FORESIGHT SOLAR VCT PLC

UNAUDITED HALF-YEARLY FINANCIAL REPORT

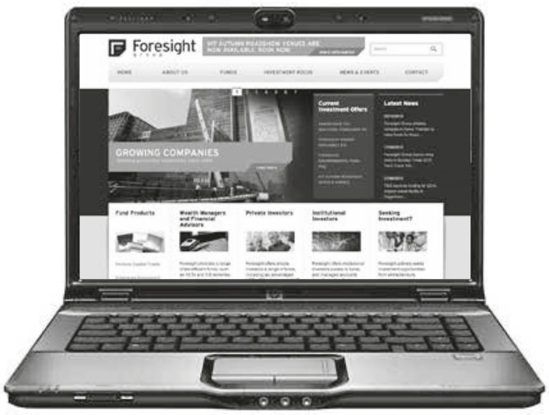
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Foresight Solar VCT Plc
Company number: 07289280

Foresight Solar VCT plc

Objective

Foresight Solar VCT plc aims to combine greater security of capital than is normal within a VCT with the enhancement of investor returns created by the VCT tax benefits — income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains.



For further information go to

www.foresightgroup.eu

VCT Tax Benefit for Shareholders beyond 6 April 2006

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

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

Contents

Financial Highlights

	Six months ended 31 December 2014		Year ended 30 June 2014	
	Ordinary Shares	**C Shares**	Ordinary Shares	C Shares
Net asset value per share	**104.7p**	**95.0p**	101.9p	98.0p
Revenue return/(loss) per share	**0.5p**	**0.4p**	1.0p	(0.6)p
Total return/(loss) per share	**6.4p**	**(0.3)p**	(7.3)p	(1.9)p
Share price per share	**101.5p**	**100.0p**	107.5p	100.0p

Chairman's Statement

Summary Financial Highlights

- Net asset value per Ordinary Share at 31 December 2014 was 104.7p after payments of 3.0p in dividends (30 June 2014: 101.9p).
- Net asset value per C Share at 31 December 2014 was 95.0p after payments of 2.5p in dividends (30 June 2014: 98.0p).
- Total net asset value return (including dividends paid since launch) at 31 December 2014 is 118.7p for the Ordinary Shares fund and 97.5p for the C Shares fund.

Ordinary Shares Fund

- An interim dividend of 3.0p per Ordinary Share was paid on 14 November 2014 based on an ex-dividend date of 30 October 2014 and a record date of 31 October 2014. A further dividend of 3.0p per Ordinary Share will be paid on 10 April 2015 based on an ex-dividend date of 19 March 2015 and a record date of 20 March 2015.

C Shares Fund

- An interim dividend of 2.5p per C Share was paid on 14 November 2014 based on an ex-dividend date of 30 October 2014 and a record date of 31 October 2014. A further dividend of 2.5p per C Share will be paid on 10 April 2015 based on an ex-dividend date of 19 March 2015 and a record date of 20 March 2015.

Dividend History

Ordinary Shares Fund	Dividend per share
14 November 2014	3.0p
4 April 2014	3.0p
25 October 2013	3.0p
12 April 2013	2.5p
31 October 2012	2.5p

C Shares Fund	Dividend per share
14 November 2014	2.5p

Performance – Ordinary Shares Fund

The underlying net asset value increased by 5.8p per Ordinary Share before deducting the 3.0p per Ordinary Share dividend paid during the period.

The valuation of the UK portfolio increased by approximately £2.4 million (6.4p per Ordinary Share). This increase in valuation was driven by a variety of factors including the purchase for £19.3m of the Turweston asset and some tightening of discount rates reflecting market conditions. The Turweston purchase finalises the reinvestment of our cash balances arising from the bond refinancing executed in 2013.

Valuation of the European assets which account for approximately 10% of the Ordinary share portfolio was little changed during the six month period. As detailed in the Annual Report & Accounts, Foresight Group, on the basis of specialist legal advice, has issued formal notices to the governments of Spain and Italy for breaching the protections available under the Energy Charter Treaty and international law, and causing Foresight's investments to suffer significant loss. This process is ongoing and may in due course lead to international arbitration proceedings similar to those already brought by other international solar investors.

The overall performance of the Ordinary Shares fund remains robust and the total return as at 31 December 2014 was 118.7p per Ordinary Share. Following the acquisition of the new investments noted above, the Board and the Manager expect returns to be enhanced restoring progress towards the fund's original target of a total 5 year return of 130.0p per Ordinary Share.

