strategy towards a pure recurring revenue model has resulted in certain exceptional costs being incurred and impacted EBITDA during 2015, reducing this to £4 million on revenues of £18.5 million for the year to 31 December 2015, in line with expectations.

Trading in the current year to date is at a similar level, with cash balances currently over £6.5 million. The company continues to make progress following the appointment of a new Chairman to further develop the strategy for growth over the coming months. This has included the newly launched Autologic Assist App in the period, which currently has 10,000 users. **Held in the Ordinary Shares fund.**

Biofortuna, established in 2008, is a molecular diagnostics business based in the North West, which has developed unique expertise in the manufacture of freeze dried, stabilised DNA tests. Biofortuna develops and sells its own proprietary tests as well as contract developing and manufacturing on behalf of customers. An initial £1.3 million round to finance capital expenditure and working capital was completed in August 2013, in which the Ordinary Shares fund invested £99,066 in the first tranche and a further £50,929 in the second tranche in April 2014. For the year to March 2015, sales increased sharply to £1.05 million, with a reduced operating loss of £528,000 (2014: sales of £325,000, operating loss £1.05 million). For the year to 31 March 2016, trading was well ahead of budget, with the profitable Contract Manufacturing division helping to offset investment in the proprietary products being developed by the Molecular Diagnostics division.

To finance the development of new products, a £1.6 million round was concluded in January 2015, of which £890,000 was committed by the Foresight VCTs. The Ordinary Shares fund invested £128,002 as the first tranche. The final tranche of £94,503 was drawn down in July 2016. **Held in the Ordinary Shares fund.**

In July 2012, the Ordinary Shares fund invested £2.5 million in Northampton based **Blackstar Amplification Holdings** alongside £1 million from Foresight 4 VCT to finance a management buy-out and provide growth capital. In the year to 30 April 2015, the company achieved an EBITDA of £537,000 on sales of £8.6 million (2014: £300,000 EBITDA on sales of £8.6 million). In the financial year ended 30 April 2016, Blackstar generated sales of £8.2m and EBITDA of £702,000, reflecting improved gross margins and tight management of overheads. New product development remains a key strategic priority for Blackstar and in the current financial year alone, the Company is launching 15 new products. Blackstar continues to be the number two guitar amplifier brand by units sold in the UK and USA. The company currently has a presence in over 35 countries worldwide and its products are stocked in over 2,500 stores globally. **Held in the Ordinary Shares fund.**

Manager's Report continued

Building on the success of its £48 million, 10MW Birmingham BioPower project ("BBPL") with Carbonarius (a 50:50 joint venture with Plymouth based Una Group), O-Gen UK has become the UK's leading independent developer of Advanced Conversion Technology waste to energy projects. In March 2015, O-Gen UK and Una Group combined their two teams into a new company, **CoGen Limited**, to further develop their substantial, combined pipeline of projects. In order to accelerate growth and provide additional working capital, a new investor subscribed £750,000 for equity in CoGen, alongside a loan of £500,000 from Una Group in April 2016. Funds managed by Foresight hold 22.13% of CoGen's equity, including the Ordinary Shares fund (3.53%), Foresight 3 VCT (7.73%), Foresight 4 VCT (8.55%) and the Foresight UK Sustainable EIS fund (2.32%). O-Gen UK remains the shareholder in BBPL.

In March 2015, CoGen reached financial close on a £53.0 million, 10MWe waste wood to energy plant in Welland, Northamptonshire, using the same technology and partners as in the BBPL project. This latest project was funded with investment from Balfour Beatty plc, Equitix and Noy (an Israeli investment fund), with CoGen earning development fees on the transaction whilst retaining a 12.5% shareholding in the project. Also in March, CoGen completed the acquisition of the entire O-Gen Plymtrek site in Plymouth, originally developed by Carbonarius and MITIE plc, on which an £8 million 4.5MW waste to energy plant is planned to be built utilising much of the footprint of the existing plant. The funding for this transaction was provided by Aurium Capital Markets, with CoGen owning 50% of the acquisition vehicle and Aurium 50% but with a prior ranking return on the latter's invested capital. In October 2015, CoGen reached financial close on a £98.0 million, 21.5MW project in Ince Park, Merseyside to be fuelled with circa 160,000 tonnes per annum of recycled wood fibre. All of the funding was provided by the Bioenergy Infrastructure Group ("BIG", of which Foresight Group is a co-sponsor) through a combination of shareholder loan and shares which receive a preferential return.

Cogen is developing its pipeline of projects and funding relationships, with active support from Foresight and BIG. The market has become more uncertain with the Government's changes in renewables policy, in particular relating to future CfD auctions. Cogen was unfortunately not able to close its final, potential £120 million ROC project as time expired under the ROC deadline. Cogen's primary deal pipeline comprises four projects in Northern England and plans to bid in the CfD auction due at the end of 2016, with the aim of closing projects successful in that auction during 2017. BIG is expected to jointly fund this process, requiring a total of £5 million of investment.

Project Name	Project size (£m)	Year of financial close	Shareholding
Birmingham Biopower Limited	48	2013	20.0%
Plymouth	20	2015	50.0%
Welland	53	2015	12.5%
Ince Park	97	2015	20.0%

It is unlikely that full value will be secured for Foresight VCT's stakes in Cogen and O-Gen UK until the portfolio of plants is fully operational. However, Foresight Group will keep this situation under review. **Held in the Ordinary Shares fund.**

In February 2014, the **O-Gen Acme Trek** facility in Stoke-on-Trent was granted planning permission for an enlarged 8MW waste wood to energy plant but it was not possible to finance and redevelop the site as a project qualifying for Renewable Obligation Certificates ("ROCs") in time for the ROC deadline. In March 2016 the Company's interest in O-Gen Acme Trek was sold to Blackmead Infrastructure Limited, a subsidiary of Foresight's Inheritance Tax Service, at book value for an initial cash consideration and a deferred consideration element due when certain conditions are met. **Previously held in the Ordinary Shares fund.**

Derby based **Datapath Group** is a world leading innovator in the field of computer graphics and video-wall display technology utilised in a number of international markets. The company is increasing its market share in control rooms, betting shops and signage and entering other new areas such as the medical market. For the year to 31 March 2015, an operating profit of £6.8 million was achieved on sales of £19.3 million, with the North American division trading ahead of budget (2014: record operating profits of £7.4 million on sales of £18.7 million). In November 2015, prior to the merger with Foresight VCT, Datapath paid dividends of £6.3 million, split equally between Foresight 2 VCT, Foresight 3 VCT and Foresight 4 VCT.

