

Ventus VCT plc

Half-yearly Financial Report

For the six month period ended 31 August 2007



Table of contents

Directors and advisers	1
Chairman's statement	2
Investment Manager's report	4
Income statement	8
Balance sheet	9
Cash flow statement	10
Reconciliation of movements in shareholders' funds	11
Notes to the financial statements	12

Directors and advisers

Directors

D Pinckney (*Chairman*)
A Moore
P Thomas
C Wood

Secretary and registered office

Capita Company Secretarial Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditor

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Bankers

HSBC Bank Plc
27-32 Poultry
London
EC2P 2BX

Investment Manager

Climate Change Capital Limited
3 More London Riverside
London
SE1 2AQ

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Broker

Brewin Dolphin Securities Limited
34 Lisbon Street
Leeds
LS1 4LX

VCT status advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London
EC4R 9HA

Chairman's statement

I am pleased to present the half-yearly financial report of Ventus VCT plc (the "Company") for the six month period ended 31 August 2007.

Net asset value and results

At the period end, the net asset value per share of the Company stood at 93.7 pence. Revenue attributable to shareholders for the period was £260,000 or 1.73 pence per share. The capital loss attributable to shareholders for the period was £124,240 or 0.83 pence per share, resulting in a total return to shareholders for the period of £135,760 or 0.90 pence per share. The main source of revenue was interest earned on mezzanine loan stock, UK Government Treasury Bills and cash deposits.

The Company declared and paid an annual dividend of 2.40 pence per share for the year to 28 February 2007. This was paid as an interim dividend of 1.00 pence per share on 15 February 2007 and a final dividend of 1.40 pence per share on 6 August 2007. Dividends to shareholders are accounted for in the period in which the Company is liable to pay them, rather than in the period in respect of which they are declared.

The Company has declared a further dividend for the half year to 31 August 2007 of 1.50 pence per share which will be paid to shareholders on 16 January 2008.

Principal risks

Under the UK Listing Authority's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. Described below are those risks which the Directors consider to be material and the steps that the Directors have taken to identify and mitigate those risks.

- Failure to meet the investment requirements for compliance with HM Revenue and Customs VCT regulations

The Board mitigates this risk by regularly reviewing investment management activity and by obtaining pre-approval from HM Revenue and Customs for each investment.

- Inadequate control environment at service providers

The Board mitigates this risk by only appointing service providers of a high standing under agreements that set out their responsibilities and by obtaining assurances from them that all exceptions have been reported to the Board.

- Non-compliance with UK Listing Authority Rules, Companies Act Legislation, HM Revenue and Customs VCT regulations and other applicable regulations

The Board mitigates this risk by employing external advisers fully conversant with applicable statutory and regulatory requirements who report regularly to the Board on the Company's compliance.

VCT qualifying status

The Company retains PricewaterhouseCoopers to review its compliance with VCT regulations, and the most recent review was undertaken prior to the publication of the last Annual Report. The Directors are satisfied that the Company has continued to fulfil the conditions for maintaining VCT status.

Chairman's statement *(continued)*

Responsibility statement

The Directors confirm that to the best of their knowledge:

- (a) the half-yearly financial statements have been prepared in accordance with standards issued by the UK Accounting Standards Board and give a true and fair view of the assets, liabilities, financial position and profit of the Company as required by the Disclosure and Transparency Rules ('DTR') 4.2.4R;
- (b) the report includes a fair review of the information required by DTR 4.2.7R; and
- (c) the report includes a fair review of the information required by DTR 4.2.8R.

Investments

The Company's Investment Manager, Climate Change Capital Limited, continues to identify and negotiate potential investment opportunities. The investments made and the dividends paid as described above constitute the important events of the period.

As at the date of this report, the Company has made investments in six companies totalling £7.8 million which will be held as long term investments. This has increased from £4.2 million in six companies as at 28 February 2007.

The Company has also contractually committed to invest and/or holds exclusivity agreements with three companies representing potential further investments of £1.6 million. Investments made of £7.8 million represent 83% of the amount required to be invested in qualifying investments by March 2008 in order for the Company to comply with HM Revenue and Customs VCT regulations.