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

During the period, the net asset value of the Ordinary Shares fund increased to 104.7p per share (£40.1 million) at 31 December 2014 from 101.9p per share (£39.1 million) at 30 June 2014. The main reason behind the rise in net assets was the aggregate performance of the investment portfolio increasing by 6.0p, offset by a dividend payment of 3.0p per Ordinary Share and income less expenses of 0.2p. This is summarised further in the table below:

	£'000	Pence per Ordinary Share
NAV at 30 June 2014	39,055	101.9
Dividends paid	(1,150)	(3.0)
UK investments valuation increase	2,437	6.4
Italian investments valuation decrease	(140)	(0.4)
Other	(61)	(0.2)
NAV at 31 December 2014	40,141	104.7

ii. Cash & Deal Flow

During the period the Ordinary Shares fund invested £19.3m in the Turweston asset.

The Ordinary Shares fund had cash and liquid resources of £0.1 million at 31 December 2014.The Company receives regular interest and loan stock payments and dividends from its underlying investments enabling it to continue to fund its dividend policy as well as meeting expenses in the ordinary course of business as they fall due.

iii. Investment Gains & Losses

There were no realised gains or losses during the period for the Ordinary Shares fund.

During the period the Ordinary Shares fund recognised unrealised gains of £2.3 million. Further information regarding the breakdown of this amount is contained in the Manager's Report.

iv. Running Costs

The annual management fee of the Ordinary Shares fund is 1.5%. During the period the management fees totalled £303,000, of which £75,000 was charged to the revenue account and £228,000 was charged to the capital account. At 2.2% the total expense ratio of the Ordinary Shares fund for the period to 31 December 2014 compares very favourably with its VCT peer group.

v. Ordinary Share Dividends

The Board originally planned to pay dividends of 5.0p per Ordinary Share each year throughout the life of Foresight Solar VCT plc after the first year, payable bi-annually via dividends of 2.5p per Ordinary Share in April and October each year. The level of dividends is not, however, guaranteed.

The Board is pleased to announce that the next interim dividend, of 3.0p per Ordinary Share, will be paid on 10 April 2015. The dividend has an ex-dividend date of 19 March 2015 and a record date of 20 March 2015.

vi. Ordinary Share Issues & Buybacks

During the period under review there were no Ordinary Shares repurchased for cancellation nor any new shares issued.

Performance – C Shares Fund

The net asset value per C Share decreased to 95.0p per C Share at 31 December 2014 from 98.0p per C Share at 30 June 2014, principally due to payment of a dividend and expenses incurred during the period. The C share class has entered into exclusivity on three UK solar assets that will require £10m of equity to be deployed.

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

During the period, the net assets of the C Shares fund decreased to £11.9 million at 31 December 2014 from £12.3 million at 30 June 2014, as a result of payment of a dividend and expenses incurred during the period. This equates to a decrease in NAV to 95.0p per share at 31 December 2014 from 98.0p per share at 30 June 2014. This is summarised further in the table below:

	£'000	Pence per C Share
NAV at 30 June 2014	12,257	98.0
Dividends paid	(313)	(2.5)
Other	(56)	(0.5)
NAV at 31 December 2014	11,888	95.0

ii. Cash & Deal Flow

During the period, a loan of £1.8m was made in a solar investment in Colorado in the USA. This was repaid on 13 February 2015 and earned interest of £79k at the rate of 8.5% during the period of the loan. More information on this investment is given in the Investment Manager`s report.

At 31 December 2014 the C Shares fund had cash or near cash resources of £10.1 million.

iii. Investment Gains & Losses

There were no realised or unrealised gains or losses during the period.

iv. Running Costs

The annual management fee of the C Shares fund is 1.75%. During the period the management fees totalled £111,000, of which £28,000 was charged to the revenue account and £83,000 was charged to the capital account. The total expense ratio of the C Shares fund, for the period ended 31 December 2014 was 3.0%.

v. C Share Dividends

The Board is pleased to announce that the next interim dividend, of 2.5p per C Share, will be paid on 10 April 2015. The dividend has an ex-dividend date of 19 March 2015 and a record date of 20 March 2015.

vi. C Share Issue & Buybacks

During the period under review there were no C Shares issued or repurchased for cancellation.

Chairman's Statement continued

Outlook – C Shares Fund

The proceeds of the C Share offer have been fully allocated to new projects currently being completed, benefiting from the ROC regime in the United Kingdom. Further details on these investments and their underlying performance will be provided when they have completed over the next few months.

