



Annual Report and Accounts
31 December 2011



Foresight VCT

Objective

Ordinary Shares

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

Planned Exit Shares

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns created by the VCT tax benefits — income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of the Planned Exit Shares fund is to distribute a minimum of 110p per share through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the original offer.

Infrastructure Shares

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

(The first allotment of Infrastructure shares was 20 February 2012. A total of £15 million has been raised in 2012).



For further information go to
www.foresightgroup.eu

VCT Tax Benefit for Shareholders beyond April 2006

To obtain VCT tax reliefs on subscriptions up to £200,000 per annum, a VCT investor must be a 'qualifying' individual over the age of 18 with UK taxable income. The tax reliefs for subscriptions from 6 April 2006 are:

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

Venture Capital Trust Status

Foresight VCT has satisfied the conditions for venture capital trust status under sections 274–280A of the Income Tax Act 2007 and the Directors intend to conduct the business of the Company so as to continue to comply with that section.

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“Foresight VCT plc was founded in 1997 and is still the best performing VCT since launch. The Company offers three different types of investment to shareholders via the Ordinary, Planned Exit and Infrastructure Share portfolios and currently has assets of c£55m.”

John Gregory Chairman



Meet the Board

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

John Gregory Chairman

John Gregory (63) Chairman

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

Gordon James Humphries (50) Director

Gordon Humphries qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has over 20 years' experience. He is currently head of investment companies at Standard Life Investments and before that he was deputy head of investment trusts at F&C Asset Management plc. Gordon is a non-executive director of Maven Income and Growth VCT 5 plc.

Peter Frederick Dicks (69) Director

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

Highlights

Financial Highlights

- Net asset value per Ordinary Share increased by 23.8% for the year ended 31 December 2011 to 123.9p compared to 100.1p (rebased) as at 31 December 2010.
- Net asset value per Planned Exit Share as at 31 December 2011 was 92.4p compared to 95.5p as at 31 December 2010.
- Interim dividend of 7.5p per Ordinary Share paid on 23 March 2012.
- Realisation proceeds and loan repayments totalling £15,120,290 were received from eleven portfolio companies by the Ordinary Shares fund.
- Acquisition of the assets and liabilities of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc.
- The Ordinary Shares fund provided funding totalling £1,431,852 for nine portfolio companies.
- Three investments were made by the Planned Exit Shares fund totalling £1,890,000.
- One realisation was made from the Planned Exit Shares fund: Foresight Luxembourg Solar 2 for £1,000,000.

Performance Summary

	31 December 2011 Ordinary Shares	31 December 2011 Planned Exit Shares	31 December 2010 Ordinary Shares	31 December 2010 Planned Exit Shares
Capital Values				
Net asset value per share	123.9p	92.4p	100.1p*	95.5p
Net assets	£34,617,000	£5,713,000	£26,365,000	£5,927,000
Revenue and Dividend				
Revenue return per share	(0.1)p	1.4p	0.4p*	1.7p
Total dividends paid	5.0p	3.0p	0.0p	0.0p

Performance Statistics

	31 December 2011 Ordinary Shares	31 December 2011 Planned Exit Shares	31 December 2010 Ordinary Shares	31 December 2010 Planned Exit Shares
Net asset value per share	123.9p	92.4p	100.1p*	95.5p
Net asset value total return per share (since launch)	218.5p	95.4p	207.5p	95.5p
Share price	111.5p	91.5p	75.3p*	103.0p
Share price total return per share (since launch)	213.8p	94.5p	198.1p	103.0p

* Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio 0.554417986.

Dividend History

Ordinary Shares:	Dividend per share	Dividend per share (rebased) [†]
23 March 2012	7.5p	7.5p
17 June 2011	5.0p	5.0p
29 May 2009	1.0p	1.8p
7 March 2008	5.0p	9.0p
26 May 2006	0.5p	1.3p
5 July 2004	52.0p	136.3p
22 September 2003	8.0p	21.0p
30 June 2003	0.5p	1.3p
8 May 2000	100.0p	262.1p
6 August 1999	1.0p	2.6p
29 January 1999	3.2p	8.4p
Planned Exit Shares:		
17 June 2011	3.0p	3.0p

[†] Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986.

Rebased in January 2007 due to merger of Ordinary and C Share portfolios at a ratio of 0.688075647795 new Ordinary Shares for every 1 Ordinary Share held.



Chairman's Statement

“In particular there has been very strong performance in the Ordinary Shares portfolio, during the year ended 31 December 2011. The net asset value increased by 23.8%, principally as a result of the sale of AppDNA for thirty two times cost and representing a total consideration of £8.4 million (after taking account of the 5.0p dividend paid on 17 June 2011), to 123.9p per share. The majority of the increase was generated by valuation increases in Autologic Diagnostics, Trilogy Communications, AppDNA and Alaric Systems.”

John Gregory Chairman

2011 Highlights

- Net asset value of the Ordinary Shares fund increased by 23.8%.
- A 7.5p per Ordinary Share dividend was paid on 23 March 2012.
- Over £15m of realisation proceeds for the Ordinary Shares fund during the year.

Read more about our Highlights on page 3

Group continues to believe it important to adopt a cautious approach to managing the portfolio.

The Company's policy is whenever possible to maintain a steady flow of tax-free dividends, generated from income or from capital profits realised on the sale of investments. Notwithstanding our awareness of future uncertainty, encouraged by the flow of recent investment gains and income generated from loan stock, the Board paid a final dividend of 5.0p per new Ordinary Share for the year ended 31 December 2010 on 17 June 2011 and a final dividend of 3.0p per Planned Exit Share for the year ended 31 December 2010 on the same day.

An interim dividend of 7.5p per Ordinary Share was paid on 23 March 2012, for the year ended 31 December 2011 as a result of the spate of recent, successful realisations. In addition to underpinning dividends in the future, these realisations have provided the funds required for new investments to replace those that have been sold and to generate further value for shareholders.

Performance and Dividends

I am pleased to be able to report sound progress in the development of our investment portfolios.

At 31 December 2011, the Company has two classes of shares (Ordinary Shares and Planned Exit Shares) and each class of share has its own portfolio of investments, the performances of which are more fully described in the Investment Manager's Report. In particular there has been very strong performance in the Ordinary Shares portfolio, during the year ended 31 December 2011. The net asset value increased by 23.8%, principally as a result of the sale of AppDNA for thirty two times cost and representing a total consideration of £8.4 million (after taking account of the 5.0p dividend paid on 17 June 2011), to 123.9p per share. The majority of the increase was generated by valuation increases in Autologic Diagnostics, Trilogy Communications, AppDNA and Alaric Systems. Further information on these companies can be found in the Investment Manager's Report. The net asset value of the Planned Exit Share portfolio decreased by 0.1%, after adding back the 3.0p dividend paid on 17 June 2011.

Notwithstanding these positive signs, stock market sentiment as evidenced recently is fragile, significant macroeconomic uncertainties remain, and trading and credit conditions continue to be difficult in many sectors of the economy. Against this background Foresight

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines (August 2010) developed by the British Venture Capital Association and other organisations. Through these guidelines investments are valued, as defined, at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM and PLUS (formerly OFEX) are valued at the bid price as at 31 December 2011. The portfolio valuations are prepared by Foresight Group and are subject to approval by the Board.

Acquisition of the assets and liabilities of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc ('Keydata')

Following shareholder approval, the assets of Keydata (approximately £3.6 million) were acquired by the Company on 28 February 2011. A total of 6,463,504 Ordinary Shares (at a net asset value of 55.44p per Ordinary Share – prior to the Ordinary Share reconstruction) in Foresight VCT plc were issued as consideration to the shareholders of Keydata. Following the completion of the merger there were 54,004,889 Ordinary Shares in issue. Dependent upon the commercial success of its

gasification project in Derby (now known as Withion Power Limited), for which the Keydata assets were acquired, additional consideration may be payable to Keydata shareholders up to a maximum amount of £2.8 million on or shortly after 30 September 2013.

Withion Power's project in Derby (3.0 MW of waste wood gasification) is progressing well. The construction of the plant is complete and in the final stage of commissioning. The first electricity output from the plant was generated in April 2012.

Ordinary Shares Reconstruction

Also with shareholder approval, on 1 March 2011 the Ordinary Shares underwent a reconstruction such that the underlying net asset value (NAV) of each Ordinary Share was rebased to 100.0p. The reconstruction resulted in Ordinary Shareholders' holdings being adjusted by a ratio of 0.554417986 per Ordinary Share held at the close of business on 1 March 2011 and in 29,941,281 new Ordinary Shares being issued. The reconstruction of the Ordinary Share capital of Foresight VCT plc does not in any way affect the overall value of Shareholders' holdings.

Enhanced Buyback

I am pleased to report that the Company's 2011 enhanced buyback scheme proved to be popular with shareholders with 6,034,893 Ordinary Shares being tendered for the enhanced buyback at 100.0p per share.

As a result of this transaction, 5,913,777 new Ordinary Shares were issued at 102.0p per share.

Following the success of the enhanced buyback in 2011 and shareholder feedback, the Company recently launched a similar scheme for 2012, which allowed qualifying shareholders to tender their shares in both the 2011/12 and 2012/13 tax years.

The 2012 enhanced buyback scheme proved to be popular with 2,755,165 Ordinary Shares being tendered at 117.49p per share and 2,675,000 Ordinary Shares being issued at 121.20p per share.

Other Share Issues and Share Buybacks

The Company announced alongside the enhanced buyback a small top-up offer of Ordinary Shares. The offer was open during March and April 2011 and 234,918 Ordinary Shares were issued at 100.0p per share.

On 20 June 2011 61,188 Ordinary Shares were allotted under the Company's Dividend Reinvestment Scheme at 95.85p per share.

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

As part of the Company's active buyback programme, during the period, 2,175,904 Ordinary Shares were purchased for cancellation at a cost of £1,998,000, representing an average discount of approximately

15.4% to net asset value.

On 7 October 2011, the Company launched a joint offer with Foresight 2 VCT plc to raise £30 million through the issue of Infrastructure Shares, a new share class. Between 1 January 2012 and 18 April 2012, 15,281,010 Infrastructure Shares were allotted at 100.0p per share. The offer was extended from £30 million to £33 million to accommodate investor demand.

Directorate change

Following 14 years' service as a Director of Foresight VCT plc, Antony Diment retired from the Board on 26 May 2011.

I would like to thank Tony for all of his hard work and dedication to Shareholders' interests in his role as a Director and Chairman of the Audit Committee since the Company's launch in 1997.

New VCT Rules

The Budget introduced new VCT investment rules, originally intended to take effect from 6 April 2012, that could have limited the potential investment in underlying portfolio companies from state aid sources to £2 million in any 12 month rolling period. These rules, which could have been detrimental to the Company's investment program, have now been postponed until the Finance Bill receives Royal Assent, expected in July 2012, at which point it is hoped that approval will have been received from the EU for the 12 month rolling limit of investment from state aid sources to be increased to £5 million.

The Board and Foresight Group continue to take an active role, through its membership of the AIC, in providing information and assistance to help achieve the best possible outcome, with respect to the new rules, for the VCT industry as a whole.

Annual General Meeting

The Company's Annual General Meeting will take place on 23 May 2012. I look forward to welcoming you to the meeting, which will be held in London.

Outlook

Following two years of economic fragility we are witnessing potential acquirers slowly returning to the market and this has been reflected in the increase in portfolio activity in terms of realisations over the last 12 months. Additionally, Foresight Group is seeing its deal flow of new investment opportunities increasing. We remain cautious about the economic outlook, however, and the Manager will aim to invest only in opportunities which are considered sufficiently robust and attractive. The Board and Investment Manager believe the portfolio contains a number of attractive companies and that these should translate into realisations that will, over the medium term, be reflected in further positive net asset value performance and continued distributions to shareholders.

John Gregory

Chairman

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19 April 2012



Investment Manager's Report

As referred to in the Chairman's statement, the performance of the Ordinary Shares portfolio overall during 2011 has been very encouraging, notwithstanding a background of continuing market volatility and uncertain macro economic conditions. A number of investee companies continued to trade well and enjoyed good growth while others, unsurprisingly, have been affected to varying degrees by recession induced factors, such as lower levels of market demand, increased competition and longer sales cycles. We believe these mixed trading conditions will continue to prevail during 2012 and beyond, putting a premium on companies with robust business models and good management teams while necessitating careful cost control by others.

The year under review to 31 December 2011 was one of considerable activity in the Ordinary Shares portfolio, particularly for successful realisations which continued into the month of January 2012. Reflecting strong merger and acquisition ('M & A') activity and investor interest in the technology sector, five significant realisations contributed to total proceeds of £15.1 million which helped fund a 7.5p dividend paid on 23 March 2012 to Ordinary shareholders on the register as at 9 March 2012, following the payment on 17 June 2011 of a 5.0p final dividend for the previous year ended 31 December 2010. The most notable realisation was the sale in October 2011 of App-DNA Group, an application compatibility and application migration software company, to the large US software group, Citrix Systems Inc, for \$92 million, generating a return of £7.5 million (plus up to a further £0.9 million held in escrow), some 32 times original cost. Although completed shortly after the year end, another notable realisation was achieved in January 2012 with the partial sale of the investment in Autologic Diagnostics in a £48 million secondary management buy out funded by ISIS Equity Partners. A number of other potential realisations are being considered in 2012.