For the year to 31 March 2016, an operating profit of £5.9 million was achieved on sales of £19.9 million. Product development continues at a high rate, with seven new products or product variants expected to enter production by the end of the year. The new sales manager has recently strengthened the sales team with two new account managers in the US and two sales executives are being recruited for the Asia Pacific region. **Held in the Ordinary Shares fund.**

In September 2015, as part of a £3.9 million round alongside other Foresight VCTs, the Ordinary Shares fund invested £2.026 million (alongside £650,000 from Foresight 2 VCT) in **FFX Group Limited** to support the continuing growth of this Folkestone based multi-channel distributor of power tools, hand tools, fixings and other building products. Since launching its e-commerce channel in 2011, FFX has grown rapidly supplying a wide range of tools to builders and tradesmen nationally. For the year to 31 March 2015, the company achieved an EBITDA of £1.3 million on sales of £26.9 million. The management team was strengthened by the appointment of two new Joint Managing Directors and a new Chairman, each with experience of successfully developing similar businesses.

For the year to 31 March 2016 the company achieved an EBITDA of £940,000 on sales of £29.8 million following the successful relocation into a nearby, much larger warehouse at Lympne in early 2016. **Held in the Ordinary 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 buy-out of Kent based Flowrite Services Limited. Flowrite Refrigeration Holdings provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses such as hotels, clubs, pubs and restaurants. In the year to 31 October 2014, the company traded well, achieving an operating profit of £740,000 on sales of £10.8 million after substantial investment in new engineers and systems (2013: operating profit of £1.06 million on sales of £10.0 million).

In July 2015, the company completed another recapitalisation, returning £156,000 of accrued interest to the Foresight VCTs, including £56,000 to the Ordinary Shares fund, taking total cash returned on this investment to 85% of cost. For the 14 months to 31 December 2015, the company achieved a disappointing operating profit of £404,000 on sales of £12.8 million, reflecting difficulties arising from installing a new workflow IT system to improve operational efficiency and optimised profitability. To drive the business forward, steps were taken in August 2015 to broaden the management team through the appointment of a new Chairman and a Finance Director. In order to improve profitability, the new management team are focused on cost reductions and delivering operational improvements through the peak summer trading period. **Held in the Ordinary Shares fund.**

In September 2015, as part of a £4.5 million round alongside other Foresight VCTs, the Ordinary Shares fund invested £2.67 million (alongside £650,000 from Foresight 2 VCT) in **Hospital Services Limited** ("HSL") to support its continuing growth. Based in Belfast and Dublin, HSL distributes, installs and maintains high quality healthcare equipment supplied by global partners such as Hologic, Fujifilm and Shimadzu, as well as supplying related consumables. For the year to 31 March 2015, the company achieved EBITDA of £1.7 million on revenues of £7.2 million. A new, experienced Non-Executive Chairman and a Commercial Director were appointed to the Board. Trading in the current year in line with budget and cash at end of June was a healthy £1.6 million.

Following the period end, the company acquired the trade and assets of Eurosurgical for €600,000 plus stock at valuation, from the liquidator. Eurosurgical specialises in sales and marketing of surgical equipment, instruments and devices into the medical sector with offices in Dublin and Belfast. Following rationalisation of the Eurosurgical cost base, this acquisition is expected to make a significant contribution to profit. **Held in the Ordinary Shares fund.**

ICA Group is a leading document management solutions provider in the South East of England, reselling and maintaining office printing equipment to customers in the commercial and public sectors. For the year to 31 January 2015, trading was strong and ahead of budget, with EBITDA of £645,000 being achieved on sales of £3,700,000 (2014: EBITDA of £561,000 on sales of £3,000,000). With stronger demand from SMEs and good cash generation, ICA completed a recapitalisation and reorganisation in December 2014, enabling loans and interest totalling £600,000 to be repaid. The recapitalisation was financed through a £1 million bank loan facility and the company's cash resources. Trading in the year to 31 January 2016 was in line with expectations and reflected continuing investment in developing the sales team. As part of the reorganisation, Steven Hallisey, a seasoned executive with relevant sector experience, was appointed Executive Chairman in January 2015.

Trading in the relevant year to date is ahead of budget. Recruitment continues in the sales team, with a new business development person appointed while the sales team are generally performing well. The company has recently won an order for 60 machines at a large secondary school. **Held in the Ordinary Shares fund.**

Since July 2014, the Ordinary Shares fund invested £2.6 million in tranches in **Industrial Efficiency II** as part of a £4.4 million funding round alongside other Foresight managed funds. Industrial Efficiency II provides energy efficiency fuel switching services, enabling customers to make significant cost savings and reduce emissions and the company effectively receives a percentage of these savings. **Held in the Ordinary Shares fund.**

In December 2011 and March 2012, the Planned Exit Shares fund invested £875,000 by way of loans and equity to help fund a management buy-in at **Industrial Engineering Plastics**. The company is a long established plastics distributor and fabricator supplying a wide range of industries nationally, principally supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic tanks and sheets. For the 18 month period ended 31 May 2014, following increased competition in its plastics distribution and industrial fabrication markets, the company achieved a reduced EBITDA of £205,000 on sales of £6.7 million. Performance continued to deteriorate during summer 2014 and a new Chairman and experienced turnaround CEO were appointed. For the year to 31 May 2015, an EBITDA of £191,000 was achieved on sales of £4.5 million, after accounting for exceptional costs. Performance subsequently improved substantially through focussing on higher margin fabrication work. Good progress was made in improving efficiency, cost control and sales channels. Fabrication capacity was increased and suppliers reviewed to improve margins.

Results for the year to May 2016 were disappointing, with a lower EBITDA on sales also lower at £3.6 million. This decline resulted from a fall in distribution revenues and slower progress on growing fabrication sales than originally budgeted, reflecting competitive pressures. Recent structural changes to the business are, however, beginning to result in signs of an improvement in sales. **Held in the Planned Exit Shares fund.**

In September 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Ordinary Shares fund invested £2.75 million in **Itad Limited**, a long established consulting firm which monitors

Manager's Report continued

and evaluates the impact of international development and aid programmes, largely in developing countries. Customers include the UK Government's Department for International Development, other European governments, philanthropic foundations, charities and international NGOs. For the year to 31 January 2015, Itad achieved an EBITDA of £1.5 million on revenues of £8.8 million with significant future growth forecast. A number of significant contracts have been won recently and, as most contracts are long term, this provides good revenue visibility. For the year to 30 January 2016 the company achieved an EBITDA of £1.9 million on revenues of £12.1 million. **Held in the Ordinary Shares fund.**

Ixaris Systems has developed and operates Entropay, a web based global prepaid payment service using the VISA network. Ixaris also offers its IxSol product on a 'Platform as a Service' basis to enable enterprises to develop their own customised global applications for payments over various payment networks. During 2013, the company invested in developing and marketing its Ixaris Payment System, the platform that runs IxSol, to financial institutions. The platform enables financial institutions to offer payment services to customers based on prepaid cards. Ixaris was awarded an EU grant of €2.5 million, of which €1.6 million will be received over three years, to help fund the existing platform technology roadmap, highlighting the innovative nature of the Payment System.