Overall Company Outlook

The market for Photovoltaic Solar plants in the UK has grown exponentially over the last three years, which has both advantages and disadvantages for the Company. On the one hand, as demand has increased the value of the existing UK assets has risen. On the other hand, and, this is more relevant to the C Share portfolio, as competition for these assets has increased, it has taken longer to invest the Company's available cash resources with the right profile of acceptable returns and risk. The Manager has, however, invested the remaining cash resources of the Ordinary Shares fund and has indicated that the cash resources of the C Shares fund should be invested soon. I look forward to reporting further progress in this regard in due course.

David Hurst-Brown
Chairman
27 February 2015

Investment Manager's Report

Ordinary Shares

UK Assets

Four plants in Kent, Somerset and Wiltshire are the principal assets of the Ordinary Shares fund and are all trading successfully and benefitting from index linked Feed-in Tariffs (FiTs) over 25 years. Because of the favourable differential between the yield on new ROC based plants and the cost of the bond, investors in Foresight Solar VCT's Ordinary Shares fund are expected to benefit from higher dividends and greater capital appreciation as a result of this refinancing.

During the period, six companies representing the original investments and principal assets of the fund deployed cash generated from the issuance of the bond to enter into Capacity Agreements with the Turweston solar project. These agreements substantially take the form of the original agreements in place with the four FiT assets. Turweston is a 16.45 MW site and will benefit from 1.4 ROCs on accreditation. The Turweston acquisition completed on 12 December 2014 with the site connecting to the grid on 19 December 2014 in line with our expectations at the previous reporting date of concluding the re-investment of the bond proceeds within this timescale. The Ordinary Shares fund is now fully re-invested following the bond refinancing.

During the period under review, production from the four FiT sites was in line with expectations.

European Assets

Although the Ordinary Shares fund is predominantly comprised of UK solar assets, the Company also has exposure to several assets in both Italy and Spain accounting in aggregate for c.10% of the portfolio value. The Spanish and Italian assets suffered from poor irradiation during the period with a corresponding effect on revenue.

The Italian solar sector continues to be characterised by increasing political risk driven by the desire to adapt to less favourable economic incentives due to a greater focus on reducing the cost of renewable energy to consumers.

Previously attractive incentives together with rapid deployment of solar, in the context of a severe economic downturn, have created an unexpected burden on domestic consumers who are indirectly funding the subsidy.

Foresight has analysed the impact of this change in legislation across the portfolio and is exploring the refinancing of the Italian portfolio. The expected outcome is a drop in IRR of c. 3% across the Italian portfolio to c.8% following the refinancing. The impact of this is already included in the NAV of the Ordinary Shares fund. Operating costs across the assets are in the process of being re-negotiated and legal action against the Italian government is in progress based on advice received in this context.

The Spanish assets owned by the Company have also been negatively impacted by changes in legislation, which have effectively placed a cap on the returns that Spanish solar assets can generate. This cap has been set at 7.4% (calculated as 300 basis points over the average of the 10 year Spanish Government Bond yield). The Ordinary Shares fund's exposure to the Company's only Spanish asset is 3.0% of the portfolio value. A provision of 50% is in place against the cost of the Spanish asset held by the Ordinary Shares fund.

We believe we are on track to deliver the original target return of 130p for the Ordinary Shares fund. It was previously reported that we might exceed the 130p level following the bond refinancing and subsequent reinvestment but the provisions made against the Italian and Spanish investments imply that the original 130p is now more realistic.

C Shares

The C Shares fund, which does not have any exposure to Italian or Spanish assets, recently entered into exclusivity on three UK solar assets that will see materially all (£10 million) of the C Shares fund being deployed. These assets will be purchased shortly after connection to the grid. We expect these sites to be fully operational by April 2015. The three sites have a combined production capacity of 12MW.

During the period the C Shares fund provided a short-term loan of £1.8 million at an attractive interest rate to a solar project in Colorado, USA. The loan has been repaid since the year end. The C Shares fund, being a later vintage and investing under the ROC subsidy rather than FiTs, is targeting a 120p total return. Deployment has taken place in a very competitive environment that has pushed acquisition prices up, but we believe a return of 120p continues to be achievable subject to competitive refinancing terms and/or an ultimate disposal at an attractive cost of capital.