During the year, new investments were made by the Planned Exit shares fund in Industrial Engineering Plastics Limited and Portchester Equity Limited and the investment in Foresight Luxembourg Solar 2 was realised, the fund now being fully invested. As planned, a dividend of 3.0p per share was paid on 17 June 2011.

Ordinary Shares Fund Portfolio Review

The performance of a number of portfolio companies continued to improve during the year, reflecting growing demand and strong sales pipelines, most notably Autologic Diagnostics, Trilogy Communications, App-DNA, Infrared Integrated Systems and Alaric Systems.

Autologic Diagnostics develops and sells sophisticated automotive diagnostic software and hardware to independent mechanics and garages to allow them to service and repair vehicles. In the year ended 31 December 2010, it generated an operating profit of £2.7 million on sales of £9.3 million. The company continued its strong growth in 2011 and is continuing to grow sales and profits in its current financial year, particularly in Europe and the USA. On 1 July 2011, a recapitalisation was completed which yielded proceeds of £439,999 for the Ordinary Shares fund against cost of £106,667, while maintaining an undiluted equity position. As part of the recapitalisation, £63,604 of loan interest was capitalised. As mentioned above, part of the investment in Autologic was sold in January 2012 in a £48 million secondary management buy-out funded by ISIS Equity Partners. The

sale generated cash proceeds of £2.1 million, against original cost of £0.75 million and Foresight VCT has retained an ongoing investment of £1.486 million in a combination of equity and loan stock in the new company formed to effect the buy-out.

Despite early setbacks Closed Loop Recycling is now making solid operational, commercial and revenue progress with production rates at record levels and significantly improved plant reliability and consistency. An investment of £300,000 was made from the Ordinary Shares fund in the period to further upgrade its conveyor system. Product quality remains high and demand exceeds capacity for all the recycled material it produces. The company continues to be affected by raw material quality which restricts throughput and yield, but is making some progress in addressing this problem. A significant investment is planned at the Dagenham site to increase capacity to sort greater volumes of mixed plastic waste. In addition a further investment is planned to increase production capacity to meet the substantial demand for the cleaned and sorted output, which should be possible without adding significantly to its fixed overhead costs.

Trilogy Communications is making good progress in both the broadcast and defence sectors, particularly the latter where it announced a number of contract wins through partners such as Northrop Grumman, Lockheed Martin and Raytheon. Trilogy's products address aspects of particular current importance to the defence sector, namely communications, security and intelligence. For the year to February 2011, the company's audited accounts showed strong growth, with sales of £8.6 million and earnings before interest, tax, depreciation and amortisation of £1.2 million. The company continues to perform strongly and repaid loans to the Ordinary Shares fund of £124,695 in March 2011 including a redemption premium of £38,910. The outlook is positive, with record trading results achieved during 2011/12. Reflecting further growth, product development and an increasing order book, a £1.65 million growth funding round was completed in November 2011, of which the Planned Exit fund invested £465,000 and the Ordinary Shares fund invested £160,000 alongside £625,000 from Foresight 2 VCT Planned Exit fund and £400,000 from Trilogy's management team and other shareholders.

As mentioned previously, after a competitive sales process, AppDNA was sold to Citrix Systems Inc in October 2011 for \$92 million. It continued to achieve strong growth during the year and subsidiaries were set up in France and Australia in addition to its existing US operation, and its market leading AppTitude software is being sold globally. The company recently won the award for "Best Desktop Transformation" at the Citrix Synergy event in San Francisco for the second year in a row. The company was also named by Everything Channel in their CRN Virtualization top 100 List.

Infrared Integrated Systems, a market leader in retail queue monitoring and people counting markets, has continued to grow strongly and profitably, having won a significant contract in the US to provide its queue monitoring solution across the estate of a major supermarket group. The company is trading at record levels, with a strong pipeline of large potential customers undergoing product trials and is cash generative. This strong performance has been a result of the significant investment in R&D which resulted in the development of its next generation infrared devices which include internet connectivity and dual optical and thermal sensors, and ongoing research

into devices targeting the security and healthcare markets.

Alaric continues to perform well, enjoying strong demand Worldwide for its payment system software, principally credit card authorisation ("Authentic") and card fraud detection ("Fractals") software. Contracts have been won in the US, Mexico, Canada, Australia and New Zealand while a number of other promising contracts are in prospect, including in the Far East. Capacity to satisfy these orders is being met through continuing expansion of the office in Kuala Lumpur. Audited accounts for the year to 31 March 2011 showed significant growth in PBIT to £0.54 million on £5.54 million sales, well ahead of budget. Results to date for the current year to March 2012 shows further substantial growth in sales and profitability.

AtFutsal Group provides facilities for futsal, a fast growing indoor sport and the only type of indoor football recognised by the Football Association. Alongside the existing Swindon and Cardiff facilities, a third, much larger, flagship super arena was opened during the year in Birmingham at which point a further £170,988 was invested from the Ordinary Shares fund to finance this expansion. Sales have built up steadily in this new arena, which hosted a number of Football Association events over the summer. Good progress is being made in developing the educational activities with several hundred children now taking sports related courses within AtFutsal's arenas. Plans are in hand to open a further super arena in Northern England to create national coverage. Sales growth, however, is behind original expectations with UK consumer spending under pressure, and progress towards profitability has been impacted as a result.

Silvigen received further funding of £177,089 from the Ordinary Shares fund to finance additional capital expenditure for its waste wood processing facility to increase production as well as provide additional working capital as the company builds its sales pipeline in the animal bedding market. After a series of successful trials over the last six or so months, the first significant deliveries of the animal bedding product are expected to be made shortly.

Land Energy made good progress during 2011, achieving positive EBITDA at the Bridgend plant level. Demand continues to exceed supply for the plant's wood pellets and a further £125,867 was invested to finance capital expenditure to increase production and fund working capital. During the year, a disagreement arose about strategy with the management team who had ambitious plans to invest over £120 million raised from a hedge fund in building at least two large additional wood pellet/CHP plants and a pipeline of ESCo facilities supplying energy to farms, schools and hospitals under long term contracts. This would have resulted in unacceptable dilution and loss of influence for the Foresight funds and so led to a demerger of the business on 1 January 2012, with Foresight funds owning 100% of the profitable Bridgend plant and being entitled to receive £2 million of deferred consideration, expected to be received over approximately four years from profits generated by the management team's Newco. The name of the Company was changed to Abacus Wood with no restrictions on its activities. A new, highly experienced CEO has been recruited and will join shortly. The strategy for developing Abacus Wood comprises three elements; namely increase capacity at Bridgend, develop ESCos and complete the proposed merger with Silvigen. With sufficient space for expansion at Bridgend, plans have been developed to increase capacity. The long standing plan to merge Abacus Wood with Google based Silvigen, which also operates

in similar markets and of which the Foresight funds own 91%, is likely to be effected once the current EIS legislation is, as expected, changed to allow such mergers in 2012. Such a merger would provide the enlarged group with a strong geographical footprint in the UK with access to a substantial volume of sales and waste wood feedstock suppliers.

i-plas, which manufactures a range of building products from waste plastics, successfully increased its production capacity by investing in additional plastic moulding equipment in early 2011. Sales growth, however, was slower than forecast resulting in continuing but reducing trading losses, not helped by the present poor trading conditions in the various UK construction markets. A further funding round to provide additional working capital was completed in December 2011 of which the Ordinary Shares fund provided £50,000. Costs have been cut, price rises instituted and management reorganised with a view to reaching cash flow break even by early Summer 2012. Reflecting this continuing slow progress, a provision has been made against the cost of this investment.

With signs of increasing sales of Recruiter Account in late 2010, a further £12,985 was invested in SkillsMarket to fund the operational costs associated with its turnaround strategy. Sales slowed appreciably however and were well behind budget during early 2011. As substantial further investment was required, Skillsmarket's board decided to accelerate a sales process of the business. Despite considerable initial interest from a number of prospective purchasers, no offers were ultimately received and in consequence administrators were appointed on 18 May 2011.

As referred to in the Chairman's report, the assets of Keydata (approximately £3.6 million) were acquired by the Ordinary Shares fund in February 2011, the consideration for which was the issue of 6,463,504 Ordinary Shares in Foresight VCT plc (at a net asset value of 55.44p per Ordinary Share – prior to the Ordinary Share reconstruction) to the Keydata shareholders. These assets, which comprised inter alia diesel generators, wood gasifiers and cash, were then used to establish Clarke Power Services Limited, since renamed Withion Power Limited, which eventually plans to build a 3MW waste wood to energy plant in Derby. Dependent upon the commercial success of this renewable energy power station in Derby, additional consideration may be payable to Keydata shareholders up to a maximum amount of £2.8 million on or shortly after 30 September 2013. The first 0.5MW phase has been successfully built, tested and connected to the National Grid and has started generating its first commercial electricity, four months later than planned. Financing and construction of the second 1.0MW phase and final 1.5MW phase are expected to commence during 2012 and 2013 respectively.

Data Continuity Group Limited designs, sources, implements and maintains data storage solutions for companies and provides them as a managed service. Managed service contracts typically run for an initial term of three years and the company has a very high level of customer retention. The 2010 investment from Planned Exit Shares fund was used to re-finance existing loans and to provide additional working capital to finance the growth of its managed services. Both sales and EBITDA have continued to grow as a result of greater marketing efforts, with managed service revenues up by some 80% in 2011 compared to 2010.



Investment Managers' Report

Planned Exit Shares Fund Portfolio Review

The Planned Exit Shares fund backed a management buy-in of Channel Safety Systems with £565,000 in December 2010. Channel designs and distributes fire safety systems and emergency lighting, as well as providing associated services. From its base in the South East of England Channel Safety has been operating for 35 years. The company traded profitably through the recession and the management team are exploring several growth strategies, including new products such as energy efficient LED emergency lighting. Notwithstanding stagnant market conditions in the construction and electrical contracting sectors, the company achieved limited growth in sales and EBITDA in its financial year to 31 October 2011 which is expected to accelerate in the current year.

The Foresight VCT Planned Exit fund and the Foresight 2 VCT Planned Exit fund each advanced one year loans of £625,000 to Portchester Equity Limited to fund the short term working capital requirements of one of the subsidiaries of this family owned investment company which owns majority shareholdings in eight separate, well established trading companies.

The same funds each invested £800,000 in Industrial Engineering Plastics by way of loans and equity to finance a management buy-in of this long established, profitable distributor/fabricator of plastic materials to a wide range of customers in a variety of industrial sectors.

As mentioned above, Trilogy Communications completed a £1.65 million growth funding round in November 2011, of which the Planned Exit fund invested £465,000 and the Ordinary Shares fund invested £160,000 alongside £625,000 from Foresight 2 VCT Planned Exit fund and £400,000 from Trilogy's management team and other shareholders.

Investment Activity

Ordinary Shares Fund — Purchases

Nine follow-on investments were made from the Ordinary Shares fund totalling £1,431,852. These were smartFOCUS (£371,319), Closed Loop Recycling (£300,000), Silvigen (£177,089), AtFutsal (£170,988), Trilogy Communications (£160,000), Abacus Wood (formerly Land Energy) (£125,867), i-plas Group (£50,000) and SkillsMarket (£12,985) and as part of the recapitalisation of Autologic Diagnostics in July 2011, £63,604 of loan interest was capitalised.

Ordinary Shares Fund — Realisations

Realisations and loan repayments totalled £15,120,290 in the year. These were AppDNA (£7,484,277), smartFOCUS (£3,857,282), Actimax (£2,119,264), Ffastfill (£736,278), Autologic Diagnostics (£439,999), Camwood (£166,667), Clarity Commerce Solutions (£159,000), Trilogy Communications (£124,695), Rivington Street Holdings (£15,875), Sarantel Group (£15,000) and SkillsMarket (£1,953).

Details of the sale of AppDNA to Citrix Systems Inc and of the proceeds generated from the recapitalisation of Autologic Diagnostics are described earlier.

Foresight VCT's holding in AIM listed smartFOCUS was sold to Francisco Partners for proceeds of £3,857,282 against an original cost of £1,076,539 generating a return of 3.6 times original cost.

Actimax was sold to Synova Capital in April 2011 for total proceeds of £4.4 million. Foresight VCT's initial element of this was £1,953,215, a return of 3.6 times original cost of £546,668. A further payment of £166,049 was received in August 2011.