During the year to 31 December 2015, reflecting strong trading and continuing investment in software and systems, an EBITDA loss of £501,000 was incurred on sales of £10.8 million, ahead of budget (2014: an EBITDA loss of £622,000 on sales of £9.5 million). EntroPay continues to perform well with a strong sales pipeline in prospect. **Held in the Ordinary Shares fund.**

In December 2014, the Ordinary Shares fund invested £1 million alongside other Foresight VCTs in a £2 million round to finance a shareholder recapitalisation of **Positive Response Communications**. Established in 1997, the company monitors the safety of people and property through its 24 hour monitoring centre in Dumfries, Scotland. Customers include several major restaurant and retail chains. For the year ended 31 March 2015, an EBITDA of £637,000 was achieved on sales of £2.04 million. In the financial year to 31 March 2016, sales grew modestly with reduced EBITDA profits, reflecting investment in improving efficiency and systems and recruitment of additional sales staff. The management team has been strengthened with the appointment of three experienced executives as Chairman, CEO and Finance Director respectively. The company is trading in line with budget and continues to invest significantly in sales resource in anticipation of future growth. **Held in the Ordinary Shares fund.**

In April 2013, the Ordinary Shares fund invested £1.0 million alongside other Foresight VCTs in a £1.8 million round to finance a management buy-out of **Procam Television Holdings**. Procam is one of the UK's leading broadcast hire companies, supplying equipment and crews for UK location TV production to broadcasters, production companies and other businesses for over 20 years. Headquartered in London, with additional facilities in Manchester, Edinburgh and Glasgow, Procam is a preferred supplier to BSkyB and an approved supplier to the BBC and ITV. Revenues and profits have grown strongly, following the introduction of new camera formats, acquisitions in both the UK and USA and increased sales and marketing efforts.

In December 2014, Procam acquired True Lens Services, based in Leicester, which specialises in the repair, refurbishment and supply of camera lenses with further support from the Foresight VCTs. In March 2015, in order to service the requirements of many of its existing UK customers and enter the large US market, Procam acquired HotCam New York. This acquisition was supported by a further investment of £750,000 from the Foresight VCTs, of which the Ordinary Shares fund invested £375,006.

For the year to 31 December 2014, the company achieved an EBITDA of £2.3 million on revenues of £8.1 million, ahead of the prior year, reflecting organic growth and the integration of the Hammerhead acquisition. Trading in the year to 31 December 2015 was strong, an EBITDA of £3.3 million being achieved on sales of £11.5 million, reflecting both organic growth, driven principally by the strong performance of the London office, and impact of the acquisitions during the year. In February 2016, Procam acquired the trading assets of the film division of Take 2 Films which provides digital and film camera equipment for Film and TV. This was funded by bank debt and asset finance facilities. **Held in the Ordinary Shares fund.**

In July 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Ordinary Shares fund invested £2.5 million in Coventry based **Protean Software**. Protean develops and sells business management and field service management software, together with related support and maintenance services, to organisations involved in the supply, installation and maintenance of equipment, across a number of sectors including facilities management, HVAC and elevator installation. Protean's software suite offers both desktop and mobile variants used on engineers' Android devices. A new CEO and an experienced Chairman were appointed at completion and a new Financial Controller recruited subsequently. For the year to 31 March 2015, an EBITDA of £900,000 was achieved on sales of £3.0 million. Trading in the year to 31 March 2016 was ahead of the previous year while profits were similar, reflecting increased investment and overheads while cash remained strong. In the current year Protean continues to trade ahead of budget while cash continues to strengthen and currently totals £1.2 million. **Held in the Ordinary Shares fund.**

In April 2015, Foresight funds invested £2.645 million in shares and loan notes in **Specac International** ("Specac") to finance a management buy-out of Specac Limited from Smiths Group plc. The Ordinary Shares fund invested £1.345 million, alongside £650,000 from each of Foresight 3 VCT and Foresight 4 VCT, together acquiring a majority equity shareholding with the management team holding the remaining equity. Specac, based in Orpington, Kent, is a long established, leading scientific instrumentation accessories business, manufacturing high specification sample analysis and sample preparation equipment used across a broad range of applications in testing, research and quality control laboratories and other end markets Worldwide. The company's products are primarily focused on supporting IR Spectroscopy, an important analytical technique widely used in research and commercial/industrial laboratories.

For the year to 31 July 2015, the company achieved an EBITDA of £906,000 on sales of £6.9 million. Trading in the year to 31 March 2016 exceeded expectations with profit growth ahead of forecast, reflecting greater focus on sales and costs. The company accelerated new product development and successfully launched new products. A non-executive Chairman was also appointed with a strong sales and marketing background in the scientific instrumentation market who will complement the existing management team and assist them to further develop the business. Trading has continued to perform ahead of budget following the strong full year performance to 31 March 2016. **Held in the Ordinary Shares fund.**

TFC Europe, a leading distributor of technical fasteners in the UK and Germany, performed satisfactorily during the year to 31 March 2015, achieving an operating profit of £2.8 million on sales of £20.3 million (2014: operating profit of £2.8 million on sales of £19.5 million). Trading in the year to 31 March 2016 was appreciably weaker than budgeted due to a general downturn in the UK manufacturing sector, most particularly the oil and gas industry.

The company has made an encouraging start to the current financial year, achieving above budget revenues and EBITDA. Key initiatives include strengthening the sales team, development of new product ranges and supplier price renegotiations. The Group is now showing good signs of improvement across a variety of industry sectors and higher margin products.

In July 2015, the company effected a successful recapitalisation and share reorganisation, as a result of which £2.4 million was received by the Foresight VCTs, repaying of all their outstanding loans, together with accrued interest and a redemption premium. The overall Foresight shareholding increased from 53.6% to 66.7%. A number of senior management changes and promotions were made to facilitate the planned retirement of the current Chairman, to enable the CEO to drive strategic growth projects, particularly in Germany and focus on new customer targets within Aerospace. In April 2015, two senior managers were promoted to Sales Director and Commercial Director roles. A Group Operations Manager has been appointed to drive cost efficiencies and introduce best operational practice across the Group. A new, experienced Chairman joined the Board in January 2016 with an aim to improve TFC's sales strategy and industry focus. **Held in the Ordinary Shares fund.**