Increasing Capital Value and Dividends

The realisable value and dividend potential of the Company as a whole (Ordinary and C Shares) may be enhanced through scale. This has been demonstrated to date by the attractive bond issue terms achieved in relation to the aggregated principal assets of the Ordinary Shares fund. We will keep other refinancing opportunities under review for further optimisation. Also, on an eventual sale of the portfolio, we expect acquirors of large operating solar portfolios to pay a premium price based on economies of scale advantages attached to negotiating operational cost items such as operating and maintenance contracts and insurance. Discount rates for UK based solar projects have been steadily reducing which, from the perspective of owners of solar projects, has driven up asset valuations. Now that the Fund is fully allocated, both the Ordinary and C share NAVs will benefit from these lower discount rates and higher asset valuations. A factor that has contributed to more aggressive discount rates is the general low interest rate environment. Investors have been forced to compete for alternative assets with low risk cash flows such as solar assets for higher returns. Acquisition vehicles such as US based 'Yield Cos' have a very attractive cost of capital for example. Having benchmarked discount rates, including having access to specific advisor reports in this context, we believe a discount rate range of 6.8% to 7.8% is currently appropriate for the Fund's assets. A discount rate at the prudent end of the range has been used when calculating the Fund's NAVs.

Investment Manager's Report continued

Outlook

Significant progress has been made during the period in deploying and committing capital across both share classes. Our focus during the second half of the year will be on completing the new C share acquisitions and fully on-boarding the new assets to optimise financial and technical reporting. Beyond this, little further deployment activity is expected in the absence of a further refinancing exercise which will be kept under review.

More generally, we anticipate that the UK solar sector will continue to grow by building out new capacity along-side an active secondary market which is now developing rapidly. The ROC regime is due to end for new UK solar assets over 5MWs in size in March 2015 and will be replaced by a CfD mechanism. The CfD subsidy for solar is a new mechanism for larger scale solar plants that may not be suitable for a Fund of this size. Therefore the continued activity in the short term for new ground based solar assets is likely to be in the sub-5MW ROC segment which is a good size for re-deployment of any future refinancing carried out by the Fund.

Jamie Richards
Head of Infrastructure
Foresight Group
27 February 2015

Investment Summary

Ordinary Shares Fund

Investment	31 December 2014 Amount Invested £	31 December 2014 Valuation £	Valuation Methodology	30 June 2014 Amount Invested £	30 June 2014 Valuation £
Kent Solar Project					
Canopus Solar Limited	862,644	1,868,663	Discounted cashflow	4,572,273	6,325,073
Vega Solar Limited	1,110,964	1,868,227	Discounted cashflow	4,572,272	6,320,930
	1,973,608	3,736,890		9,144,545	12,646,003
Puriton and Bridgewater Solar Projects					
Altair Solar Limited	847,198	2,245,856	Discounted cashflow	4,572,273	6,334,162
Capella Solar Limited	910,737	2,268,237	Discounted cashflow	4,572,273	6,210,720
	1,757,935	4,514,093		9,144,546	12,544,882
Malmesbury Solar Project					
Hadar Solar Limited	403,963	1,386,040	Discounted cashflow	4,572,274	5,765,285
Rigel Solar Limited	835,389	2,739,596	Discounted cashflow	2,286,135	2,879,115
	1,239,352	4,125,636		6,858,409	8,644,400
Turweston Solar Project*					
Altair Solar Limited	3,562,104	4,248,121	Discounted cashflow	–	–
Canopus Solar Limited	3,553,541	4,237,910	Discounted cashflow	–	–
Capella Solar Limited	3,506,446	4,181,744	Discounted cashflow	–	–
Hadar Solar Limited	1,802,459	2,149,590	Discounted cashflow	–	–
Rigel Solar Limited	3,579,229	4,268,545	Discounted cashflow	–	–
Vega Solar Limited	3,305,221	3,941,766	Discounted cashflow	–	–
	19,309,000	23,027,676		–	–
Greenersite Limited	325,878	325,878	Cost	325,878	325,878
	325,878	325,878		325,878	325,878
Total UK	24,605,773	35,730,173		25,473,378	34,161,163
Italian Solar Project					
Foresight VCT (Lux) 1 S.a.r.l	3,825,922	2,968,003	Discounted cashflow	3,825,922	3,107,592
Foresight VCT (Lux) 2 S.a.r.l	10,854	10,854	Cost	10,854	10,854
	3,836,776	2,978,857		3,836,776	3,118,446
Spanish Solar Project					
Foresight Luxembourg Solar 2 S.a.r.l.	2,325,786	1,162,893	Cost less impairment	2,325,786	1,162,893
	2,325,786	1,162,893		2,325,786	1,162,893
	30,768,335	39,871,923		31,635,940	38,442,502

* During the period, six companies representing the original investments of the fund deployed cash generated from the issuance of the bond to enter into Capacity Agreements with the Turweston Solar Project. Surplus cash of c. £3.1 million has been added to the valuation of the Turweston Solar Project.