The opportunity was taken to realise the entire holding in AIM listed Ffastfill during the first six months of 2011 and the shares were sold at a price that represented a five year high for the business. This generated proceeds of £736,278. Similarly, the opportunity was taken to sell the entire holding of AIM listed Clarity Commerce Solutions and also 2,499,973 shares of the holding in AIM listed Sarantel, in both cases the companies failed to reach our expectations, generating £159,000 and £15,000 respectively.

Loan repayments were received from Camwood (£166,667), Trilogy Communications (£124,695), Rivington Street Holdings (£15,875) and SkillsMarket (£1,953) during the year.

Planned Exit Shares Fund — Purchases

As referred to previously, two new investments (Industrial Engineering Plastics and Portchester Equity) and one follow-on investment (Trilogy Communications) were made from the Planned Exit Shares fund totalling £1,890,000.

Planned Exit Shares Fund — Realisations

One realisation was made from the Planned Exit Shares fund during the period. Foresight Luxembourg Solar 2 was sold to Foresight Solar VCT plc for original cost of £1,000,000, reflecting an independent third-party valuation performed by KPMG Spain.

Outlook

The underlying trading of many of the portfolio companies during 2011 has been stronger than was expected at the beginning of the year, benefitting from positive export conditions created by a weaker currency and relatively stronger overseas markets. Other businesses operating solely in UK markets have found trading conditions to be relatively difficult, except where the companies have particular competitive advantages. A stronger M & A market has enabled a number of realisations to be successfully concluded, generating significant profits and cash for dividends and re-investment.

These mixed conditions are expected to continue during 2012 and beyond but we are reasonably optimistic about the current prospects and outlook for many portfolio companies, which continue to display strong order books and revenue and profit growth. The M & A market continues to be active which augurs well for further possible realisations during 2012. However, macro economic fundamentals remain challenging with considerable uncertainties and so we are planning for a prolonged period of sluggish growth. Foresight is now actively pursuing new investment opportunities but will adopt a cautious approach in the light of current trading conditions.

David Hughes

Chief Investment Officer
Foresight Group

Investment Summary

Ordinary Shares fund

Investment	31 December 2011		Valuation Methodology	31 December 2010	
	Amount	Valuation		Amount	Valuation
	Invested £	£		Invested £	£
Withion Power Limited †	3,951,546	3,951,546	* Asset basis	—	—
Autologic Diagnostics Holdings Limited	813,604	3,825,463	* Discounted earnings multiple	750,000	2,362,596
Aquasium Technology Limited	1,930,000	2,776,644	* Discounted earnings multiple	1,930,000	2,089,808
Alaric Systems Limited	1,473,372	2,225,040	* Discounted revenue multiple	1,473,372	2,033,016
Trilogy Communications Limited	961,715	2,072,751	* Discounted earnings multiple	887,500	1,999,486
Data Continuity Group Limited (formerly DCG Group Limited)	249,970	1,928,622	* Discounted revenue multiple	249,970	1,502,429
Closed Loop Recycling Limited	1,706,250	1,656,250	* Price of recent funding round	1,406,250	1,356,250
Infrared Integrated Systems Limited	250,005	623,480	* Discounted earnings multiple	250,005	478,789
Corero Network Security plc (AIM listed)	1,903,116	620,241	* Bid price	1,635,616	320,874
Camwood Limited	90,378	458,297	* Discounted earnings multiple	257,045	1,703,755
iCore Limited	750,000	375,000	Price of last funding round less impairment	750,000	375,000
Abacus Wood Limited (formerly Land Energy Limited)	367,382	367,382	Price of recent funding round	241,515	241,515
Silvigen Limited	711,094	355,547	Price of recent funding round less impairment	534,005	439,288
Aigis Blast Protection Limited	860,325	342,545	Discounted earnings multiple	860,325	182,933
ANT plc (AIM listed)	1,225,600	327,788	Bid price	1,225,600	496,649
alwaysON Group Limited	405,306	303,980	Price of recent funding round less impairment	405,306	303,980
i-plas Group Limited	530,362	265,181	Price of recent funding round less impairment	480,362	413,695
AtFutsal Group Limited	270,988	203,241	Price of recent funding round less impairment	100,000	100,000
Sarantel Group plc (AIM listed)	3,134,493	84,471	Bid price	3,690,167	419,036
Oxonica plc	2,804,473	77,344	Asset basis	2,804,473	154,687
Docherty Heat and Energy Distributor Limited †	9,438	9,438	Nil value	—	—
DSM GeoData Limited	700,000	—	Nil value	700,000	—
Nanotecture Group plc	1,000,000	—	Nil value	1,000,000	—
SkillsMarket Limited	1,827,316	—	Nil value	1,814,331	244,472
Actimax plc	—	—	Sold	546,668	2,059,200
AppDNA Limited	—	—	Sold	257,045	2,014,517
Clarity Commerce Solutions plc (AIM listed)	—	—	Sold	674,900	368,350
Ffastfill plc (AIM listed)	—	—	Sold	877,199	593,663
Rivington Street Holdings plc	—	—	Sold	284,441	284,441
SmartFOCUS Group plc (AIM listed)	—	—	Sold	705,220	2,019,723
	27,926,733	22,850,251		26,791,315	24,558,152

* Top ten investments by value shown on pages 10 to 12.

† Withion Power Limited and Docherty Heat and Energy Distributor Limited are new investments to Foresight VCT plc as a result of the acquisitions of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc on 28 February 2011. The amount invested refers to the valuation of these investments at acquisition and therefore the price paid by Foresight VCT plc. The original cost to Keydata Income VCT 1 plc and Keydata VCT 2 plc was £12,448,150 for Withion Power Limited and £5,000 for Docherty Heat and Energy Distributor Limited.

Planned Exit Shares fund

Investment	31 December 2011		Valuation Methodology	31 December 2010	
	Amount	Valuation		Amount	Valuation
	Invested £	£		Invested £	£
Data Continuity Group Limited (formerly DCG Group Limited)	750,000	831,925	* Discounted revenue multiple	750,000	797,247
Industrial Engineering Plastics Limited	800,000	800,000	* Cost	—	—
Portchester Equity Limited	625,000	625,000	* Cost	—	—
Trilogy Communications Limited	465,000	581,250	* Discounted earnings multiple	—	—
Closed Loop Recycling Limited	566,667	566,667	* Cost	566,667	566,667
Channel Safety Systems Group Limited	565,000	565,000	* Cost	565,000	565,000
Withion Power Limited	374,952	374,952	* Cost	374,952	374,952
i-plas Group Limited	524,030	262,015	* Price of recent funding round less impairment	524,030	484,127
Foresight Luxembourg Solar 2 S.à r.l.	—	—	Sold	1,000,000	957,660
	4,670,649	4,606,809		3,780,649	3,745,653

* All investments shown on pages 13 to 15.



Investment Summary

Ordinary Shares Portfolio

Top ten investments by value at 31 December 2011 are detailed below:

Withion Power Limited



is carrying out its first project in Derby. This project is targeting 3.0MW of electricity generation from waste wood sourced from local suppliers. The project is being built in three phases with phase 1 currently in commissioning and generating electricity with the remaining two phases expected to be commissioned over the 12 month period post successful commissioning of phase 1. This project is being developed in conjunction with O-Gen UK Limited.

First investment	February 2011	Year ended:	30 September 2010
			£'000
% Equity/Voting Rights	36.0%	Sales	—
Income received and receivable in the year	£232,778	Profit before Tax	254
Equity at cost	£8,600,150*	Retained Profit	254
Loan stock at cost	£3,848,000*	Net Liabilities	(632)

* The original cost to Keydata Income VCT 1 plc and Keydata Income VCT 2 plc shareholders totalled £12,448,150. The valuation of Withion Power Limited on 28 February 2011, being the date that Foresight VCT plc acquired these VCTs, was £3,951,546 which is the cost of investment to Foresight VCT plc.

Autologic Diagnostics Holdings Limited



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

A secondary buy-out of Autologic was completed on 20 January 2012, realising proceeds of £2,074,491 for Foresight VCT plc. Foresight VCT plc retains a loan and share investment in the company.

First investment	February 2009	Year ended:	31 December 2010
			£'000
% Equity/Voting Rights	7.8%†	Sales	9,266
Income received and receivable in the year	£80,475	Profit before Tax	1,943
Equity at cost	£80,000	Retained Profit	1,574
Loan stock at cost	£733,604	Net Assets	3,371

† Holding after sale

Aquasium Technology Limited



is principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment at its facilities in Cambridgeshire, UK. The group also provides component manufacturing and processing services utilising electron beam welding, laser machining, heat treating, abrasive water jet cutting, conventional welding and machining at its facilities in Massachusetts, USA.

First investment	October 2001	Year ended:	31 December 2010
			£'000
% Equity/Voting Rights	33.3%	Sales	12,734
Income received and receivable in the year	£52,999	Loss before Tax	(163)
Equity at cost	£333,333	Retained Loss	(326)
Loan stock at cost	£1,596,667	Net Assets	106

Alaric Systems Limited



develops payment system software, principally credit card authorisation ("Authentic") and card fraud detection ("Fractals") software, which is sold to major financial institutions, card processors and, increasingly, major retailers worldwide. Alaric is enjoying strong growth. Contracts have been won in the USA, Mexico, Canada, Australia and New Zealand while a number of other promising contracts are in prospect, including in the Far East. Capacity to satisfy these orders is being met through continuing expansion of the office in Kuala Lumpur. Audited accounts for the year to 31 March 2011 showed significant growth in PBIT to £540k (NPBT of £419k) on £5.54 million sales, well ahead of budget, with cash at that date of £901k. Progress to date in the current year to March 2012 shows substantial growth in sales and profitability.

First investment	February 2002	Year ended:	31 March 2011
			£'000
% Equity/Voting Rights	15.2%	Sales	5,535
Income received and receivable in the year	—	Profit before Tax	419
Equity at cost	£1,271,511	Retained Profit	407
Loan stock at cost	£201,861	Net Liabilities	(1,138)

Investment Summary

Ordinary Shares Portfolio

Trilogy Communications Limited



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

		Year ended:	28 February 2011
First investment	September 2005		£'000
% Equity/Voting Rights	12.2%	Sales	8,624
Income received and receivable in the year	£19,253	Profit before Tax	864
Equity at cost	£205,048	Retained Profit	877
Loan stock at cost	£756,667	Net Liabilities	(1,320)

Data Continuity Group Limited (formerly DCG Group Limited)



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

		Year ended:	31 March 2011
First investment	March 2004		£'000
% Equity/Voting Rights	32.2%	Sales	5,918
Income received and receivable in the year	—	Loss before Tax	(497)
Equity at cost	£249,970	Retained Loss	(454)
Loan stock at cost	—	Net Liabilities	(1,647)

Closed Loop Recycling Limited



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

		Year ended:	30 June 2010
First investment	August 2008		£'000
% Equity/Voting Rights	4.9%	Sales	6,727
Income received and receivable in the year	—	Loss before Tax	(6,491)
Equity at cost	£250,000	Retained Loss	(6,491)
Loan stock at cost	£1,456,250	Net Liabilities	(11,417)

Infrared Integrated Systems Limited



manufactures infrared arrays and sells cameras and thermal imagers incorporating these arrays. The company's products are focused on three markets: queue management, people counting and thermal imaging. The queue management product, which combines the infrared arrays with a software package, is targeted at major supermarket chains. The system improves the customer experience, reducing queue lengths, as well as enabling the supermarket to optimise staff deployment. The people counting products enable accurate measurement of flows of people, and are sold through a network of partners into a number of industries, including retail, leisure, transport and hospitality. The thermal imaging products, sold through a network of distributors, are used primarily for preventative maintenance. The company has made good progress in the US market.

		Year ended:	31 December 2010
First investment	December 2005		£'000
% Equity/Voting Rights	1.3%	Sales	18,762
Income received and receivable in the year	—	Profit before Tax	4,081
Equity at cost	£250,005	Retained Profit	5,205
Loan stock at cost	—	Net Assets	12,014



Investment Summary

Ordinary Shares Portfolio

Corero Network Security plc (AIM listed)



has two divisions. The Business Systems division designs, develops and delivers accounting and management information systems for the education market and professional services sector. The Network Security division, which acquired Top Layer in 2011, delivers IT network security solutions. The company intends to acquire further companies to develop a comprehensive suite of solutions encompassing hardware, software and services.

		Year ended:	31 December 2010
			£'000
First investment	October 2000		
% Equity/Voting Rights	2.9%	Sales	3,020
Income received and receivable in the year	—	Loss before Tax	(92)
Equity at cost	£1,903,116	Retained Profit	404
Loan stock at cost	—	Net Assets	6,923

Camwood Limited



is the UK's leading application migration and change specialist. The company provides software, consultancy and implementation services to support Microsoft Windows application migration, for operating strategic upgrades and virtualisation as well as providing ongoing application management. Camwood provides strategic consulting programme management and project execution services.