The Investment Manager's Report on page 4 provides details of the investments made as at 31 August 2007 and the amounts committed or under exclusivity agreements as at the date of this report. All investments will be structured so as to be treated as qualifying holdings for the purposes of VCT regulations unless otherwise stated.

David Pinckney

Chairman

30 October 2007

Investment Manager's report

As at the date of this report, the Company has made investments in six companies totalling £7.8 million which will be held as long term investments. The Company has also contractually committed to invest and/or holds exclusivity agreements with three companies representing potential further investments of £1.6 million. Investments made of £7.8 million represent 83% of the amount required to be invested in qualifying investments by March 2008 in order for the Company to comply with HM Revenue and Customs VCT regulations.

The following table shows the investments made as at 31 August 2007, the investments made since the end of the period and the total amount committed or under exclusivity agreements as at the date of this report. All investments to date have been or will be structured so as to be treated as qualifying holdings for the purposes of VCT regulations unless stated otherwise.

<u>Company Name</u>	<u>Details</u>	<u>Investment as at 31 August 2007</u>	<u>Investment as at 30 October 2007</u>	<u>Invested, Committed and/or Under Exclusivity as at 30 October 2007</u>
		£000	£000	£000
Fenpower Limited	6 megawatt wind farm	1,299	1,299	1,299
Fenpower Limited	4 megawatt wind farm	770	770	770
Craig Wind Farm Limited	10 megawatt wind farm	2,093	2,093	2,093
Firefly Power Holdings plc	Renewable energy company	1,591	–	–*
Firefly Energy Limited	Renewable energy company	1,000	2,000	2,000
A7 Greendykeside Limited	4 megawatt wind farm	1,536	1,536	1,536
A7 Lochhead Limited	6 megawatt wind farm	–	–	800
Achairn Energy Limited	6 megawatt wind farm	80	80	800
Olgrinmore Limited	4 megawatt wind farm (pre-consent)	–	–	32*
Total		8,369	7,778	9,330

*see commentary below

Fenpower Limited

The Company holds an investment in Fenpower Limited, a company operating a 6 megawatt wind farm in Cambridgeshire. The Company has provided a mezzanine loan facility of £991,480 and made an investment in ordinary shares of £307,687, for a one-third ownership of Fenpower Limited.

The three turbines at this wind farm became operational in May 2007 and are producing electricity in line with budget expectations. The first payment of mezzanine loan interest by Fenpower Limited is expected in March 2008, subject to continued satisfactory operational performance. Fenpower Limited is expected to commence paying dividends to shareholders in September 2009.

Investment Manager's report *(continued)*

Fenpower Limited – Extension

The Company has invested a further £770,000 in Fenpower Limited by way of a second mezzanine loan facility to finance a 4 megawatt extension to the existing operational wind farm. This mezzanine loan facility ranks pari-passu with the loan of £991,480 advanced in respect of the existing 6 megawatt development.

Construction work has commenced on the extension to the wind farm and the two additional turbines are expected to be delivered to site in December 2007, three months ahead of schedule. It is anticipated that the wind farm extension will be completed and generating electricity early in 2008.

Craig Wind Farm Limited

The Company has completed its investment in Craig Wind Farm Limited, a company operating a 10 megawatt wind farm in the Scottish Borders. The Company has invested a total of £2,092,934 in Craig Wind Farm Limited by way of a £1,014,000 mezzanine loan facility and £1,078,934 invested in ordinary shares. The final subscription for shares took place in June 2007. The Company owns 37.5% of the issued ordinary shares in Craig Wind Farm Limited.

The wind farm became operational in October 2007 after a period of delay caused by the grid operating company. The first payment of mezzanine loan interest by Craig Wind Farm Limited is expected in March 2008, subject to satisfactory operational performance. Craig Wind Farm Limited is expected to commence paying dividends to shareholders in September 2009.

Firefly Power Holdings plc (formerly Geotrupes Energy plc) and Firefly Energy Limited

In April 2007 the Company purchased the entire issued share capital of Geotrupes Energy plc. The Company already held an investment in Geotrupes Energy plc of £350,881 in preference and ordinary shares, owning 15% of the issued ordinary share capital. Following the purchase, the total amount invested by the Company in Geotrupes Energy plc and its subsidiary companies was £1,560,888. Following the acquisition, Geotrupes Energy plc has been renamed Firefly Power Holdings plc.