Investment Summary

C Shares Fund

Investment Loans	31 December 2014 Amount Invested £	31 December 2014 Valuation £	Valuation Methodology	30 June 2014 Amount Invested £	30 June 2014 Valuation £
Colarado Solar					
Skibo Solar Limited	1,558,148	1,558,148	Cost	–	–
	1,558,148	1,558,148		–	–
	1,558,148	1,558,148		–	–

At 31 December 2014, five investments of £2 million each had been made into acquisition vehicles preparing to trade. As at the date of this report, the acquisitions have not entered into any investments. An update on any investments made will be given in the Annual Report to 30 June 2015.

Investment Summary continued

Ordinary Shares Fund

Foresight Solar VCT plc has invested in the below projects via the investment vehicles listed on page 7.

Kent Solar

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

First investment	August 2011	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	2,016
Dividend and interest income receivable by the VCT in the period	£146,075	Profit before tax	141
Equity at cost	£1,302,206	Retained profit	129
Loan stock at cost	£671,402	Net assets	161

Puriton Solar

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

First investment	February 2012	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	1,365
Dividend and interest income receivable by the VCT in the period	£101,040	Profit before tax	33
Equity at cost	£816,233	Retained loss	(44)
Loan stock at cost	£420,839	Net assets	9,434

Bridgewater Solar

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

First investment	February 2012	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	680
Dividend and interest income receivable by the VCT in the period	£44,794	Profit before tax	41
Equity at cost	£343,671	Retained profit	5
Loan stock at cost	£177,192	Net assets	4,681

Malmesbury Solar

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

First investment	December 2011	Year ended	31 March 2014
			£'000
Voting rights within each project investment vehicle	49%	Income	819
Dividend and interest income receivable by the VCT in the period	£109,306	Profit before tax	82
Equity at cost	£817,737	Retained profit	82
Loan stock at cost	£421,615	Net liabilities	(1,253)

Turweston Solar

Turweston Solar is a 16.4 MW operational plant in Buckimghamshire. The plant was connected to the national grid in December 2014 and once accredited it will qualify for 1.4 ROC's.

First investment	December 2014	
Voting rights within each project investment vehicle	49%	No accounts filed since the investment was made
Dividend and interest income receivable by the VCT in the period	£18,280	
Equity at cost	£6,561,003	
Loan stock at cost	£12,747,997	

Investment Summary continued

Ordinary Shares Fund

Foresight Solar VCT plc has invested in the below projects via the investment vehicles listed on page 7.

Greenersite Limited

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

First investment	March 2013	Year ended	31 March 2014
			£'000
Voting rights	100%	Income	25
Dividend and interest income receivable by the VCT in the year	—	Profit before tax	2
Equity at cost	£325,878	Retained profit	2
Loan stock at cost	—	Net assets	288

Italian Solar

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

First investment		June 2011	Year ended	31 March 2014
				€'000
% Equity/voting rights within each project investment vechicle		7.8%	Income	429
Dividend and interest income receivable by the VCT in the period		£51,077	Loss before tax	(61)
Equity at cost	including Foresight VCT (Lux) 1	£63,131	Retained loss	(66)
Loan stock at cost	and Foresight VCT (Lux) 2	£3,773,645	Net liabilities	(91)

Spanish Solar

Foresight Luxembourg Solar 2 S.â r.l. is the holding vehicle for an operating Spanish solar photovoltaic plant. Foresight funds, together with the Italian family office GWM, are co-owners of the plant which has been operating since September 2008 and producing electricity that is supplied to the electricity grid. The project is performing reliably but short term cash flows have been impacted by a retrospective cap on production enforced by the Spanish government for the period 2011–2013. Foresight arranged a project finance facility alongside the equity to finance the acquisition of the plant. Recent regulatory changes in connection with taxation and revenue indexation have impacted the carrying value of this project.

First investment	June 2011	Year ended (draft)	31 December 2014
			€'000
% Equity/voting rights within each project investment vechicle	14%	Income	6,671
Dividend and interest income receivable by the VCT in the period	—	Profit before tax	863
Equity at cost	£2,325,786	Retained loss	357
Loan stock at cost	—	Net assets	7,169

Co-investing funds

Foresight Group also manages or advises Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc, Albany Ventures Fund III LP, Foresight Environmental Fund LP, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS 2, Foresight Solar EIS 3, Foresight Solar EIS 4, Foresight Solar EIS 5, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP, Foresight Sustainable UK Investment Fund, Foresight Nottingham Fund LP, Foresight Solar Fund Limited, Foresight AD EIS and Recycling and Waste LP. Foresight Solar VCT plc has a common investment with Foresight Inheritance Tax Solutions. Foresight Group as investment Manager, manages several funds that invest in solar projects. To ensure that projects are allocated equitably between funds, a third party review of allocation decisions is carried out by qualified risk managers.