		Year ended:	31 March 2011
			£'000
First investment	September 2003		
% Equity/Voting Rights	14.2%	Sales	8,456
Income received and receivable in the year	—	Profit before Tax	1,086
Equity at cost	£90,378	Retained Profit	838
Loan stock at cost	—	Net Assets	1,156

Investment Summary

Planned Exit Shares Portfolio

Investments at 31 December 2011 are detailed below:

Data Continuity Group Limited (formerly DCG Group Limited)



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

		Year ended:	31 March 2011
			£'000
First investment	November 2010		
% Equity/Voting Rights	2.6%	Sales	5,918
Income received and receivable in the year	£67,081	Loss before Tax	(497)
Equity at cost	£75,000	Retained Loss	(454)
Loan stock at cost	£675,000	Net Liabilities	(1,647)

Industrial Engineering Plastics Limited



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

		No accounts
		filed since
		the investment
		was made
First investment	December 2011	
% Equity/Voting Rights	25.0%	
Income received and receivable in the year	£2,356	
Equity at cost	£75,000	
Loan stock at cost	£725,000	

Portchester Equity Limited

is a family owned investment company with majority stakeholdings in eight separate businesses. The investment is a short-term (12 month) working capital loan facility providing an attractive yield and strong security.

		Year ended:	30 September 2010
			£'000
First investment	August 2011		
% Equity/Voting Rights	—	Sales	68,696
Income received and receivable in the year	£24,772	Profit before Tax	1,183
Equity at cost	—	Retained Profit	204
Loan stock at cost	£625,000	Net Assets	29,138



Investment Summary

Planned Exit Shares Portfolio

Trilogy Communications Limited



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

		Year ended:	28 February 2011
First investment	November 2011		£'000
% Equity/Voting Rights	—	Sales	8,624
Income received and receivable in the year	£6,370	Profit before Tax	864
Equity at cost	—	Retained Profit	877
Loan stock at cost	£465,000	Net Liabilities	(1,320)

Closed Loop Recycling Limited



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

		Year ended:	30 June 2010
First investment	April 2010		£'000
% Equity/Voting Rights	—	Sales	6,727
Income received and receivable in the year	£20,726	Loss before Tax	(6,491)
Equity at cost	—	Retained Loss	(6,491)
Loan stock at cost	£566,667	Net Liabilities	(11,417)

Channel Safety Systems Group Limited



specialises in the design, distribution, installation and service of fire detection systems and emergency lighting. Demand for most of Channel Safety Systems' products and systems is driven by health and safety regulation and, increasingly, carbon reduction initiatives and legislation, which Channel Safety Systems addresses with its low energy LED emergency lighting range. Foresight backed an MBI of Channel Safety Systems in December 2010 with a total investment of £1.1 million from the Planned Exit fund. During 2011, the company has traded ahead of the previous year, is introducing a range of new products and is focusing on increasing its sales to both new and existing customers. The budget for 2012 shows the expected benefits from these actions.

		Period from:	21 September 2010 to 31 October 2011
First investment	December 2010		£'000
% Equity/Voting Rights	12.6%	Sales	7,824
Income received and receivable in the year	£55,574	Profit before Tax	40
Equity at cost	£57,000	Retained Profit	9
Loan stock at cost	£508,000	Net Assets	223

Investment Summary

Planned Exit Shares Portfolio

Withion Power Limited

Withion Power Limited



is carrying out its first project in Derby. This project is targeting 3.0MW of electricity generation from waste wood sourced from local suppliers. The project is being built in three phases with phase 1 currently in commissioning and generating electricity with the remaining two phases expected to be commissioned over the 12 month period post successful commissioning of phase 1. This project is being developed in conjunction with O-Gen UK Limited.

		Year ended:	30 September 2010
First investment	December 2010		£'000
% Equity/Voting Rights	5.0%	Sales	—
Income received and receivable in the year	£40,389	Profit before Tax	254
Equity at cost	£37,452	Retained Profit	254
Loan stock at cost	£337,500	Net Liabilities	(632)

i-plas Group Limited



is a well-established manufacturer of consumer and industrial products from recycled and waste plastics. It is well positioned in a growing market for recycled and sustainable goods that offer economic and environmental advantages. Foresight funds have invested/committed £7.9 million to date to establish the current business and capacity. Growth has been severely impacted by the economic environment but the company has good prospects over time.

		Year ended:	31 March 2011
First investment	September 2010		£'000
% Equity/Voting Rights	1.7%	Sales	4,619
Income received and receivable in the year	£17,448	Loss before Tax	(3,031)
Equity at cost	£39,903	Retained Loss	(3,031)
Loan stock at cost	£484,127	Net Liabilities	(5,789)



Investment Summary — Realisation Summary

The table below gives details of realisations during the year:

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2010 £
Ordinary Shares Fund				
AppDNA Limited	257,045	7,484,277	7,227,232	2,014,517
SmartFOCUS Group plc	1,076,539	3,857,282	2,780,743	2,019,723
Actimax plc	546,668	2,119,264	1,572,596	2,059,200
Autologic Diagnostics Holdings Limited	—	439,999	439,999	—
Trilogy Communications Limited	85,785	124,695	38,910	85,785
Camwood Limited	166,667	166,667	—	166,667
SkillsMarket Limited	1,953	1,953	—	1,953
Rivington Street Holdings plc	16,941	15,875	(1,066)	16,941
Ffastfill plc	877,199	736,278	(140,921)	593,663
Clarity Commerce Solutions plc	674,900	159,000	(515,900)	368,350
Sarantel Group plc	555,674	15,000	(540,674)	63,099
	4,259,371	15,120,290	10,860,919	7,389,898

	Cost of investment disposed of £	Sales proceeds £	Realised gain/(loss) £	Valuation at 31 December 2010 £
Planned Exit Shares Fund				
Foresight Luxembourg Solar 2 S.à r.l.	1,000,000	1,000,000	—	957,660
	1,000,000	1,000,000	—	957,660

Investment Summary

at 31 December 2011

Co-Investing Funds

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

Investee	Foresight VCT O & PE shares £	Foresight 2 O, C & PE shares £	Foresight 3 O shares £	Foresight 4 O & C shares £	Foresight Sustainable £	Total managed by Foresight Funds %
Abacus Wood Limited	367,382	2,022,206	—	551,269	2,400,436	99.3%
Aigis Blast Protection Limited	860,325	1,262,636	—	347,226	—	25.8%
Alaric Systems Limited	1,473,372	—	714,713	—	—	23.3%
alwaysON Group Limited	405,306	1,350,448	—	270,090	—	77.8%
ANT plc	1,225,600	—	—	—	—	8.2%
Aquasium Technology Limited	1,930,000	—	—	—	—	33.3%
AtFutsal Group Limited	270,988	1,895,058	541,977	541,977	—	45.5%
Autologic Diagnostics Holdings Limited	813,604	1,084,805	1,084,805	1,084,805	—	39.0%
Camwood Limited	90,379	—	—	—	—	14.2%
Channel Safety Systems Group Limited	565,000	565,000	—	—	—	25.1%
Closed Loop Recycling Limited	2,272,917	5,423,334	5,440,000	3,713,750	2,944,127	58.2%
Corero Network Security plc	1,903,116	—	302,925	—	—	4.2%
Data Continuity Group Limited	999,970	750,000	—	—	—	37.4%
Docherty Heat and Energy Distributor Limited	9,438	—	—	—	—	49.0%
iCore Limited	750,000	—	—	—	—	16.7%
Industrial Engineering Plastics Limited	800,000	800,000	—	—	—	46.3%
Infrared Integrated Systems Limited	250,005	749,985	—	250,005	—	6.5%
i-plas Group Limited	1,054,392	2,059,644	2,323,934	966,210	1,733,332	66.6%
Oxonica plc	2,804,473	1,181,473	—	—	—	14.7%
Portchester Equity Limited	625,000	625,000	—	—	—	0.0%
Sarantel Group plc	3,134,493	567,413	885,943	—	—	4.0%
Silvigen Limited	711,094	1,134,678	1,422,164	711,094	796,184	80.7%
Trilogy Communications Limited	1,426,715	2,028,431	—	401,715	—	48.7%
Withion Power Limited	4,326,498	1,175,048	—	—	—	64.5%

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

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



Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2011.

Principal activity and status

The principal activity of the Company is the making of investments in unquoted or AIM-listed companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance has been received up to 31 December 2010 as a Venture Capital Trust and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Business review

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

Nature of the Company

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

Investment objective

Ordinary Shares

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

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

Planned Exit Shares

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns achievable through VCT tax benefits — income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of the Planned Exit fund is to distribute a minimum of 110p per share issued through a combination of tax-free income, buybacks and tender offers before the sixth anniversary of the closing date of the Planned Exit Share offer.

Infrastructure Shares

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

Investment policy

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

Investment securities

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

UK companies

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

Asset mix

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to 15% of the portfolio at the time of investment.

Investment style

Investments are selected in the expectation that value will be enhanced by the application of private equity disciplines including an active management style for unquoted companies through the placement of an investor director on investee company boards.

Borrowing powers

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

Management

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

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

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

Ordinary Shares

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

Planned Exit Shares

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

Infrastructure Shares

- Long-term contracts with Governmental or blue-chip counterparties;
- Low correlation to economic, business and market cycles and relatively low default rates;
- Inflation-linked revenues over 10 – 50 year contract durations;
- Target returns from 8% – 12%; and
- Stable and predictable cashflows.

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

Principal risks, risk management and regulatory environment

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

- Economic risk — events such as an economic recession and movement in interest rates could affect smaller companies' performance and valuations.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to: the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief

they obtained; and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.

- Investment and strategic — inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders.
- Regulatory — the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's or Company Secretary's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.
- Financial — inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed in note 15 to the accounts.
- Market risk — investment in AIM traded, PLUS traded and unquoted companies by its nature involves a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.
- Liquidity risk — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AIM or PLUS Markets does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable.

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

Performance and key performance indicators (KPIs)

The Board expects the Manager to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments in fast-growing unquoted companies and maintaining a steady flow of tax-free dividends for shareholders. The key performance indicators in meeting these objectives are net asset value performance and dividends paid, which when combined give net asset value total return. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value and total expenses as a ratio of shareholders' funds.



Directors' Report

A record of some of these indicators is contained on page 3 entitled 'Highlights'. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year. The total expense ratio in the period was 2.8%. Share buybacks, excluding the enhanced buyback, have been completed at an average discount of 15.4%. Combined, these KPIs compare favourably with the wider VCT marketplace based on independently published information.

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

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

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

Foresight VCT is a venture capital trust and has three Non-Executive Directors but no employees and contracts-out its investment activities to its investment manager, Foresight Group. Several investments have been made in clean energy and environmental infrastructure projects which have clear environmental benefits.

Results and dividends

The total return attributable to equity shareholders for the year amounted to £8,028,000 (2010: £7,519,000). The Board is not recommending a final dividend for the Ordinary Shares fund (2010: 5.0p per share) nor for the Planned Exit Shares fund (2010: 3.0p per share). An interim dividend of 7.5p per Ordinary share was paid 23 March 2012.

Share capital

Acquisition of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc ('Keydata')

Following shareholder approval, the assets of Keydata (approximately £3.6 million) were acquired by the Company on 28 February 2011. A total of

6,463,504 Ordinary Shares (at a net asset value of 55.44p per Ordinary Share – prior to the Ordinary Share reconstruction) in Foresight VCT plc were issued as consideration to the shareholders of Keydata. Following the completion of the merger there were 54,004,889 Ordinary Shares in issue.

Ordinary Shares Reconstruction

Also with shareholder approval, on 1 March 2011 the Ordinary Shares underwent a reconstruction such that the underlying net asset value (NAV) of each Ordinary Share was rebased to 100.0p. The reconstruction resulted in Ordinary Shareholders' holdings being adjusted by a ratio of 0.554417986 per Ordinary Share (i.e. 54,004,889 x 0.554417986) held at the close of business on 1 March 2011 and in 29,941,281 new Ordinary Shares being issued.

Enhanced Buyback

A total of 6,034,893 Ordinary Shares were repurchased by the Company for 100.0p per share as part of the enhanced buyback scheme.

As part of the transaction, 5,913,777 new Ordinary Shares were issued at 102.0p per share.

Other Share Issues and Share Buybacks

The Company announced alongside the enhanced buyback a small top-up offer of Ordinary Shares. The offer was open during March and April 2011 and 234,918 Ordinary Shares were issued at 100.0p per share.

On 20 June 2011 61,188 Ordinary Shares of 1.0 pence each in the Company were allotted under the Company's Dividend Reinvestment Scheme at 95.85p per share.

As part of the Company's active buyback programme, during the period, 2,175,904 Ordinary Shares were purchased for cancellation at prices ranging from 84.3p per share to 110.5p per share, at a cost of £1,998,000, representing an average discount of 15.4% to net asset value.