The Bunker Secure Hosting, which operates two ultra-secure data centres, continues to generate substantial profits at the EBITDA level. For the year to 31 December 2015, an EBITDA of £2.2 million was achieved on sales of £9.6 million (2014: EBITDA of £2.2 million on sales of £9.3 million). Recurring annual revenues presently exceed £9.3 million while cash balances remain healthy. On 31 March 2015, The Bunker repaid all its shareholder loans and outstanding interest totalling £6.5 million, financed through a £5.7 million secured medium term bank loan plus £1 million from its own cash resources. In total, £5.1 million was repaid to the Foresight VCTs, comprising £3.0 million of loan principal and £2.1 million of interest. Foresight 2 VCT received £1.41 million, comprising £1.065 million of loan principal and £345,000 of interest and retains an 8.69% shareholding. A new, experienced Sales Manager was recruited to lead channel sales. In the current year to date, the company is trading in line with budget. Focus continues on improving the sales strategy and completion of new existing and new customer signups alongside assessing new service offerings. **Held in the Ordinary Shares fund.**

In September 2015, as part of a £3.3 million round alongside other Foresight VCTs, the Ordinary Shares fund invested £1.65 million in **The Business Advisory Limited**. This company provides a range of advice and support services to UK based small businesses seeking to gain access to Government tax incentives, largely on a contingent success fee basis. With a large number of small customers signed up under medium term contracts, the company enjoys a high level of recurring income and good visibility on future revenues. For the year to 30 September 2015, the Company achieved a NPBT of £1.4 million on sales of £4.2 million, well ahead of the prior year. The company continues to trade strongly and has increased its overheads in anticipation of accelerated sales growth. Management has been strengthened by the appointment of a new interim COO a new experienced, non-executive Chairman. **Held in the Ordinary Shares fund.**

In August 2013, the Ordinary Shares fund invested £1.5 million alongside Foresight 4 VCT in a £2.5 million shareholder recapitalisation of Stockport based **Thermotech Solutions** (formerly Fire and Air Services). Thermotech is a hard facilities management provider with two divisions, Mechanical Services and Fire Protection, which designs, installs and services air conditioning and fire sprinkler systems for retail, commercial and residential properties through a national network of engineers. Since investment, good progress has been made in diversifying and rebalancing the spread of revenues, with greater emphasis on service and maintenance. For the year to 31 March 2015, an EBITDA of £1.1 million was achieved on sales of £7.8 million, some 40% ahead of the previous year (2014: EBITDA of £717,000 on sales of £4.0 million) reflecting significant contract wins and resultant strong cash generation. Trading in the year to 31 March 2016 resulted in an EBITDA of £706,000 on sales of £6.5 million reflecting delays in winning expected contracts. A new, non-executive Chairman has been appointed, bringing extensive experience from the facilities management and business services sectors.

Manager's Report continued

On 1 July 2016, Thermotech acquired Oakwood, a well-respected local competitor which provides HVAC services. The combined Group will benefit from greater scale, a national footprint and a reduction in customer concentration. The company also repaid the £2.0 million of Foresight loan note principal, of which the Ordinary Shares fund received £1.2 million. Combined with interest received, the investment in Thermotech has now returned over 1x cost with the Ordinary Shares fund still retaining a 15.3% equity stake. **Held in the Ordinary Shares fund.**

Following period end, the Company successfully completed the sale of **Trilogy Communications** to California based Clear-Com LLC. Trilogy designs and sells market leading, real time video and audio solutions for the broadcast and defence markets, globally. The Ordinary Shares fund received £574,000 in cash following completion (as compared with a carrying value of £337,264 at 31 March 2016) and the Planned Exit Shares fund received £1,372,000 in cash following completion (compared with a carrying value of £799,029 at 31 March 2016), with further deferred consideration payable to each fund subject to warranty claims and tax claims. This result represents a remarkable turnaround in Trilogy's fortunes and demonstrates the benefit of active asset management by the Foresight investment management team. **Held in the Ordinary Shares and Planned Exit Shares funds.**

Russell Healey
Head of Private Equity
Foresight Group
31 August 2016

Investment Summary
Ordinary Shares Fund

	30 June 2016				31 December 2015	
Investment	Amount invested £	Valuation £		Valuation Methodology	Amount invested £	Valuation £
Datapath Group Limited	7,563,365	9,132,197	*	Discounted earnings multiple	7,563,365	7,489,744
Blackstar Amplification Holdings Limited	2,500,000	4,344,888	*	Discounted earnings multiple	2,500,000	4,645,787
Autologic Diagnostics Group Limited	4,330,020	3,834,836	*	Discounted earnings multiple	4,330,020	4,268,957
Protean Software Limited	2,500,000	3,734,929	*	Discounted revenue multiple	2,500,000	2,500,000
Hospital Services Group Limited	3,320,000	3,320,000	*	Cost	3,320,000	3,320,000
Industrial Efficiency II Limited	2,603,260	3,313,373	*	Discounted cash flow	2,603,260	3,240,141
Specac International Limited	1,300,000	3,166,011	*	Discounted earnings multiple	1,345,000	1,345,000
TFC Europe Limited	3,614,612	2,948,745	*	Discounted earnings multiple	3,614,612	3,191,112
Procam Television Holdings Limited	1,664,893	2,783,547	*	Discounted earnings multiple	1,664,893	2,783,622
ABL Investments Limited	2,750,000	2,750,000	*	Cost	2,750,000	2,750,000
Itad Limited	2,750,000	2,750,000		Cost	2,750,000	2,750,000
FFX Group Limited	2,676,426	2,676,426		Cost	2,676,426	2,676,426
Ixaris Systems Limited	2,266,036	2,202,369		Discounted revenue multiple	2,266,036	2,282,403
Aquasium Technology Limited	500,000	2,134,730		Discounted earnings multiple	500,000	2,231,457
The Business Advisory Limited	1,650,000	1,650,000		Cost	1,650,000	1,650,000
CoGen Limited	1,603,491	1,633,525		Discounted cash flow	1,603,491	1,622,653
The Bunker Secure Hosting Limited	1,537,348	1,609,301		Discounted earnings multiple	1,537,348	1,547,255
Thermotech Solutions Limited	1,500,000	1,466,878		Discounted earnings multiple	1,500,000	2,034,925
Positive Response Communications Limited	1,000,000	1,181,343		Discounted earnings multiple	1,000,000	1,233,032
ICA Group Limited	885,232	800,334		Discounted earnings multiple	885,232	1,067,542
Trilogy Communications Limited	1,330,964	720,748		Disposal proceeds	1,330,964	162,496
Biofortuna Limited	590,529	590,529		Price of last funding round	590,529	590,529
alwaysON Group Limited	1,473,271	360,095		Discounted revenue multiple	1,473,271	547,620
Flowrite Refrigeration Limited	209,801	329,702		Discounted earnings multiple	209,801	319,278
Aerospace Tooling Holdings Limited	150,000	295,409		Discounted earnings multiple	150,000	986,800
Sindicatum Carbon Capital Limited	246,075	246,075		Price of last funding round	246,075	246,075
Cole Henry PE 2 Limited - SPV	100,000	100,000		Cost	100,000	100,000
Kingsclere PE 3 Limited - SPV	100,000	100,000		Cost	100,000	100,000
Whitchurch PE 1 Limited - SPV	100,000	100,000		Cost	100,000	100,000
ZOO Digital Group plc	44,123	52,294		Bid price	44,123	47,392
The Skills Group Limited (formerly AtFutsal Group Limited)	392,067	—		Nil value	393,331	—
Abacuswood Limited	478,684	—		Nil value	627,784	—
Oxonica plc	2,804,473	—		Nil value	2,804,473	—
O-Gen Acme Trek Limited	—	—		Sold	345,262	281,253
i-plas Group Limited	—	—		Dissolved	299,716	—
	56,534,670	**60,328,284**			**57,375,012**	**58,111,499**

* Top ten investments by value shown on pages 19 to 20.
The Ordinary Shares Fund also made six investments totalling £600 in six seeded companies during the year to 31 December 2015.