Investment Summary continued

C Shares Fund

Foresight Solar VCT plc has invested in the below projects via the investment vehicles listed on page 7.

Colorado Solar

Colorado Solar is made up of three sites totalling 4.5 MW all of which are situated in Colorado, USA. The portfolio commenced operation on 22 December 2014 and benefits from long term contracted revenues derived from Power Purchase Agreements with investment grade offtakers.

First investment	July 2014	
% EquityVoting rights	—	No accounts filed since the investment was made
Dividend and interest income receivable by the VCT in the period	£62,550	
Equity at cost	—	
Loan stock at cost (interest rate of 8.5%)	£1,558,148	

Unaudited Half-Yearly Financial Report and Responsibility Statements

Principal Risks and Uncertainties

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

- Performance
- Regulatory
- Operational; and
- Financial

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 30 June 2014. A detailed explanation can be on found on page 8 of the Annual Report and Accounts which is available at 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 Unaudited Half-Yearly Financial Report for the six months ended 31 December 2014.

The Directors confirm to the best of their knowledge that:

(a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
(b) the Unaudited Half-Yearly Financial Report for the six months ended 31 December 2014 includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the year and a description of principal risks and uncertainties that the Company faces for the remaining six months of the year);
(c) the summarised set of financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R; and
(d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report in the 30 June 2014 Annual Report and Accounts. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Strategic Report and Notes to the Accounts of the 30 June 2014 Annual Report and Accounts. In addition, the Annual Report and Accounts includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with investments and income generated therefrom, which benefit from Feed-in-Tariffs guaranteed by the UK Government. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

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

The Half-Yearly Financial Report for the six months ended 31 December 2014 has not been audited or reviewed by the auditors.

On behalf of the Board

David Hurst-Brown
Chairman
27 February 2015

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

Income Statements

for the six months ended 31 December 2014

	Ordinary Shares Fund			C Shares Fund		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment holding gains	—	2,297	2,297	—	—	—
Income	471	—	471	138	—	138
Investment management fees	(75)	(228)	(303)	(28)	(83)	(111)
Gains on the value of derivatives	—	154	154	—	—	—
Other expenses	(135)	—	(135)	(65)	—	(65)
Return/(loss) on ordinary activities before taxation	261	2,223	2,484	45	(83)	(38)
Taxation	(56)	56	—	9	(9)	—
Return/(loss) on ordinary activities after taxation	**205**	**2,279**	**2,484**	**54**	**(92)**	**(38)**
Return/(loss) per share	**0.5p**	**5.9p**	**6.4p**	**0.4p**	**(0.7)p**	**(0.3)p**

Balance Sheets

at 31 December 2014

	Ordinary Shares Fund	C Shares Fund
	£'000	£'000
Fixed assets		
Investments held at fair value through profit and loss	39,872	11,558
Current assets		
Debtors	360	284
Money market securities and other deposits	8	—
Cash	70	74
	438	358
Creditors		
Amounts falling due within one year	(169)	(28)
Net current assets	269	330
Net assets	**40,141**	**11,888**
Capital and reserves		
Called-up share capital	383	125
Share premium	—	12,318
Capital redemption reserve	2	—
Profit and loss account	39,756	(555)
Equity shareholders' funds	**40,141**	**11,888**
Net asset value per share	**104.7p**	**95.0p**

At 31 December 2014 there was an inter-share debtor/creditor of £67,000 which has been eliminated on aggregation.

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

Reconciliations of Movements in Shareholders' Funds

for the six months ended 31 December 2014

Ordinary Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2014	383	—	2	38,670	39,055
Expenses in relation to share issues	—	—	—	(248)	(248)
Dividends	—	—	—	(1,150)	(1,150)
Return for the period	—	—	—	2,484	2,484
As at 31 December 2014	**383**	**—**	**2**	**39,756**	**40,141**

C Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2014	125	12,336	—	(204)	12,257
Expenses in relation to share issues	—	(18)	—	—	(18)
Dividends	—	—	—	(313)	(313)
Loss for the period	—	—	—	(38)	(38)
As at 31 December 2014	**125**	**12,318**	**—**	**(555)**	**11,888**