CREST

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

Directors

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

	31 December 2011 Ordinary Shares	31 December 2011 Planned Exit Shares	1 January 2011 Ordinary Shares*	1 January 2011 Planned Exit Shares
John Gregory	—	—	—	—
Peter Dicks	50,608	—	50,608	—
Gordon Humphries	3,439	—	3,439	—
Antony Diment (resigned 26 May 2011)	30,009	—	30,009	—

* Recalculated due to Ordinary Shares reconstruction on 1 March 2011.

Both Peter Dicks and Gordon Humphries participated in the enhanced buyback in April 2012 and as a result their holdings have reduced to 49,579 and 3,335 Ordinary Shares respectively.

In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Dicks, Mr Gregory and Mr Humphries retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 2. The Board believes that Mr Dicks', Mr Gregory's and Mr Humphries' balance of skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board.

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

Management

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

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

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

No Director has an interest in any contract to which the Company is a party. Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments and which earned fees of £665,540 during the year (2010: £451,882). Foresight Fund Managers Limited, Company Secretary, received fees including VAT of £120,000 (2010: £118,000) during the year. VCF Partners, an associate of Foresight Group, received from investee companies

arrangement fees of £58,535 (2010: £82,737) as a result of investments made during the year and directors fees of £181,550 (2010: £152,249). Foresight Group is also a party to the performance incentive agreement described in Note 14 to the financial statements.

VCT status monitoring

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

Substantial shareholdings

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

Financial instruments

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

Purchase of own shares

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

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 59 days (2010: 6 days). Foresight Group who provide investment management services are deemed to be the only trade creditor of the Company.

Directors' and officers' liability insurance

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

Annual General Meeting

A formal notice convening the Annual General Meeting to be held on 23 May 2012 can be found on pages 56 to 58. Resolutions 1 to 7 will



Directors' Report

be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 8 and 9 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 to 9 renew share issue and buyback authorities for the Ordinary Shares and Planned Exit Shares as equivalent authorities in respect of Infrastructure Shares will not expire until the Annual General Meeting to be held in 2013. Resolutions 7 to 9 will also be in addition to authorities taken at the general meetings and separate class meetings held on 30 September 2011 and 29 March 2012.

Resolution 7

Resolution 7 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £250,000 (representing 50.4% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to the dividend investment scheme, performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority and power conferred by Resolution 7 will expire on the fifth anniversary of the passing of the resolution.

Resolution 8

Resolution 8 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £100,000 in each class of share in the Company (other than Infrastructure Shares) pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued Ordinary Share capital pursuant to dividend investment schemes, (iii) with an aggregate nominal value of up to 10% of the issued share capital of each class of share in the Company (other than Infrastructure Shares) pursuant to performance incentive arrangements with Foresight Group and (iv) with an aggregate nominal value of up to 10% of the issued share capital of each class of share in the Company for general purposes, in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2013.

Resolution 9

It is proposed by Resolution 9 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 4,214,842 Ordinary Shares, and 926,356 Planned Exit Shares representing approximately 14.99% of each share class. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotations for an Ordinary Share or Planned Exit Share, as relevant, taken from the London Stock Exchange daily official list of the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will be in addition to

existing authorities to purchase shares and will expire at the conclusion of the Annual General Meeting to be held in 2013.

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

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

Formal notices convening separate meetings of Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders, also to be held on 23 May 2012, can be found on pages 59 to 64. The resolutions proposed at these meetings, if passed, will approve the passing of Resolutions 7 and 9 to be proposed at the Annual General Meeting and will sanction any modification of the rights of Ordinary Shareholders, Planned Exit Shareholders and Infrastructure Shareholders resulting therefrom.

The resolutions to be proposed at the separate meetings will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution.

Audit Information

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

Section 992 of the Companies Act

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

Capital structure

The Company has issued share capital of 27,940,367 Ordinary Shares and 6,179,833 Planned Exit Shares as at 31 December 2011.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 58.

Notifiable Interests in the Company's voting rights

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

Auditors

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

Corporate Governance

The Directors of Foresight VCT confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ("UK Corporate Governance Code") issued by the Financial Reporting Council in June 2010, as appropriate for a Venture Capital Trust. As a Venture Capital Trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 31 December 2011.

The Board

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

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

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

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.23 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after each year's service. Non-independent Directors are required to retire annually.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision B.4.1.

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

Meeting attendance

	Board	Audit	Nomination	Remuneration
John Gregory	4/4	2/2	1/1	1/1
Peter Dicks	4/4	2/2	1/1	1/1
Gordon Humphries	4/4	2/2	1/1	1/1
Antony Diment (resigned 26 May 2011)	1/1	1/1	1/1	1/1

In addition to the above, four further meetings were held in relation to the publication of corporate documents and six in relation to investments where Foresight Group manages more than 50% of the voting rights.

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



Directors' Report

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

Directors' indemnification and insurance

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

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

Board committees

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

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

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

As a result of a tender process carried out in October 2010, the Board appointed KPMG Audit Plc as the Company's auditors from 2010.

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

The Nomination Committee comprises Gordon Humphries (Chairman), Peter Dicks and John Gregory and meets at least annually to consider

the composition and balance of skills, knowledge and experience of the Board and would make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then annually.

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

Board Evaluation

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

Relations with Shareholders

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

Internal control

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

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

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

to shareholders is accurate and reliable and that the Company's assets are safeguarded.

SGH Martineau provide legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with Foresight Group and the application of the venture capital trust legislation to any company in which the Company is proposing to invest.

Foresight Fund Managers Limited was appointed by the Board as Company Secretary from 1 January 2005 with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

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

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

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

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed

to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 18. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Business Review and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

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

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

By order of the Board

Foresight Fund Managers Limited

Company Secretary
19 April 2012



Directors' Remuneration Report

Introduction

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

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

Consideration by the Directors of matters relating to Directors' Remuneration

The Remuneration Committee comprises three Directors: Gordon Humphries (Chairman), Peter Dicks and John Gregory.

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

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

No Director is involved in deciding their own remuneration.

Remuneration policy

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates

of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 December 2011 were agreed during the year.

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

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

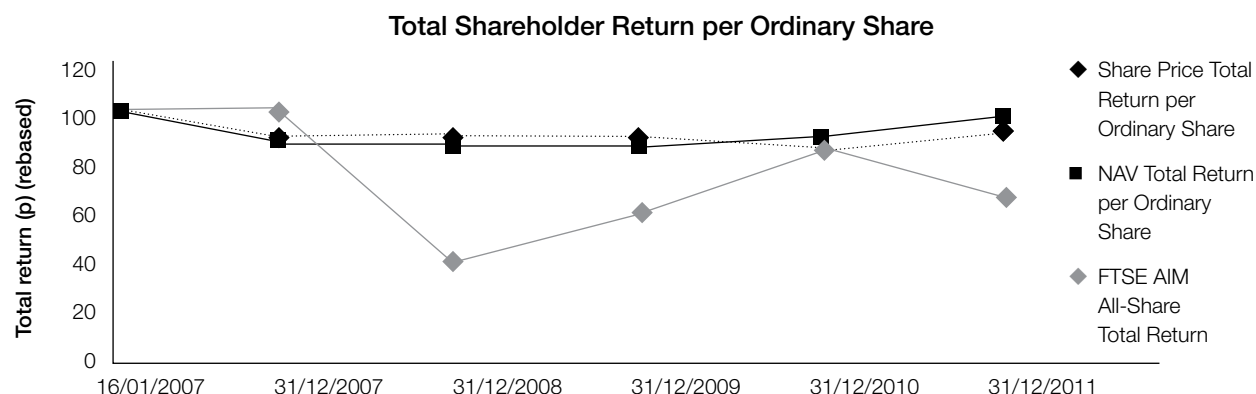
It is the intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

Service contracts

None of the Directors has a service contract but, under letters of appointment dated 29 September 1997 (and Board resolution dated 9 March 2007 for Gordon Humphries and 30 July 2010 for John Gregory), may resign at any time by mutual consent. There are no set minimum notice periods but all Directors are subject to retirement by rotation. No compensation is payable to Directors on leaving office. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation every year.

Total shareholder return

The graph below charts the total shareholder return to 31 December 2011, on the hypothetical value of £100 invested by an Ordinary Shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered by the Board an appropriate index against which to measure the Company's performance both given the Company's holdings of AIM listed companies and that the profile of many AIM companies are similar to those held by Foresight VCT. The graph below charts the total shareholder return, from 16 January 2007, being the date that the Ordinary Shares and C Shares merged, to 31 December 2011.



Details of individual emoluments and compensation

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

No other remuneration was paid or payable by the Company during the current year or previous period nor were any expenses claimed or

paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

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

Only the information below has been audited. See the Independent Auditor's Report on page 31.

	Directors' fees (£) year ended 31 December 2011	Directors' fees (£) year ended 31 December 2010
John Gregory	25,000	10,417
Peter Dicks	20,000	22,292
Gordon Humphries	20,000	18,354
Antony Diment* (resigned 26 May 2011)	7,863	19,500
Total	72,863	70,563

* Amounts paid and payable to third parties.

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

Approval of report

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

This Directors' Remuneration Report was approved by the Board on 19 April 2012 and is signed on its behalf by Gordon Humphries (Director).

On behalf of the Board

Gordon Humphries

Director

19 April 2012



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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website (which is delegated to Foresight Group and incorporated into their website). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board

John Gregory

Chairman

19 April 2012

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

Income Statements

for the year ended 31 December 2011

	Ordinary Shares Fund			Planned Exit Shares Fund		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Realised gains on investments	—	11,312	11,312	—	—	—
Investment holding losses	—	(2,842)	(2,842)	—	(29)	(29)
Realised gains on derivatives	—	—	—	—	25	25
Unrealised losses on the value of derivatives	—	—	—	—	(25)	(25)
Income	485	—	485	227	—	227
Investment management fees	(152)	(456)	(608)	(14)	(43)	(57)
Other expenses	(354)	—	(354)	(106)	—	(106)
(Loss)/return on ordinary activities						
before taxation	(21)	8,014	7,993	107	(72)	35
Taxation	12	—	12	(20)	8	(12)
(Loss)/return on ordinary activities after taxation	(9)	8,014	8,005	87	(64)	23
Return per share	(0.1)p	25.0p	24.9p	1.4p	(1.0)p	0.4p

Balance Sheets

at 31 December 2011

	Ordinary Shares Fund £'000	Planned Exit Shares Fund £'000
Fixed assets		
Investments held at fair value through profit or loss	22,851	4,607
Current assets		
Debtors	1,906	268
Derivative financial instruments	—	—
Money market securities and other deposits	10,484	857
Cash	49	49
	12,439	1,174
Creditors		
Amounts falling due within one year	(673)	(68)
Net current assets	11,766	1,106
Net assets	34,617	5,713
Capital and reserves		
Called-up share capital	279	62
Share premium account	—	—
Capital redemption reserve	352	—
Special distributable reserve	30,932	5,682
Revenue reserve	(181)	179
Capital reserve	8,372	(146)
Revaluation reserve	(5,137)	(64)
Equity shareholders' funds	34,617	5,713
Number of shares in issue	27,940,367	6,179,833
Net asset value per share	123.9p	92.4p

At 31 December 2011 there was an inter-share debtor/creditor of £55,000 which has been eliminated on consolidation.



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

Reconciliations of Movements in Shareholders' Funds

for the year ended 31 December 2011

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Ordinary Shares Fund								
As at 1 January 2011	475	11,893	29	18,070	(172)	(1,611)	(2,294)	26,390
Share reconstruction	(241)	—	241	—	—	—	—	—
Share issues in the year	127	9,785	—	—	—	—	—	9,912
Expenses in relation to share issues	—	(126)	—	(60)	—	—	—	(186)
Repurchase of shares*	(82)	—	82	(8,043)	—	—	—	(8,043)
Transfer from capital account	—	(131)	—	—	—	131	—	—
Cancellation of share premium	—	(21,421)	—	21,421	—	—	—	—
Net realised gain on disposal of investments	—	—	—	—	—	11,313	—	11,313
Net realised gain on derivatives	—	—	—	—	—	—	—	—
Investment holding losses	—	—	—	—	—	—	(2,843)	(2,843)
Dividends	—	—	—	—	—	(1,461)	—	(1,461)
Management fees charged to capital	—	—	—	(456)	—	—	—	(456)
Revenue loss for the year	—	—	—	—	(9)	—	—	(9)
As at 31 December 2011	279	—	352	30,932	(181)	8,372	(5,137)	34,617

* Includes 6,034,893 shares tendered for the enhanced buyback at 100.0p per share.