Investment Summary

Planned Exit Shares Fund

Investment	30 June 2016 Amount invested £	30 June 2016 Valuation £		Valuation Methodology	31 December 2015 Amount invested £	31 December 2015 Valuation £
alwaysON Group Limited	1,839,970	2,068,892	*	Discounted revenue multiple	1,839,970	2,091,749
Trilogy Communications Limited	914,720	1,721,420	*	Disposal proceeds	914,720	390,212
Industrial Engineering Plastics Limited	1,556,416	1,022,485	*	Discounted earnings multiple	1,556,416	1,339,808
i-plas Group Limited	—	—		Dissolved	524,030	—
	4,311,106	**4,812,797**			**4,835,136**	**3,821,769**

* All investments with a value are shown on page 21.

Infrastructure Shares Fund

Investment	30 June 2016 Amount invested £	30 June 2016 Valuation £		Valuation Methodology	31 December 2015 Amount invested £	31 December 2015 Valuation £
Criterion Healthcare Holdings Limited	4,005,616	4,640,837	*	Discounted cash flow	4,005,616	4,836,401
Drumglass HoldCo Limited	3,888,160	4,470,589	*	Discounted cash flow	3,888,160	4,383,579
FS Hayford Farm Limited	4,049,018	4,197,577	*	Discounted cash flow	4,049,018	4,113,376
FS Tope Limited (formerly Krk Solar Limited)	4,053,091	4,000,476	*	Discounted cash flow	4,053,091	4,056,070
FS Pentre Limited (formerly Canterbury Infrastructure 15 Limited)	4,556,061	3,996,337	*	Disposal proceeds	4,556,061	4,115,819
FS Ford Farm Limited (formerly Rovinj Solar Limited)	3,952,524	3,463,967	*	Discounted cash flow	3,952,524	3,520,236
Stirling Gateway HC Limited	2,069,978	2,210,600	*	Discounted cash flow	2,069,978	2,145,478
Wharfdale SPV (Holdings) Limited	1,314,923	1,386,410	*	Discounted cash flow	1,314,923	1,446,214
Staffordshire HoldCo Limited (formerly Durham Infrastructure 5 Limited)	1,041,077	578,787	*	Discounted cash flow	1,041,077	586,817
Lochgilphead HoldCo Limited (formerly Zadar Infrastructure Limited)	493,186	469,048	*	Discounted cash flow	493,186	494,827
Stobhill HoldCo Limited (formerly Pula Infrastructure Limited)	231,987	290,221		Discounted cash flow	231,987	309,583
Sandwell HoldCo Limited (formerly Norwich Infrastructure 4 Limited)	282,646	265,724		Discounted cash flow	282,646	294,381
	29,938,267	**29,970,573**			**29,938,267**	**30,302,781**

* Top ten investments by value are shown on pages 22 to 23.

Investment Summary

Ordinary Shares Portfolio

Top ten investments by value at 30 June 2016 are detailed below:

Datapath Group Limited

is a UK manufacturer of PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology. Established in 1982, it has provided solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations. Datapath was acquired following the merger with Foresight 2 VCT plc in December 2015.

Blackstar Amplification 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.

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. The company also provides technical support to these garages, helping its customers fix more cars, more quickly. With cars now reliant on sophisticated electronic systems, mechanics need to be able to communicate with the in-car computer running the process or system, which in turn requires a diagnostic tool. The company's 'Autologic' tool and technical support enable independent garages to fix cars made by a number of well-known brands.

Protean Software Limited

is a software business based in Coventry that develops and sells business management and field service management software for organisations involved in the supply, installation, maintenance and hire of equipment, across sectors such as facilities management, HVAC maintenance and elevator installation.

Hospital Services Group Limited

installs and maintains high quality healthcare equipment from global partners such as Hologic, Fujifilm and Shimadzu, as well as providing associated consumables. HSL has particular strengths in the radiology, ophthalmic, endoscopy and surgical sectors.

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Investment Summary
Ordinary Shares Portfolio

Industrial Efficiency II Limited

provides energy efficiency solutions to CEMEX UK. The company has installed gas pipeline and electrical connections at a number CEMEX UK sites. The investment was completed in July 2014. Revenues are generated through the financial value of the energy savings made by the equipment.

Specac International Limited

is a scientific instrumentation accessories business based in Orpington, Kent acquired out of Smiths Group plc in April 2015. They supply a range of infrared sampling tools to OEMs and end users such as Thermo Fisher, GSK and large research universities to enable the testing of liquids, solids and gases. The company sells accessories across the world with circa 80% being sold outside the UK.

TFC Europe Limited

is one of Europe's leading technical based suppliers of fixing and fastening products. From seven sites in the UK and Germany, it supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals and works with some of the leading manufacturers of technical products such as Smalley® Steel Ring Company. TFC was acquired following the merger with Foresight 2 VCT plc in December 2015.

Procam Television Holdings Limited

is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production. Clients include major broadcasters and production companies, including the BBC, ITV, Two Four, Objective, Monkey Kingdom and Endemol. Foresight backed an MBO of the business in 2013.

ABL Investments Limited

distributes power modules, monitor arms, cable management systems and CPU holders to office furniture dealers and manufacturers. Power modules are manufactured by wholly owned subsidiary ABL Production d.o.o in Serbia. Founded in 2003, the business has shown robust growth over the last four years, from turnover of £1.5m in FY11 to £5.1m in FY15.

Investment Summary

Planned Exit Shares Portfolio

All Investments with a value at 30 June 2016 are detailed below:

alwaysON Group Limited

Following the merger of alwaysON and DCG, the combined business now provides two services to corporate clients: it designs, sources, implements and maintains data storage solutions (increasingly as a managed service) and provides data VPNs, VOIP and collaboration software services. The value in the company is in the managed service contracts it possesses.

Trilogy Communications Limited

is a world class supplier of secure 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. The investment was sold in August 2016.