Unaudited Income Statement

for the six months ended 31 December 2014

	Six months ended 31 December 2014 (unaudited)			Six months ended 31 December 2013 (unaudited)			Year ended 30 June 2014 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains/(losses	—	2,297	2,297	—	(541)	(541)	—	(2,921)	(2,921)
Income	609	—	609	608	—	608	1,041	—	1,041
Investment management fees	(103)	(311)	(414)	(98)	(293)	(391)	(201)	(602)	(803)
Gains on the value of derivatives	—	154	154	—	24	24	—	114	114
Other expenses	(200)	—	(200)	(191)	—	(191)	(402)	—	(402)
Return/(loss) on ordinary activities before taxation	306	2,140	2,446	319	(810)	(491)	438	(3,409)	(2,971)
Taxation	(47)	47	—	(66)	66	—	(111)	111	—
Return/(loss) on ordinary activities after taxation	259	2,187	2,446	253	(744)	(491)	327	(3,298)	(2,971)
Return/(loss) per share									
Ordinary Share	0.5p	5.9p	6.4p	0.7p	(1.8)p	(1.1)p	1.0p	(8.3)p	(7.3)p
C Share	0.4p	(0.7)p	(0.3)p	(0.5)p	(0.5)p	(1.0)p	(0.6)p	(1.3)p	(1.9)p

The total column of this statement is the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the 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 31 December 2014

Registered Number: 07289280

	As at 31 December 2014 (unaudited) £'000	As at 31 December 2013 (unaudited) £'000	As at 30 June 2014 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	**51,430**	49,594	48,443
Current assets			
Debtors	**577**	916	760
Money market securities and other deposits	**8**	8	8
Cash	**144**	555	2,308
	729	1,479	3,076
Creditors			
Amounts falling due within one year	**(130)**	(124)	(207)
Net current assets	**599**	1,355	2,869
Net assets	**52,029**	50,949	51,312
Capital and reserves			
Called-up share capital	**508**	469	508
Share premium account	**12,318**	8,346	12,336
Capital redemption reserve	**2**	1	2
Profit and loss account	**39,201**	42,133	38,466
Equity shareholders' funds	**52,029**	50,949	51,312
Net asset value per share			
Ordinary Share	**104.7p**	111.1p	101.9p
C Share	**95.0p**	98.3p	98.0p

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 December 2014

Company	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2014	508	12,336	2	38,466	51,312
Expenses in relation to share issues	—	(18)	—	(248)	(266)
Dividends	—	—	—	(1,463)	(1,463)
Return for the period	—	—	—	2,446	2,446
As at 31 December 2014	**508**	**12,318**	**2**	**39,201**	**52,029**

Unaudited Cash Flow Statement

for the six months ended 31 December 2014

	Six months ended 31 December 2014 (unaudited) £'000	Six months ended 31 December 2013 (unaudited) £'000	Year ended 30 June 2014 (audited) £'000
Cash flow from operating activities			
Investment income received	**282**	241	903
Deposit and similar interest received	**1**	4	5
Investment management fees paid	**(402)**	(453)	(867)
Secretarial fees paid	**(84)**	(99)	(182)
Other cash payments	**(129)**	(88)	(172)
Net cash outflow from operating activities and returns on investment	**(332)**	(395)	(313)
Returns on investment and servicing of finance			
Purchase of investments	**(1,808)**	(7,700)	(10,000)
Net proceeds on sale of investments	**1,118**	1,403	2,474
Net proceeds on sale of financial assets	**662**	—	—
Net capital outflow from financial investment	**(28)**	(6,297)	(7,526)
Equity dividends paid	**(1,463)**	(1,151)	(2,302)
Financing			
Proceeds of fund raising	**—**	2,809	7,069
Expenses of fund raising	**(305)**	(306)	(515)
Repurchase of own shares	**(36)**	—	—
	(341)	2,503	6,554
Decrease in cash	**(2,164)**	(5,340)	(3,587)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash for the period	**(2,164)**	(5,340)	(3,587)
Net cash at start of period	**2,316**	5,903	5,903
Net cash at end of period	**152**	563	2,316

Analysis of changes in net cash

	1 July 2014 £'000	Cash flow £'000	**31 December 2014 £'000**
Cash and cash equivalents	2,316	(2,164)	**152**

Notes to the Unaudited Half-Yearly Financial Report

for the six months ended 31 December 2014

1 The Unaudited Half-Yearly results have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 30 June 2014. Unquoted investments have been valued in accordance with International Private Equity and Venture Capital Valuation guidelines. Quoted investments are stated at bid prices in accordance with UK Generally Accepted Accounting Practice.