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Planned Exit Shares Fund								
As at 1 January 2011	62	5,784	—	(32)	92	6	(10)	5,902
Expenses in relation to share issues	—	—	—	(27)	—	—	—	(27)
Cancellation of share premium	—	(5,784)	—	5,784	—	—	—	—
Net realised gain on derivatives	—	—	—	—	—	25	—	25
Investment holding losses	—	—	—	—	—	—	(29)	(29)
Unrealised losses on the value of derivatives	—	—	—	—	—	—	(25)	(25)
Dividends	—	—	—	—	—	(185)	—	(185)
Management fees charged to capital	—	—	—	(43)	—	—	—	(43)
Tax credited to capital	—	—	—	—	—	8	—	8
Revenue return for the year	—	—	—	—	87	—	—	87
As at 31 December 2011	62	—	—	5,682	179	(146)	(64)	5,713

Independent Auditor's Report

To the Members of Foresight VCT plc

We have audited the financial statements of Foresight VCT plc for the year ended 31 December 2011 set out on pages 32 to 53. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements set out on page 28, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on page 23 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 25, in relation to going concern;
- the part of the Corporate Governance Statement on page 23 relating to the Company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Gareth Horner (Senior Statutory Auditor)

for and on behalf of
KPMG Audit Plc
Statutory Auditor
Chartered Accountants
Edinburgh
19 April 2012



Income Statement

for the year ended 31 December 2011

	Notes	Year ended 31 December 2011			Year ended 31 December 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains/(losses)							
on investments		—	11,312	11,312	—	(1,112)	(1,112)
Investment holding (losses)							
gains		—	(2,871)	(2,871)	—	8,748	8,748
Realised gains on							
derivatives		—	25	25	—	—	—
Unrealised (losses)/gains on							
the of value derivatives		—	(25)	(25)	—	25	25
Income	2	712	—	712	665	—	665
Investment management							
fees	3	(166)	(499)	(665)	(113)	(339)	(452)
Other expenses	4	(460)	—	(460)	(355)	—	(355)
Return on ordinary							
activities before taxation		86	7,942	8,028	197	7,322	7,519
Taxation	6	(8)	8	—	—	—	—
Return on ordinary							
activities after taxation		78	7,950	8,028	197	7,322	7,519
Return per share:							
Ordinary Share	8	(0.1)p	25.0p	24.9p	0.4p	27.7p	28.1p
Planned Exit Share	8	1.4p	(1.0)p	0.4p	1.7p	(0.7)p	1.0p

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 and no operations were discontinued in the year.

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

The notes on pages 36 to 53 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Year ended 31 December 2010								
Company								
As at 1 January 2010	481	11,931	23	18,603	(277)	(504)	(11,077)	19,180
Share issues in the year	62	6,118	—	—	—	—	—	6,180
Expenses in relation to share issues	—	(372)	—	—	—	—	—	(372)
Repurchase of shares	(6)	—	6	(226)	—	—	—	(226)
Net realised loss on disposal of investments	—	—	—	—	—	(1,112)	—	(1,112)
Investment holding gains	—	—	—	—	—	—	8,748	8,748
Unrealised gain on the value of derivatives	—	—	—	—	—	—	25	25
Dividends reimbursed	—	—	—	—	—	11	—	11
Management fees charged to capital	—	—	—	(339)	—	—	—	(339)
Revenue return for the year	—	—	—	—	197	—	—	197
As at 31 December 2010	537	17,677	29	18,038	(80)	(1,605)	(2,304)	32,292
	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special distributable reserve £'000	Revenue reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Total £'000
Year ended 31 December 2011								
Company								
As at 1 January 2011	537	17,677	29	18,038	(80)	(1,605)	(2,304)	32,292
Share reconstruction	(241)	—	241	—	—	—	—	—
Share issues in the year	127	9,785	—	—	—	—	—	9,912
Expenses in relation to share issues	—	(126)	—	(87)	—	—	—	(213)
Repurchase of shares	(82)	—	82	(8,043)	—	—	—	(8,043)
Transfer from capital account	—	(131)	—	—	—	131	—	—
Cancellation of share premium	—	(27,205)	—	27,205	—	—	—	—
Net realised gain on disposal of investments	—	—	—	—	—	11,313	—	11,313
Net realised gain on derivatives	—	—	—	—	—	25	—	25
Investment holding losses	—	—	—	—	—	—	(2,872)	(2,872)
Unrealised losses on the value of derivatives	—	—	—	—	—	—	(25)	(25)
Dividends	—	—	—	—	—	(1,646)	—	(1,646)
Management fees charged to capital	—	—	—	(499)	—	—	—	(499)
Tax credited to capital	—	—	—	—	—	8	—	8
Revenue return for the year	—	—	—	—	78	—	—	78
As at 31 December 2011	341	—	352	36,614	(2)	8,226	(5,201)	40,330

The notes on pages 36 to 53 form part of these financial statements.



Balance Sheet

at 31 December 2011

Registered Number: 03421340

	Notes	As at 31 December 2011 £'000	As at 31 December 2010 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	27,458	28,304
Current assets			
Debtors	10	2,119	1,383
Derivative financial instruments		—	47
Money market securities and other deposits		11,341	1,998
Cash		98	670
		13,558	4,098
Creditors			
Amounts falling due within one year	11	(686)	(110)
Net assets		40,330	32,292
Capital and reserves			
Called-up share capital	12	341	537
Share premium account		—	17,677
Capital redemption reserve		352	29
Special distributable reserve		36,614	18,038
Revenue reserve		(2)	(80)
Capital reserve		8,226	(1,605)
Revaluation reserve		(5,201)	(2,304)
Equity shareholders' funds		40,330	32,292
Net asset value per share:			
Ordinary Share	13	123.9p	100.1p*
Planned Exit Share	13	92.4p	95.5p

* Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986.

The financial statements were approved by the Directors and authorised for issue on 19 April 2012 and are signed on their behalf by:

John Gregory

Chairman

The notes on pages 36 to 53 form part of these financial statements.

Cash Flow Statement

for the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Cash flow from operating activities		
Investment income received	400	374
Deposit and similar interest received	20	12
Investment management fees paid	(713)	(480)
Secretarial fees paid	(138)	(118)
Other cash payments	(551)	(334)
Net cash outflow from operating activities and returns on investment	(982)	(546)
Taxation	—	—
Returns on investment and servicing of finance		
Purchase of unquoted investments and investments quoted on AIM	(3,259)	(4,350)
Net proceeds on sale of investments	16,120	775
Net proceeds from deferred consideration	—	20
Net proceeds from derivative transactions	49	—
Net cash inflow/(outflow) from financial investment	12,910	(3,555)
Equity dividends (paid)/received	(1,646)	11
Management of liquid resources		
Movement in money market funds	(9,343)	(1,428)
	(9,343)	(1,428)
Financing		
Proceeds of fund-raising	235	6,520
Acquisition issue shares	8	—
Expenses of fund-raising	(180)	(339)
Dividends reinvested	59	—
Repurchase of own shares	(1,633)	(226)
	(1,511)	5,955
(Decrease)/increase in cash	(572)	437
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash for the year	(572)	437
Net cash at start of year	670	233
Net cash at end of year	98	670

Analysis of changes in net debt

	At 1 January 2011 £'000	Cash flow £'000	At 31 December 2011 £'000
Cash and cash equivalents	670	(572)	98

The notes on pages 36 to 53 form part of these financial statements.



Notes to the Accounts

for the year ended 31 December 2011

1 Accounting policies

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

a) Basis of accounting

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

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

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

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

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

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

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

- (i) Where a value is indicated by a material arm’s length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company’s historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, *inter alia*, a lack of marketability);
 - or
 - b) where a company’s underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after discussion with the Investment Manager, will agree the values that reflect the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment’s future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company has the right to receive the premium and expects to do so.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be the application of a multiple to that company’s historic, current or forecast turnover (the multiple being based on data from comparable companies in the sector but with the resulting value being adjusted to reflect points of difference identified by the Investment Manager including, *inter alia*, a lack of marketability).

1 Accounting policies (continued)

c) Income

Dividends receivable on quoted equity shares are brought into account on the ex dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as loan or deposit interest is included on an accruals basis using the effective interest basis. Redemption premiums are recognised on an effective interest rate basis where there is reasonable certainty that the redemption premiums will be paid. Where uncertainty exists they will be recognised on realisation of investment.

d) Expenses

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

Performance incentive payments will relate predominantly to the capital performance of the portfolio and will therefore be charged 100% to capital. The liability is recognised when the related distribution to shareholders is made.

e) Financial Instruments

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

f) Taxation

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

g) Deferred Taxation

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

h) Capital reserves

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

(i) *Realised*

The following are accounted for in this reserve:

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

(ii) *Revaluation reserve (Unrealised capital reserve)*

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

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



Notes to the Accounts

for the year ended 31 December 2011

1 Accounting policies (continued)

i) Investment recognition and derecognition

Investments are recognised at the trade date, being the date that the risks and rewards of ownership are transferred to the Company. Upon initial recognition, investments are held at the fair value of the consideration payable. Transaction costs in respect of acquisitions made are recognised directly in the income statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.

j) Cash and liquid resources

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

2 Income

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loan stock interest	599	652
Overseas based Open Ended Investment Companies ("OEICs")	24	13
Dividends	77	—
Bank deposits	2	—
Other	10	—
	712	665

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

3 Investment management fees

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Investment management fees charged to the revenue account	166	113
Investment management fees charged to the capital account	499	339
	665	452

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

Foresight Group have received an annual management fee of 2% of the net assets of the Ordinary Shares fund (adjusted to reflect quoted investments at mid-market prices) and 1% of the net assets of the Planned Exit Shares fund, in the year ended 31 December 2011. The annual management fees are calculated and payable quarterly in advance.

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

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

Foresight Fund Managers Limited is the Company Secretary and received annual fees for the services provided including VAT of £120,000 (2010: £118,000). The annual secretarial fee is £100,000 payable quarterly in advance together with any applicable VAT.

4 Other expenses

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Accounting and secretarial services excluding VAT	100	100
Directors' remuneration including employer's National Insurance contributions	79	75
Auditor's remuneration excluding VAT		
— audit services	20	20
— other services — interim review	—	4
— taxation services	4	4
Foreign exchange	35	(25)
Other	222	177
	460	355

The Company has no employees other than the Directors.

5 Directors' remuneration

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
John Gregory	25	10
Peter Dicks	20	22
Gordon Humphries	20	18
	65	50
Amounts paid and payable to third parties for the services of:		
Antony Diment	8	20
	73	70
Employers' NIC and VAT on above as appropriate	6	5
	79	75

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors, although Foresight Group is entitled to a performance incentive arrangement as detailed in notes 3 and 14. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable.

Further details of Directors' interests are given on page 21.



Notes to the Accounts

for the year ended 31 December 2011

6 Tax on ordinary activities

Analysis of charge in the period:

	Year ended 31 December 2011			Year ended 31 December 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	8	(8)	—	—	—	—
Total current tax	8	(8)	—	—	—	—
Deferred tax	—	—	—	—	—	—
Total tax	8	(8)	—	—	—	—

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Total profit on ordinary activities before taxation (2011: 26.5%; 2010: 28%)	8,028	7,519
	2,127	2,105
Capital realised (gains)/losses not (taxable)/relievable	(2,998)	311
Capital unrealised (losses)/gains not (relievable)/taxable	761	(2,449)
Movement in unutilised expenses	130	33
Dividends not taxable	(20)	—
Current tax charge for the year	—	—

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

No deferred tax asset has been recognised in the year for surplus management expenses. At present it is not envisaged that any tax will be recovered on these in the foreseeable future. The total amount of deferred tax assets unrecognised is £1,044,000 (2010: £961,000).

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

7 Dividends

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Ordinary Shares		
Dividends — paid in the year	1,461	—
Planned Exit Shares		
Dividends — paid in the year	185	—

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of the Income Tax Act 2007 are considered.

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Income available for distribution by way of dividends for the year	78	197

The Board is not recommending a final dividend for the Ordinary Shares fund for the year ended 31 December 2011 (2010: 5.0p). An interim dividend of 7.5p per Ordinary Share for the year ended 31 December 2011 was paid on 23 March 2012.

The Board is not recommending a final dividend for the Planned Exit Shares fund for the year ended 31 December 2011 (2010: 3.0p).

As at 31 December 2011, reserves available for dividend distribution total £39,637,000 (2010: £14,049,000) comprising the revenue, capital and distributable reserves, less the net unrealised loss on those investments whose prices are quoted in an active market and deemed readily realisable.

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

8 Return per share

	Year ended 31 December 2011		Year ended 31 December 2010	
	Ordinary Share 2011	Planned Exit Share 2011	Ordinary Share 2010	Planned Exit Share 2010
Total return after taxation	8,005	23	7,463	56
Basic return per share (note a)	24.9p	0.4p	28.1p*	1.0p
Revenue return from ordinary activities after taxation	(9)	87	105	92
Revenue return per share (note b)	(0.1)p	1.4p	0.4p*	1.7p
Capital return from ordinary shares after taxation	8,014	(64)	7,358	(36)
Capital return per share (note c)	25.0p	(1.0)p	27.7p*	(0.7)p
Weighted average number of shares in issue in the year	32,097,234	6,179,833	26,528,417*	5,407,639

* The weighted average number of shares has been adjusted to take account of the Ordinary Shares reconstruction on 1 March 2011.