Industrial Engineering Plastics Limited

is a Liphook and Birmingham-based company, established for over 25 years, which distributes plastics to UK industry, supplying ventilation and pipe fittings, plastic welding rods, hygienic wall cladding, plastic sheets and tanks. The company also fabricates plastic materials such as sound attenuation units and plastic ducting and venting systems. 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.

Investment Summary

Infrastructure Shares Portfolio

Top ten investments by value at 30 June 2016 are detailed below:

Criterion Healthcare Holdings Limited

In March 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £3.42 million in Criterion Healthcare Holdings Limited which operates "Bishop Auckland", a secondary PFI investment in an acute hospital project near Darlington with 17 years of the concession remaining.

Drumglass HoldCo Limited

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £1.6m in Zagreb Solar Limited. This company merged with York Infrastructure 3 Limited in April 2015 and the company's funds were used to repay senior third party debt in the Drumglass PFI project.

FS Hayford Farm Limited

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £4m in FS Hayford Farm Limited, which had a binding sale and purchase agreement already in place to acquire the 9.8MW ground mounted photovoltaic solar project, subject to certain conditions precedent which were satisfied in December 2014. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.4 ROCs / MWh and power sales and has an expected 25 year investment life.

FS Tope Limited (formerly Krk Solar Limited)

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £4m in Krk Solar Limited which in October 2014 acquired the operating 3.3MW ground mounted photovoltaic solar project near Totnes in Devon. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.4 ROCs / MWh and power sales and has an expected 25 year investment life.

FS Pentre Limited (formerly Canterbury Infrastructure 15 Limited)

In April 2014, a £4.5m (£2.25m from each of F1 and F2) investment was made in the 6MW Pentre Solar Project in the village of Llannon in Carmarthenshire, South Wales. £3.4m of this was advanced to the project as a 15% coupon shareholder loan to part fund the construction with the balance to be paid to the Vendor once the project received ROC accreditation. A further £4 million of investment was required on accreditation and provided by Investec Bank. The project completed construction and connected to the grid in September 2014. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.4 ROCs / MWh and power sales and has an expected 25 year investment life. The investment was sold in July 2016.

Investment Summary

Infrastructure Shares Portfolio

FS Ford Farm Limited (formerly Rovinj Solar Limited)

In July 2014, Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £4m in Rovinj Solar Limited which had an agreement in place to acquire a minority interest in the operating 5.4MW Ford Farm ground mounted photovoltaic project in Cornwall. The project earns revenues through a combination of Renewable Obligation Certificates at a rate of 1.6 ROCs / MWh and power sales and has an expected 25 year investment life.

Stirling Gateway HC Limited

Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure completed an investment in Stirling Gateway HC Limited in December 2012. The Project included the design, redevelopment, construction, financing and operation of five secondary schools and a new Raploch Community Campus. It incorporates two primary schools, a special needs school, a nursery, community facilities, sports facilities and associated services. It has been operating for just over five years and has 24 years left on the original 30 year contract.

Wharfedale SPV (Holdings) Limited

In March 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested a combined £1.36 million in Wharfedale SPV Holdings Limited which operates Wharfedale Hospital, a secondary PFI investment in a hospital project near Leeds with 17 years of the concession remaining.

Staffordshire HoldCo Limited (formerly Durham Infrastructure 5 Limited)

In January 2013 Foresight VCT Infrastructure and Foresight 2 VCT Infrastructure invested in Staffordshire Schools through Durham Infrastructure 5 Limited. Staffordshire Schools is a secondary PFI investment in a school project in the West Midlands with 13 years of the concession remaining.

Lochgilphead HoldCo Limited (formerly Zadar Infrastructure Limited)

Lochgilphead HoldCo Limited is an investment holding company that holds a 45% stake in the Lochgilphead PFI project in Argyle and Bute that was acquired by the VCT in March 2013. In July 2014, a restructuring of the investment was undertaken to reduce the VCT's holding in this non-qualifying asset by transferring the majority of the economic interest to the Foresight ITS fund. Averon Park invested £3.05m in Lochgilphead HoldCo by way of loans which was used to fund repayment of the VCT loans, enact a capital reduction of the VCTs' equity and transaction costs.

Unaudited Half-Yearly Results and Responsibility Statements

Principal Risks and Uncertainties

The principal risks faced by the Company are as follows:

- Performance;
- Regulatory;
- Operational; and
- Financial.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 31 December 2015. A detailed explanation can be on found on page 13 of the Annual Report and Accounts which is available on www.foresightgroup.eu or by writing to Foresight Group at The Shard, 32 London Bridge Street, London, SE1 9SG.

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

Directors' Responsibility Statement:

The Disclosure and Transparency Rules ('DTR') of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Report and financial statements.

The Directors confirm to the best of their knowledge that:

(a) the summarised set of financial statements has been prepared in accordance with FRS 104;
(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
(c) the summarised set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R; and
(d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report of the Annual Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Strategic Report and Notes to the Accounts of the 31 December 2015 Annual Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with investments and income generated therefrom 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.

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

The Half-Yearly Financial Report has not been audited nor reviewed by the auditors.

On behalf of the Board

John Gregory
Chairman
31 August 2016

Unaudited Non-Statutory Analysis of the Share Classes

Income Statements

for the six months ended 30 June 2016

	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 losses on investments	—	(697)	(697)	—	(511)	(511)	—	—	—
Investment holding gains/(losses)	—	3,225	3,225	—	1,515	1,515	—	(332)	(332)
Income	662	—	662	34	—	34	1,073	—	1,073
Investment management fees	(199)	(596)	(795)	(3)	(9)	(12)	(38)	(113)	(151)
Other expenses	(224)	—	(224)	(10)	—	(10)	(69)	—	(69)
Return/(loss) on ordinary activities before taxation	**239**	**1,932**	**2,171**	**21**	**995**	**1,016**	**966**	**(445)**	**521**
Taxation	(48)	95	47	(4)	2	(2)	(68)	23	(45)
Return/(loss) on ordinary activities after taxation	**191**	**2,027**	**2,218**	**17**	**997**	**1,014**	**898**	**(422)**	**476**
Return/(loss) per share	**0.2p**	**2.0p**	**2.2p**	**0.1p**	**8.7p**	**8.8p**	**2.8p**	**(1.3)p**	**1.5p**

Balance Sheets

at 30 June 2016

	Ordinary Shares Fund £'000	Planned Exit Shares Fund £'000	Infrastructure Shares Fund £'000
Fixed assets			
Investments held at fair value through profit or loss	60,329	4,813	29,971
Current assets			
Debtors	2,509	17	277
Money market securities and other deposits	29,851	75	—
Cash	2,166	341	105
	34,526	433	382
Creditors			
Amounts falling due within one year	(341)	(24)	(743)
Net current assets / (liabilities)	**34,185**	**409**	**(361)**
Net assets	**94,514**	**5,222**	**29,610**
Capital and reserves			
Called-up share capital	1,144	114	324
Share premium account	84,434	2,104	14,444
Capital redemption reserve	425	3	1
Distributable reserve	5,486	3,307	15,276
Capital reserve	(1,136)	(807)	(468)
Revaluation reserve	4,161	501	33
Equity shareholders' funds	**94,514**	**5,222**	**29,610**
Number of shares in issue	114,394,997	11,454,314	32,495,246
Net asset value per share	**82.6p**	**45.6p**	**91.1p**

At 30 June 2016 there was an inter-share debtor/creditor of £98,000 which has been eliminated on aggregation.