2 These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 31 December 2014 and 31 December 2013 has been neither audited nor reviewed. Statutory accounts in respect of the year to 30 June 2014 have been audited and reported on by the Company's auditor and delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006. No statutory accounts in respect of any period after 30 June 2014 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

3 Copies of the Unaudited Half-Yearly Financial Report for the six months ended 31 December 2014 have been sent to shareholders and are available for inspection at the Registered Office of the Company at The Shard, 32 London Bridge Street, London, SE1 9SG. Copies of the Unaudited Half-yearly Financial Report for the six months ended 31 December 2014 are also available electronically at www.foresightgroup.eu.

4 Net asset value per share

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

	Ordinary Shares Fund		C Shares Fund	
	Net assets £'000	Number of Shares in issue	Net assets £'000	Number of Shares in issue
31 December 2014	40,141	38,331,956	11,888	12,511,089
31 December 2013	42,619	38,366,252	8,330	8,471,012
30 June 2014	39,055	38,331,956	12,257	12,511,089

5 Return per share

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

	Ordinary Shares Fund Number of Shares	C Shares Fund Number of Shares
Six months ended 31 December 2014	38,331,956	12,511,089
Six months ended 31 December 2013	38,366,252	6,828,787
Year ended 30 June 2014	38,365,782	9,064,723

Notes to the Unaudited Half-Yearly Financial Report

for the six months ended 31 December 2014

6 Income

	Six months ended 31 December 2014 (unaudited) £'000	Six months ended 31 December 2013 (unaudited) £'000	Year ended 30 June 2014 (audited) £'000
Loan stock interest	**608**	604	1,036
Bank interest	**1**	4	5
	609	608	1,041

7 Investments held at fair value through profit or loss

Company	**Unquoted & Total £'000**
Book cost as at 1 July 2014	41,636
Investment holding gains	6,807
Valuation at 1 July 2014	48,443
Movements in the period:	
Purchases at cost	1,808
Disposal proceeds	(1,118)
Investment holding gains	2,297
Valuation at 31 December 2014	**51,430**
Book cost at 31 December 2014	42,326
Investment holding gains	9,104
Valuation at 31 December 2014	**51,430**

Ordinary Shares Fund	**Unquoted & Total £'000**
Book cost as at 1 July 2014	31,636
Investment holding gains	6,807
Valuation at 1 July 2014	38,443
Movements in the period:	
Disposal proceeds	(868)
Investment holding gains	2,297
Valuation at 31 December 2014	**39,872**
Book cost at 31 December 2014	30,768
Investment holding gains	9,104
Valuation at 31 December 2014	**39,872**

7 Investments held at fair value through profit or loss

C Shares Fund	Unquoted & Total £'000
Book cost as at 1 July 2014	10,000
Investment holding gains	—
Valuation at 1 July 2014	10,000
Movements in the period:	
Purchases at cost	1,808
Disposal proceeds	(250)
Valuation at 31 December 2014	**11,558**
Book cost at 31 December 2014	11,558
Investment holding gains	—
Valuation at 31 December 2014	**11,558**

8 Transactions with the manager

Details of arrangements of the Company with Foresight Group are given in the Annual Report and Accounts for the year ended 30 June 2014, in the Directors' Report and Note 3.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £414,000 in the six months ended 31 December 2014 (31 December 2013: £391,000; 30 June 2014: £803,000).

Foresight Group also provides administration services to the Company via Foresight Fund Managers Limited, and received fees excluding VAT of £84,000 during the six months ended 31 December 2014 (31 December 2013: £84,000; 30 June 2014: £167,000). The annual administration and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised (subject to a minimum index-linked fee of £60,000 for each of the Ordinary and C Shares funds).

At the balance sheet date there was £26,000 due to Foresight Group (31 December 2013: £39,000; 30 June 2014: £26,000).

Foresight Group are responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests. Foresight Group did not receive any fees of this nature in the six months ended 31 December 2014.

Foresight Group is also a party to the performance incentive agreement described in Note 13 of the Annual Report and Accounts for the year ended 30 June 2014.

9 Related party transactions

There were no related party transactions in the period.

Shareholder Information

Dividends

Dividends are ordinarily paid to shareholders in April and October. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services plc (see back cover for details).

Share price

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

Investor Centre

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

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

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

Trading shares

The Company's Ordinary and C Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight Solar VCT plc is Panmure Gordon & Co.

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

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

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

Indicative financial calendar

October 2015	Announcement of annual results for the year ended 30 June 2015
October 2015	Posting of the Annual Report and Accounts for the year ended 30 June 2015
December 2015	Annual General Meeting
February 2016	Announcement of interim results for the six months ended 31 December 2015

Open invitation to meet the Investment Manager

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

Enquiries

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

Telephone:	020 3667 8100
Fax:	020 3031 1383
e-mail:	info@foresightgroup.eu
website:	www.foresightgroup.eu

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