The total return of the Ordinary Shares (£8,005,000) and Planned Exit Shares (£23,000) combine to form the return of £8,028,000 in the income statement.

Notes:

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



Notes to the Accounts

for the year ended 31 December 2011

9 Investments

	2011	2010
Company	£'000	£'000
Quoted investments	1,033	4,503
Unquoted investments	26,425	23,801
	27,458	28,304

Company	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2011	9,095	21,478	30,573
Investment holding (losses)/gains	(4,592)	2,323	(2,269)
Valuation at 1 January 2011	4,503	23,801	28,304
Movements in the year:			
Cost of investments acquired	—	3,961	3,961
Purchases at cost	371	2,951	3,322
Disposal proceeds	(4,783)	(11,337)	(16,120)
Realised gains	1,582	9,280	10,862
Investment holding losses	(640)	(2,231)	(2,871)
Valuation at 31 December 2011	1,033	26,425	27,458
Book cost at 31 December 2011	6,265	26,333	32,598
Investment holding (losses)/gains	(5,232)	92	(5,140)
Valuation at 31 December 2011	1,033	26,425	27,458

Ordinary Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 January 2011	9,095	17,697	26,792
Investment holding (losses)/gains	(4,592)	2,358	(2,234)
Valuation at 1 January 2011	4,503	20,055	24,558
Movements in the year:			
Cost of investments acquired from Keydata	—	3,961	3,961
Purchases at cost	371	1,061	1,432
Disposal proceeds	(4,783)	(10,337)	(15,120)
Realised gains	1,582	9,280	10,862
Investment holding losses	(640)	(2,202)	(2,842)
Valuation at 31 December 2011	1,033	21,818	22,851
Book cost at 31 December 2011	6,265	21,662	27,927
Investment holding (losses)/gains	(5,232)	156	(5,076)
Valuation at 31 December 2011	1,033	21,818	22,851

Deferred consideration of £450,000 was also recognised by the Ordinary Shares fund in the year.

9 Investments (continued)

	Quoted £'000	Unquoted £'000	Total £'000
Planned Exit Shares Fund			
Book cost as at 1 January 2011	—	3,781	3,781
Investment holding losses	—	(35)	(35)
Valuation at 1 January 2011	—	3,746	3,746
Movements in the year:			
Purchases at cost	—	1,890	1,890
Disposal proceeds	—	(1,000)	(1,000)
Investment holding losses	—	(29)	(29)
Valuation at 31 December 2011	—	4,607	4,607
Book cost at 31 December 2011	—	4,671	4,671
Investment holding losses	—	(64)	(64)
Valuation at 31 December 2011	—	4,607	4,607

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

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

10 Debtors

	2011 £'000	2010 £'000
Accrued interest	1,343	1,117
Prepayments	264	177
Deferred consideration	450	—
Other debtors	62	89
	2,119	1,383

11 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Accruals and other creditors	686	110
	686	110



Notes to the Accounts

for the year ended 31 December 2011

12 Called-up share capital

	2011 £'000	2010 £'000
Allotted, called-up and fully paid:		
27,940,367 Ordinary Shares of 1p each (2010: 47,541,385)	279	475
6,179,833 Planned Exit Shares of 1p each (2010: 6,179,833)	62	62

Acquisition of the assets and liabilities of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc ('Keydata')

Following shareholder approval, the assets of Keydata (approximately £3.6 million) were acquired by the Company on 28 February 2011. A total of 6,463,504 Ordinary Shares (at a net asset value of 55.44p per Ordinary Share – prior to the Ordinary Share reconstruction) in Foresight VCT plc were issued as consideration to the shareholders of Keydata. Following the completion of the merger there were 54,004,889 Ordinary Shares in issue.

Ordinary Shares Reconstruction

Also with shareholder approval, on 1 March 2011 the Ordinary Shares underwent a reconstruction such that the underlying net asset value (NAV) of each Ordinary Share was rebased to 100.0p. The reconstruction resulted in Ordinary Shareholders' holdings being adjusted by a ratio of 0.554417986 per Ordinary Share held at the close of business on 1 March 2011 and in 29,941,281 new Ordinary Shares being issued.

Enhanced Buyback

A total of 6,034,893 Ordinary Shares were repurchased by the Company for 100.0p per share as part of the enhanced buyback scheme. As part of the transaction, 5,913,777 new Ordinary Shares were issued at 102.0p per share.

Other Share Issues and Share Buybacks

The Company announced alongside the enhanced buyback a small top-up offer of Ordinary Shares. The offer was open during March and April 2011 and 234,918 Ordinary Shares were issued at 100.0p per share.

On 20 June 2011 61,188 Ordinary Shares of 1.0 pence each in the Company were allotted under the Company's Dividend Reinvestment Scheme at 95.85p per share.

As part of the Company's active buyback programme, during the period, 2,175,904 Ordinary Shares were purchased for cancellation at a cost of £1,998,000.

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

	Ordinary Shares (post reconstruction) No.	Ordinary Shares (pre reconstruction) No.	Ordinary Shares (deferred) No.	Planned Exit Shares No.
At 1 January 2011	—	47,541,385	—	6,179,833
Acquisition of Keydata Income 1 VCT plc and Keydata Income 2 VCT plc	—	6,463,504	—	—
Share reconstruction	29,941,281	(54,004,889)	24,063,608	—
Cancellation of deferred shares	—	—	(24,063,608)	—
Enhanced buyback — repurchase of shares	(6,034,893)	—	—	—
Enhanced buyback — issue of shares	5,913,777	—	—	—
Share issues	296,106	—	—	—
Share buybacks	(2,175,904)	—	—	—
At 31 December 2011	27,940,367	—	—	6,179,833

13 Net asset value per share

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

	31 December 2011		31 December 2010	
	Ordinary Shares Fund	Planned Exit Shares Fund	Ordinary Shares Fund	Planned Exit Shares Fund
Net assets	£34,617,000	£5,713,000	£26,390,000	£5,902,000
No. of shares at year end	27,940,367	6,179,833	26,357,799*	6,179,833
Net asset value per share	123.9p	92.4p	100.1p*	95.5p

* Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986.

14 Performance-related incentive

Ordinary Share Incentive

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

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

At 31 December 2011 the rebased NAV was 123.9p per Ordinary Share and the rebased dividends paid (including the 19.4p noted above) were 35.2p. This makes a total return of 159.1p compared to the hurdle of 180.4p per Ordinary Share.

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

Planned Exit Share Incentive

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

Infrastructure Share Incentive

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

Notes to the Accounts

for the year ended 31 December 2011

15 Financial instrument risk management

The Company's financial instruments comprise:

- Equity shares, debt securities and fixed interest securities that are held in accordance with the Company's investment objective as set out in the Directors' Report.
- Cash, liquid resources, short-term debtors, creditors and derivatives that arise directly from the Company's operations.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2011:

	Ordinary Shares		Planned Exit Shares	
	2011	2010	2011	2010
	(Fair value)	(Fair value)	(Fair value)	(Fair value)
	£'000	£'000	£'000	£'000
Assets at fair value through profit and loss				
Investment portfolio	22,851	24,558	4,607	3,746
Current asset investments (money market funds)	10,484	103	857	1,895
Cash at bank	49	619	49	51
Derivative financial instruments	—	—	—	47
	33,384	25,280	5,513	5,739
Receivables				
Prepayments and other debtors	1,906	1,204	268	249
	35,290	26,484	5,781	5,988
Liabilities at amortised cost or equivalent				
Creditors	(673)	(94)	(68)	(86)
	34,617	26,390	5,713	5,902

15 Financial instrument risk management (continued)

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

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

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (63.0% of net assets for the Ordinary Shares Fund, and 80.6% for the Planned Exit Shares Fund) or quoted on the sterling denominated UK AIM market (3.0% of net assets for the Ordinary Shares Fund and 0% for the Planned Exit Shares Fund).

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

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

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

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Ordinary Shares fund was £20,451,000 at 31 December 2011 (31 December 2010: £6,415,000), and for the Planned Exit Shares fund was £5,070,000 at 31 December 2011 (31 December 2010: £4,517,000).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	£'000	£'000	%	%	Days	Days
Ordinary Shares Portfolio						
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	10,484	103	0.6%	0.1%	—	—
Loan stock						
— exposed to fixed interest risk	8,214	3,925	11.4%	10.9%	1,187	869
Loan stock						
— exposed to variable interest rate risk	1,704	1,768	3.7%	3.7%	—	—
Cash	49	619	—	—	—	—
Total exposed to interest rate risk	20,451	6,415				
Loan stock						
— not exposed to interest rate risk	133	442	—	—	—	—
Total	20,584	6,857				



Notes to the Accounts

for the year ended 31 December 2011

15 Financial instrument risk management (continued)

	Total portfolio	
	31 December 2011	31 December 2010
	£'000	£'000
Maturity analysis:		
— in one year or less	12,704	2,681
— in more than one year but no more than two years	2,068	—
— in more than two years but no more than three years	669	2,056
— in more than three years but no more than four years	201	1,417
— in more than four years but no more than five years	4,942	703
Total	20,584	6,857

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	£'000	£'000	%	%	Days	Days
Planned Exit Shares Portfolio						
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	857	1,895	0.8%	0.7%	—	—
Loan stock						
— exposed to fixed interest risk	4,164	2,571	11.0%	11.7%	1,334	1,732
Cash	49	51	—	—	—	—
Total exposed to interest rate risk	5,070	4,517				

	Total portfolio	
	31 December 2011	31 December 2010
	£'000	£'000
Maturity analysis:		
— in one year or less	1,421	1,946
— in more than three years but no more than four years	2,349	—
— in more than four years but no more than five years	1,300	2,571
Total	5,070	4,517

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 31 December 2011 (0.5% at 31 December 2010).

15 Financial instrument risk management (continued)

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 December 2011 was £22,490,000 (31 December 2010: £8,061,000) for the Ordinary Shares fund, and £5,338,000 (31 December 2010: £4,813,000) for the Planned Exit Shares fund based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. Several small AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	Ordinary Shares		Planned Exit Shares	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Loan stocks	10,051	6,135	4,164	2,571
Current asset investments (money market funds)	10,484	103	857	1,895
Other debtors	1,906	1,204	268	249
Derivative financial instruments	—	—	—	47
Cash at bank	49	619	49	51
Total	22,490	8,061	5,338	4,813

Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements. The Board manages market price risk through the application of venture capital techniques and investment structuring delegated to its Manager, Foresight Group.

The investments in equity and fixed interest stocks of unquoted companies are rarely traded (and AIM listed companies which the Company holds are thinly traded) and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December 2011 is: £22,850,251 for the Ordinary Shares fund (31 December 2010: £24,558,152) and £4,606,809 for the Planned Exit Shares fund (31 December 2009: £3,745,653).

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and they are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to five years from the year-end.

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



Notes to the Accounts

for the year ended 31 December 2011

15 Financial instrument risk management (continued)

Sensitivity analysis

Equity price sensitivity

The Board believes that the Company's assets are mainly exposed to equity price risk, as the Company holds most of its assets in the form of sterling denominated investments in small companies.

Although part of these assets are quoted on AIM, the majority of these assets are unquoted. All of the investments made by the Investment Manager in unquoted companies, irrespective of the instruments the Company actually holds (whether shares or loan stock), carry a full equity risk, even though some of the loan stocks may be secured on assets (as they will be behind any prior ranking bank debt in the investee company).

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2010: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation would not be the case in reality. Movements may occur to both quoted and unquoted companies and be as a result of changes to the market or alternatively as a result of assumptions made when valuing portfolio or a combination of the two.

	2011 Return and net assets	2010 Return and net assets
Ordinary Shares		
If overall share prices fell by 15% (2010: 15%), with all other variables held constant — decrease (£'000)	(3,428)	(3,684)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(12.27)p	(13.98)p*

* Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986.

	2011 Return and net assets	2010 Return and net assets
If overall share prices increase by 15% (2010: 15%), with all other variables held constant — increase (£'000)	3,428	3,684
Increase in earnings, and net asset value, per Ordinary Share (in pence)	12.27p	13.98p*

* Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986.

	2011 Return and net assets	2010 Return and net assets
Planned Exit Shares		
If overall share prices fell by 15% (2010: 15%), with all other variables held constant — decrease (£'000)	(691)	(562)
Decrease in earnings, and net asset value, per Planned Exit Share (in pence)	(11.18)p	(9.09)p

	2011 Return and net assets	2010 Return and net assets
If overall share prices increase by 15% (2010: 15%), with all other variables held constant — increase (£'000)	691	562
Increase in earnings, and net asset value, per Planned Exit Share (in pence)	11.18p	9.09p

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

15 Financial instrument risk management (continued)

Interest rate sensitivity

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

	2011 Profit and net assets	2010 Profit and net assets
Ordinary Shares		
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(17)	(18)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(0.06)p	(0.07)p*
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	17	18
Increase in earnings, and net asset value, per Ordinary Share (in pence)	0.06p	0.07p*

* Rebased due to Ordinary Shares reconstruction on 1 March 2011 using conversion ratio of 0.554417986.