In October 2007 the entire issued share capital of Firefly Power Holdings plc was sold to a new company, Firefly Energy Limited, which is wholly owned by the Company. Firefly Energy Limited was formed and funded with an investment of £2,000,000 from the Company by way of a £200,000 subscription for ordinary shares and a £1,800,000 shareholder loan.

It is the Investment Manager's intention to arrange the issue of additional shares by Firefly Energy Limited to a third-party investor to make the investment a qualifying holding under VCT regulations. The Company's long term investment in Firefly Energy Limited will be a qualifying holding of £2,000,000.

Notwithstanding the reorganisation of the ownership structure, the Firefly group continues to specialise in the sale and purchase of electricity and associated benefits from UK renewable energy schemes. As of the date of this report the trading subsidiaries of the group have entered into long term contracts with customers for 41.7 megawatts of generating capacity across five wind farm developments.

The Company has realised an accrued dividend of £90,512 on its holding of preference shares in Firefly Power Holdings plc, which was paid on 5 October 2007.

A7 Greendykeside Limited

The Company has invested £1,535,841 in the form of ordinary shares and mezzanine debt in A7 Greendykeside Limited, a company developing a 4 megawatt wind farm in Scotland. The Company has subscribed for 50% of the ordinary shares in A7 Greendykeside Limited for a total consideration of £915,841 and has also provided a mezzanine loan facility of £620,000. This investment has now been fully committed with the final subscription for shares taking place in June 2007. The two turbines have been erected at the site and are undergoing final tests prior to the site becoming operational on schedule early in November 2007.

Investment Manager's report *(continued)*

Achairn Energy Limited

The Company is finalising contract negotiations to invest up to £800,000 in Achairn Energy Limited, a company developing a 6 megawatt wind farm in Caithness, Scotland. This site has full planning consent and has been provided with an offer for a grid connection. The Company has already invested £80,000 in ordinary shares to facilitate the payment of preliminary site development costs. We are continuing to work with the developer and its consultants to secure the contracts necessary to commence construction. The wind farm is expected to become operational in the second half of 2008.

A7 Energy Lochhead

The Company has entered into a long term exclusivity agreement with A7 Energy Limited in respect of the 6 megawatt Lochhead wind farm development in Lanarkshire, Scotland. A7 Energy Limited has secured planning consent for this wind farm, as well as an offer for connection to the grid. We are continuing to work with the developer and its consultants to secure the contracts necessary to commence construction. The wind farm is expected to start generating early in 2009. This project is expected to require an investment of approximately £800,000 from the Company.

Olgrinmore Limited

The Company has committed to make an initial investment of £32,000 in Olgrinmore Limited, a company developing a 4 megawatt wind farm in Caithness, Scotland. Olgrinmore Limited is in the process of seeking planning permission for a two turbine scheme from the local authority and expects to lodge an application early in 2008. The investment will be used to contribute towards the planning application costs. Olgrinmore Limited has accepted an offer for connection to the grid and has secured the land for the development under an option. If planning approval is granted the Company holds an option to make a further investment to contribute towards the construction costs on pre-agreed terms with the other shareholders. Initially, the investment would not be a qualifying holding in accordance with HM Revenue & Customs VCT regulations. If the Company contributes further capital upon grant of planning it will be possible to make the existing investment and any future investment qualifying.

Investment pipeline

We are actively assessing investment opportunities in over 30 individual companies developing in excess of 400 megawatts of generating capacity. The Company's investment strategy includes pursuing opportunities with companies developing small scale hydro-electric schemes, companies owning existing operational assets and companies seeking planning permission for new schemes.

On the basis of the current rate of investment and an assessment of the potential investments in the pipeline, we are satisfied that sufficient projects are available to fully invest the funds in accordance with the investment strategy and the time period required to satisfy HM Revenue and Customs requirements in respect of maintaining the Company's VCT status.

It is anticipated that the Company's VCT advisers, PricewaterhouseCoopers LLP, will conduct a review of the investment portfolio in December 2007 to ensure that the relevant criteria will be met to comply with HM Revenue and Customs VCT regulations by March 2008.