Unaudited Non-Statutory Analysis of the Share Classes

Reconciliations of Movements in Shareholders' Funds

for the six months ended 30 June 2016

Ordinary Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2016	866	60,383	418	13,133	62	936	75,798
Share issues in the period	285	25,062	—	—	—	—	25,347
Expenses in relation to share issues	—	(1,011)	—	—	—	—	(1,011)
Repurchase of shares	(7)	—	7	(469)	—	—	(469)
Realised losses on disposal of investments	—	—	—	—	(697)	—	(697)
Investment holding gains	—	—	—	—	—	3,225	3,225
Dividends	—	—	—	(7,369)	—	—	(7,369)
Management fees charged to capital	—	—	—	—	(596)	—	(596)
Tax credited to capital	—	—	—	—	95	—	95
Revenue return for the period	—	—	—	191	—	—	191
As at 30 June 2016	**1,144**	**84,434**	**425**	**5,486**	**(1,136)**	**4,161**	**94,514**

Planned Exit Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2016	115	2,118	2	3,316	(289)	(1,014)	4,248
Expenses in relation to prior year share issues	—	(14)	—	—	—	—	(14)
Repurchase of shares	(1)	—	1	(26)	—	—	(26)
Realised losses on disposal of investments	—	—	—	—	(511)	—	(511)
Investment holding gains	—	—	—	—	—	1,515	1,515
Management fees charged to capital	—	—	—	—	(9)	—	(9)
Tax credited to capital	—	—	—	—	2	—	2
Revenue return for the period	—	—	—	17	—	—	17
As at 30 June 2016	**114**	**2,104**	**3**	**3,307**	**(807)**	**501**	**5,222**

Infrastructure Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2016	324	14,515	1	15,205	(378)	365	30,032
Expenses in relation to prior year share issues	—	(71)	—	—	—	—	(71)
Repurchase of shares	—	—	—	(14)	—	—	(14)
Investment holding losses	—	—	—	—	—	(332)	(332)
Dividends	—	—	—	(813)	—	—	(813)
Management fees charged to capital	—	—	—	—	(113)	—	(113)
Tax credited to capital	—	—	—	—	23	—	23
Revenue return for the period	—	—	—	898	—	—	898
As at 30 June 2016	**324**	**14,444**	**1**	**15,276**	**(468)**	**33**	**29,610**

Unaudited Income Statement

for the six months ended 30 June 2016

	Six months ended 30 June 2016 (Unaudited)			Six months ended 30 June 2015 (Unaudited)			Year ended 31 December 2015 (Audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investments	**—**	**(1,208)**	**(1,208)**	—	(887)	(887)	—	(8,649)	(8,649)
Investment holding gains	**—**	**4,408**	**4,408**	—	311	311	—	5,183	5,183
Income	**1,769**	**—**	**1,769**	759	—	759	1,561	—	1,561
Investment management fees	**(240)**	**(718)**	**(958)**	(151)	(454)	(605)	(319)	(958)	(1,277)
Other expenses	**(303)**	**—**	**(303)**	(167)	—	(167)	(616)	—	(616)
Return/(loss) on ordinary activities before taxation	**1,226**	**2,482**	**3,708**	441	(1,030)	(589)	626	(4,424)	(3,798)
Taxation	**(120)**	**120**	**—**	(46)	46	—	(52)	52	—
Return/(loss) on ordinary activities after taxation	**1,106**	**2,602**	**3,708**	395	(984)	(589)	574	(4,372)	(3,798)
Return/(loss) per share:									
Ordinary Share	**0.2p**	**2.0p**	**2.2p**	0.2p	(2.4)p	(2.2)p	0.7p	(7.4)p	(6.7)p
Planned Exit Share	**0.1p**	**8.7p**	**8.8p**	0.8p	1.7p	2.5p	(3.1)p	(4.4)p	(7.5)p
Infrastructure Share	**2.8p**	**(1.3)p**	**1.5p**	1.5p	0.8p	2.3p	2.2p	0.7p	2.9p

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 period.

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

Unaudited Balance Sheet

at 30 June 2016

Registered Number: 03421340

	As at 30 June 2016 £'000	As at 30 June 2015 £'000	As at 31 December 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	**95,113**	43,768	92,237
Current assets			
Debtors	**2,705**	1,783	1,416
Money market securities and other deposits	**29,926**	21,180	14,888
Cash	**2,612**	6,187	2,881
	35,243	29,150	19,185
Creditors			
Amounts falling due within one year	**(1,010)**	(296)	(1,344)
Net current assets	**34,233**	28,854	17,841
Net assets	**129,346**	72,622	110,078
Capital and reserves			
Called-up share capital	**1,582**	817	1,305
Share premium account	**100,982**	35,513	77,016
Capital redemption reserve	**429**	409	421
Distributable reserve	**24,069**	32,813	31,654
Capital reserve	**(2,411)**	7,655	(605)
Revaluation reserve	**4,695**	(4,585)	287
Equity shareholders' funds	**129,346**	72,622	110,078
Net asset value per share:			
Ordinary Share	**82.6p**	91.7p	87.5p
Planned Exit Share	**45.6p**	52.4p	36.8p
Infrastructure Share	**91.1p**	92.0p	92.4p

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 June 2016

Company	**Called-up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Distributable reserve £'000**	**Capital reserve £'000**	**Revaluation reserve £'000**	**Total £'000**
As at 1 January 2016	1,305	77,016	421	31,654	(605)	287	110,078
Share issues in the period	285	25,062	—	—	—	—	25,347
Expenses in relation to share issues	—	(1,096)	—	—	—	—	(1,096)
Repurchase of shares	(8)	—	8	(509)	—	—	(509)
Realised losses on disposal of investments	—	—	—	—	(1,208)	—	(1,208)
Investment holding gains	—	—	—	—	—	4,408	4,408
Dividends	—	—	—	(8,182)	—	—	(8,182)
Management fees charged to capital	—	—	—	—	(718)	—	(718)
Tax credited to capital	—	—	—	—	120	—	120
Revenue return for the period	—	—	—	1,106	—	—	1,106
As at 30 June 2016	**1,582**	**100,982**	**429**	**24,069**	**(2,411)**	**4,695**	**129,346**