	2011 Profit and net assets	2010 Profit and net assets
Planned Exit Shares		
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	—	—
Decrease in earnings, and net asset value, per Planned Exit Share (in pence)	—p	—p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	—	—
Increase in earnings, and net asset value, per Planned Exit Share (in pence)	—p	—p

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

Fair value hierarchy

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

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

Ordinary Shares fund

As at 31 December 2011

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	1,033	—	—	1,033
Unquoted investments	—	—	21,818	21,818
Current asset investments (money market funds)	10,484	—	—	10,484
Financial assets	11,517	—	21,818	33,335

As at 31 December 2010

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	4,503	—	—	4,503
Unquoted investments	—	—	20,055	20,055
Current asset investments (money market funds)	103	—	—	103
Financial assets	4,606	—	20,055	24,661



Notes to the Accounts

for the year ended 31 December 2011

15 Financial instrument risk management (continued)

Planned Exit Shares fund

As at 31 December 2011

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	—	—	—	—
Unquoted investments	—	—	4,607	4,607
Current asset investments (money market funds)	857	—	—	857
Financial assets	857	—	4,607	5,464

As at 31 December 2010

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	—	—	—	—
Unquoted investments	—	—	3,746	3,746
Current asset investments (money market funds)	1,895	—	—	1,895
Derivative financial instruments	—	47	—	47
Financial assets	1,895	47	3,746	5,688

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

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

Year ended 31 December 2011

	Ordinary Shares fund Level 3 £'000	Planned Exit Shares fund Level 3 £'000
Valuation brought forward at 1 January 2011	20,055	3,746
Cost of investments acquired	12,453	—
Investment holding losses of investments acquired	(8,492)	—
Purchases	1,061	1,890
Disposal proceeds	(10,337)	(1,000)
Realised gains	9,280	—
Investment holding losses	(2,202)	(29)
Valuation carried forward at 31 December 2011	21,818	4,607

Transfers

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

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

If unquoted Ordinary Share investments moved by 15%, this would create an increase or decrease in investments of £3.4 million.

If unquoted Planned Exit Share investments moved by 15%, this would create an increase or decrease in investments of £0.7 million.

16 Capital commitments and contingent liabilities

The Company had no capital commitments at 31 December 2011 (2010: £nil).

The maximum consideration which may be paid by the Company for the acquisition of the assets of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc is £6.4 million. On 28 February 2011, being the date of the acquisitions, £3.6 million was paid with a maximum of £2.8 million being payable through the issue of Ordinary Shares to the original Keydata shareholders. The balance is to be determined based on certain milestones having been met as at 30 September 2013 but as at the date of these accounts the probability of the extra payment being made in full or in part was not easily quantifiable. There were no contingent liabilities at 31 December 2010.

17 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is, must be and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

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

Financial liabilities and borrowing facilities

The Company had no committed borrowing facilities, liabilities or guarantees at 31 December 2011 or 31 December 2010.

Fair values

The fair value of the Company's financial assets and liabilities at 31 December 2011 and 31 December 2010 are not different from their carrying values.

Planned Exit Shares

The key objective of the Planned Exit Shares fund is to distribute a minimum of 110p per Planned Exit Share issued under the Offer and remaining in issue at the date of calculation, through a combination of tax-free income, buybacks and tender offers before the sixth anniversary of the closing date of the Offer.

The Planned Exit Shares are a new class of shares and are completely separate from the Companies' existing Ordinary Share class. All investments and cash attributable to other share classes are kept separate from the Planned Exit Shares fund. Accordingly, investors in the Planned Exit Shares do not have any exposure to the investment gains or losses of other share classes. The holders of Planned Exit Shares have the exclusive right to distributions from the assets within the Planned Exit Fund but not from assets attributable to other shares. Equally, the holders of other shares continue to have the exclusive right to distributions from assets attributable to such shares but not from assets attributable to Planned Exit Shares. All Shareholders share the benefit of spreading the Company's administration costs over a wider asset base.

18 Related party transactions

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

Foresight Group which acts as investment manager to the Company in respect of its venture capital investments earned fees of £665,540 during the year (2010: £451,882). Foresight Fund Managers Limited, Company Secretary, received fees including VAT of £120,000 (2010: £118,000) during the year.

At the balance sheet date, there was £161,146 (2010: £288) due to Foresight Group LLP and £nil (2010: £nil) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from the related parties.

19 Post-balance sheet event

On 7 October 2011, the Company launched a joint offer with Foresight 2 VCT plc to raise £30 million through the issue of Infrastructure Shares, a new share class. Between 1 January 2012 and 18 April 2012, 15,281,010 Infrastructure Shares were allotted at 100.0p per share.



Shareholder Information

Dividends

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

Share price

The Company's Ordinary Shares, Planned Exit Shares and Infrastructure Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary Shares, Planned Exit Shares and Infrastructure Shares are given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites. Due to the fact that Planned Exit Shares are bought back at net asset value, and in order to keep costs down, it has been decided not to list the Planned Exit Shares in the Financial Times.

Investor Centre

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

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

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

Trading shares

The Company's Ordinary Shares, Planned Exit Shares and Infrastructure Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market makers for Foresight VCT plc is Matrix Corporate Capital.

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

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

Indicative financial calendar

April 2012	Announcement of preliminary results for the year ended 31 December 2011
April 2012	Posting of the Annual Report for the year ended 31 December 2011
May 2012	Annual General Meeting
August 2012	Announcement of Interim Results for the six months ending 30 June 2012

Open invitation to meet the Investment Manager

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

Enquiries

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

Telephone: 01732 471800

Fax: 01732 471810

e-mail: info@foresightgroup.eu

website: www.foresightgroup.eu

Foresight VCT plc is managed by Foresight Group LLP, which is authorised and regulated by the Financial Services Authority. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of the investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight VCT plc ("the Company") will be held on 23 May 2012 at 12.00 pm at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions.

- | | |
|--------------|---|
| Resolution 1 | To receive the report and accounts for the year ended 31 December 2011. |
| Resolution 2 | To approve the directors' remuneration report. |
| Resolution 3 | To re-elect Peter Dicks as a director. |
| Resolution 4 | To re-elect John Gregory as a director. |
| Resolution 5 | To re-elect Gordon Humphries as a director. |
| Resolution 6 | To reappoint KPMG Audit Plc as auditors and to authorise the directors to fix the auditor's remuneration. |
| Resolution 7 | That, in addition to the existing authorities obtained at the general meetings of the Company dated 30 September 2011 and 29 March 2012 ("General Meetings") but in substitution for all other existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £250,000 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired. |
| Resolution 8 | <p>That, in addition to the existing authorities obtained at the General Meetings but in substitution for all other existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 7 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:</p> <ul style="list-style-type: none"> (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares, in each case pursuant to offer(s) for subscription; (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital of the Company from time to time pursuant to dividend investment schemes operated by the Company; (c) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares, in each case pursuant to performance incentive arrangements with Foresight Group LLP, such shares to be issued at nominal value; and (d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding 10% of the issued Ordinary Share capital and/or 10% of the issued Planned Exit Share capital from time to time |

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2013, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

Resolution 9

That, in addition to the existing authorities obtained at the General Meetings but in substitution for all other existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 4,214,842 Ordinary Shares and/or 926,356 Planned Exit Shares;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for Ordinary Shares or Planned Exit Shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for Ordinary Shares or Planned Exit Shares (as the case may be) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares or Planned Exit Shares (as the case may be) are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall be in addition to existing authorities to purchase shares and expire on the conclusion of the annual general meeting of the Company to be held in the year 2013 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase Ordinary Shares or Planned Exit Shares (as the case may be) under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares or Planned Exit Shares (as the case may be) pursuant to such contract.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

19 April 2012

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



Notice of Annual General Meeting

Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 20 May 2012 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 18 April 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital was 49,578,538 shares, comprising 28,117,695 Ordinary Shares, 6,179,833 Planned Exit Shares and 15,281,010 Infrastructure Shares carrying one vote each. Therefore, the total voting rights in the Company as at 18 April 2012 was 49,578,538.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.eproxyappointment.com, in each case, so as to be received no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
13. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a members or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.

Notice of Separate Meeting of Ordinary Shareholders

Notice is hereby given that a separate meeting of the holders of ordinary shares of 1 pence each in the capital of Foresight VCT plc ("the Company") will be held on 23 May 2012 at 12.10 pm at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG (or as soon thereafter as the annual general meeting of the Company convened for 12.00 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

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

- a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.00 pm on 23 May 2012 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Ordinary Shares.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

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

19 April 2012

Notes:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), holders of Ordinary Shares must be registered in the Register of Members of the Company at 6.00 pm on 21 May 2012 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply-paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Ordinary Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 48 hours before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking the poll.
5. As at 18 April 2012 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund was 28,117,695 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 18 April 2012 was 28,117,695 Ordinary Shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.



Notice of Separate Meeting of Ordinary Shareholders

8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 24 May 2012 at 9.00 am at ECA Court, South Park, Sevenoaks, Kent, TN13 1DU or as soon thereafter as may be arranged and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.

Notice of Separate Meeting of Planned Exit Shareholders

Notice is hereby given that a separate meeting of the holders of planned exit shares of 1 pence each in the capital of Foresight VCT plc ("the Company") will be held on 23 May 2012 at 12.15 pm at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG (or as soon thereafter as the separate meeting of the holders of ordinary shares of 1 pence each in the capital of the Company convened for 12.10 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

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

- a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.00 pm on 23 May 2012 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification)); and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Planned Exit Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Planned Exit Shares.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

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

19 April 2012

Notes:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), holders of Planned Exit Shares must be registered in the Register of Members of the Company at 6.00 pm on 21 May 2012 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Planned Exit Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 48 hours before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll.
5. As at 18 April 2012 (being the last business day prior to the publication of this notice), the issued share capital of the Planned Exit Shares fund was 6,179,833 shares, carrying one vote each. Therefore, the total voting rights in the Planned Exit Shares fund as at 18 April 2012 was 6,179,833 Planned Exit Shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.



Notice of Separate Meeting of Planned Exit Shareholders

7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Planned Exit Shares present in person or by proxy holding not less than one-third of the paid up Planned Exit Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 24 May 2012 at 9.05 am at ECA Court, South Park, Sevenoaks, Kent, TN13 1DU or as soon thereafter as may be arranged and at such adjourned meeting the holders of Planned Exit Shares present in person or by proxy shall be a quorum regardless of the number of Planned Exit Shares held.

Notice of Separate Meeting of Infrastructure Shareholders

Notice is hereby given that a separate meeting of the holders of infrastructure shares of 1 pence each in the capital of Foresight VCT plc ("the Company") will be held on 23 May 2012 at 12.20 pm at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG (or as soon thereafter as the separate meeting of the holders of planned exit shares of 1 pence each in the capital of the Company convened for 12.15 pm on that day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

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

- a) the passing and carrying into effect of resolutions 7 and 9 (as ordinary and special resolutions of the Company, as applicable set out in the notice of annual general meeting of the Company convened for 12.00 pm on 23 May 2012 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification)); and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Infrastructure Shares which will, or may, result from the passing and carrying into effect of the said Resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Infrastructure Shares.

By order of the Board

Foresight Fund Managers Limited
Company Secretary

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

19 April 2012

Notes:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), holders of Infrastructure Shares must be registered in the Register of Members of the Company at 6.00 pm on 21 May 2012 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy — Separate Meeting of Infrastructure Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 48 hours before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken subsequently to the date of the meeting or adjourned meeting) so as to be received no later than 24 hours before the time appointed for taking a poll.
5. As at 18 April 2012 (being the last business day prior to the publication of this notice), the issued share capital of the Infrastructure Shares fund was 15,281,010 shares, carrying one vote each. Therefore, the total voting rights in the Infrastructure Shares fund as at 18 April 2012 was 15,281,010 Infrastructure Shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.



Notice of Separate Meeting of Infrastructure Shareholders

7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Infrastructure Shares present in person or by proxy holding not less than one-third of the paid up Infrastructure Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 24 May 2012 at 9.10 am at ECA Court, South Park, Sevenoaks, Kent, TN13 1DU or as soon thereafter as may be arranged and at such adjourned meeting the holders of Infrastructure Shares present in person or by proxy shall be a quorum regardless of the number of Infrastructure Shares held.



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Corporate Information

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John Gregory (Chairman)
Peter Dicks
Gordon Humphries
Antony Diment (resigned 26 May 2011)

Company Secretary

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Auditor and Tax Advisers

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20 Castle Terrace
Edinburgh
EH1 2EG

Solicitors and VCT Status Advisers

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B4 6AA

Registrar

Computershare Investor Services plc
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Registered Number

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Contact Numbers

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