Unaudited Cash Flow Statement

for the six months ended 30 June 2016

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Cash flow from operating activities			
Deposit and similar interest received	**44**	32	71
Investment management fees paid	**(837)**	(595)	(1,277)
Secretarial fees paid	**(55)**	(50)	(100)
Other cash payments	**(598)**	(115)	(340)
Taxation	**—**	—	—
Net cash outflow from operating activities	**(1,446)**	(728)	(1,646)
Returns on investing activities			
Purchase of unquoted investments and investments quoted on AiM	**—**	(2,402)	(16,028)
Net proceeds on sale of investments	**92**	1,480	4,415
Net proceeds on deferred consideration	**64**	—	725
Investment income received	**1,819**	591	1,762
Cash held on behalf of investee companies	**84**	—	213
Net capital inflow/(outflow) from investing activities	**2,059**	(331)	(8,913)
Financing			
Proceeds of fund raising	**22,898**	18,936	18,936
Expenses of fund raising	**(560)**	(408)	(517)
Repurchase of own shares	**(737)**	(371)	(1,068)
Equity dividends paid	**(7,445)**	(4,239)	(4,690)
Cash acquired on merger with Foresight 2 VCT plc	**—**	—	1,159
Movement in money market funds	**(15,038)**	(14,024)	(7,732)
	(882)	(106)	6,088
Net decrease in cash in the period	**(269)**	(1,165)	(4,471)

Analysis of changes in net debt

	At 1 January 2016 £'000	Cash Flow £'000	**At 30 June 2016 £'000**
Cash and cash equivalents	2,881	(269)	**2,612**

Notes to the Unaudited Half-Yearly Results

for six months ended 30 June 2016

1 The Unaudited Half-Yearly Financial Report has been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2015. Unquoted investments have been valued in accordance with IPEVC valuation guidelines. Quoted investments are stated at bid prices in accordance with the IPEVC valuation guidelines and UK Generally Accepted Accounting Practice.

2 These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 30 June 2016 and 30 June 2015 has been neither audited nor formally reviewed. Statutory accounts in respect of the period to 31 December 2015 have been audited and reported on by the Company's auditors and delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006. No statutory accounts in respect of any period after 31 December 2015 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

3 Copies of the Unaudited Half-Yearly Financial Report will be sent to shareholders and will be available for inspection at the Registered Office of the Company at The Shard, 32 London Bridge Street, London, SE1 9SG.

4 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 the date.

	Ordinary Shares Fund		Planned Exit Shares Fund		Infrastructure Shares Fund	
	Net assets £'000	Number of Shares in Issue	Net assets £'000	Number of Shares in Issue	Net assets £'000	Number of Shares in Issue
30 June 2016	94,514	114,394,997	5,222	11,454,314	29,610	32,495,246
30 June 2015	54,241	59,140,587	3,157	6,025,610	15,224	16,547,046
31 December 2015	75,798	86,593,790	4,248	11,527,087	30,032	32,510,224

5 Return per share

The weighted average number of shares for the Ordinary Shares, Planned Exit Shares and Infrastructure Shares funds used to calculate the respective returns are shown in the table below.

	Ordinary Shares Fund (Shares)	Planned Exit Shares Fund (Shares)	Infrastructure Shares Fund (Shares)
Six months ended 30 June 2016	101,437,735	11,526,687	32,510,141
Six months ended 30 June 2015	52,409,700	6,063,416	16,566,955
Year ended 31 December 2015	56,855,338	6,256,492	17,169,610

Earnings for the period should not be taken as a guide to the results for the full year.

6 Income

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000	Year ended 31 December 2015 £'000
Loan stock interest	**1,095**	720	1,435
Dividends	**630**	8	55
Overseas based Open Ended Investment Companies ("OEICs")	**44**	31	71
	1,769	759	1,561

Notes to the Unaudited Half-Yearly Results

for six months ended 30 June 2016

7 Investments at fair value through profit or loss

	Ordinary Shares Fund £'000	Planned Exit Shares Fund £'000	Infrastructure Shares Fund £'000	Company £'000
Book cost as at 1 January 2016	57,375	4,836	29,938	92,149
Investment holding gains/(losses)	737	(1,014)	365	88
Valuation at 1 January 2016	58,112	3,822	30,303	92,237
Movements in the period:				
Disposal proceeds	(92)	—	—	(92)
Realised losses	(748)*	(524)**	—	(1,272)
Investment holding gains/(losses)	3,057*	1,515	(332)	4,240
Valuation at 30 June 2016	**60,329**	**4,813**	**29,971**	**95,113**
Book cost at 30 June 2016	56,535	4,312	29,938	90,785
Investment holding gains	3,794	501	33	4,328
Valuation at 30 June 2016	**60,329**	**4,813**	**29,971**	**95,113**

* Deferred consideration of £51,000 was received by the Ordinary Shares fund in the period and is included within realised losses in the income statement. This was offset by a decrease in the deferred consideration debtor of £50,000. £218,000 deferred consideration was recognised on the sale of O-Gen Acme Trek Limited in the period and is included within the investment holding gains in the income statement.

** Deferred consideration of £13,000 was received by the Planned Exit Shares fund in the period and is included within realised losses in the income statement.

8 Related party transactions

No Director has, or during the period had, a contract of service with the Company. No Director was party to, or had an interest in, any contract or arrangement (with the exception of Directors' fees) with the Company at any time during the period under review or as at the date of this report.

9 Transactions with the Manager

Foresight Group CI Limited acts as investment manager to the Company in respect of its venture capital and other investments. During the period, services of a total value of £958,000 (30 June 2015: £605,000; 31 December 2015: £1,277,000) were purchased by the Company from Foresight Group CI Limited. At 30 June 2016, an amount due relating to a credit note from Foresight Group CI Limited was £2,000 (30 June 2015: £nil; 31 December 2015: £nil).

Foresight Fund Managers Limited, as Secretary of the Company and as a subsidiary of Foresight Group, is also considered to effectively be a transaction with the manager. During the period, services of a total value of £55,000 excluding VAT (30 June 2015: £50,000; 31 December 2015: £100,000) were purchased by the Company from Foresight Fund Managers Limited. At 30 June 2016, the amount due to Foresight Fund Managers Limited included within creditors was £nil (30 June 2015: £nil; 31 December 2015: £nil).

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. Share price information can also be obtained from many other financial websites.

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 maker for Foresight VCT plc is Panmure Gordon & Co.

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

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

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

Indicative financial calendar

April 2017	Announcement of annual results for the year ending 31 December 2016
April 2017	Posting of the Annual Report for the year ending 31 December 2016
May 2017	Annual General Meeting
August 2017	Announcement of Half-Yearly Results for the six months ending 30 June 2017

Shareholder Information

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: 020 3667 8100
Fax: 020 3031 1383
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.

Corporate Information

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Peter Dicks
Jocelin Harris
Gordon Humphries

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