Investment Manager's report *(continued)*

Market overview

As at the date of this report the British Wind Energy Association ("BWEA") database showed the following information about all UK onshore wind projects which are under construction, have planning consent or have been submitted for planning consent and are awaiting a decision:

	<u>Under construction</u>	<u>Consented but not yet under construction</u>	<u>Awaiting planning decisions</u>	<u>Total</u>
Number of projects	30	103	221	354
Total megawatts	822	1,942	7,873	10,637

In September 2007 the BWEA published their report 'Countdown to meeting the 10% UK renewable electricity target by 2010' which showed that renewable energy currently generates just over 4.5% of the UK's total electricity supply requirement. The report states that the rate of installation of new renewable generation capacity is behind target and needs to more than double by 2010 to meet the 10% target. The BWEA also predicts that onshore wind needs to account for almost half of this 10% target given limiting factors associated with other technologies. For onshore wind this equates to a target of approximately 6,000 megawatts of total installed capacity. The UK currently has just over 2,000 megawatts of onshore wind capacity installed and operational.

Even if all projects under construction in the UK and those that are consented but not yet under construction are completed and added to the total existing operational capacity, there would still be a shortfall, in relation to the 2010 target, of almost 1,300 megawatts which would need to be met by new projects. The main barrier to the target being achieved is the increasing time taken to acquire planning consents, both locally and through central government planning authorities.

The following table summarises information published by the BWEA about the number of onshore wind projects in the planning system across the UK:

	<u>England</u>	<u>Scotland</u>	<u>Wales</u>	<u>Northern Ireland</u>	<u>Total</u>
Number of projects	64	98	19	40	221
Total megawatts	1,183	5,300	347	1,043	7,873

The rate of new approvals coming out of the planning system over the last two years has restricted the number of new investment opportunities in the consented onshore wind sector, however the Company has made the majority of its investments, or secured exclusivities, in developments where planning consent has already been granted.

As a key element of the Company's investment strategy, and alongside continuing to progress investment opportunities in onshore wind, we are working to identify and assess a number of opportunities in the pre-planning sector, where there is the potential to make earlier stage investments in companies developing projects in return for an exclusive option to invest construction funding upon grant of planning consent at a later stage. This is expected to create investment opportunities for the Company in future years.

Climate Change Capital Limited

Investment Manager

30 October 2007

Income statement

for the six month period ended 31 August 2007

	Notes	Six months ended 31 August 2007 (unaudited)			Six months ended 31 August 2006 (unaudited)			Year ended 28 February 2007 (audited)		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Income		468	–	468	338	–	338	782	–	782
Net gains on investments		–	–	–	–	–	–	–	104	104
		<u>468</u>	<u>–</u>	<u>468</u>	<u>338</u>	<u>–</u>	<u>338</u>	<u>782</u>	<u>104</u>	<u>886</u>
Expenditure										
Management fees	2	52	155	207	52	156	208	104	311	415
Other expenses		91	–	91	82	–	82	156	–	156
		<u>143</u>	<u>155</u>	<u>298</u>	<u>134</u>	<u>156</u>	<u>290</u>	<u>260</u>	<u>311</u>	<u>571</u>
Return on ordinary activities before taxation		325	(155)	170	204	(156)	48	522	(207)	315
Tax on ordinary activities	3	(65)	31	(34)	(39)	30	(9)	(95)	59	(36)
Return attributable to equity shareholders		<u>260</u>	<u>(124)</u>	<u>136</u>	<u>165</u>	<u>(126)</u>	<u>39</u>	<u>427</u>	<u>(148)</u>	<u>279</u>
Basic and diluted return per ordinary share (p)	4	1.73	(0.83)	0.90	1.10	(0.84)	0.26	2.85	(0.99)	1.86

All revenue and capital items in the above statement derive from continuing operations.

The Company has only one class of business and derives its income from investments made.

The total columns of this statement are the profit and loss accounts of the Company for the respective periods. The supplementary revenue and capital columns have been prepared under guidance published by the Association of Investment Companies.

There were no recognised gains and losses for the period other than those shown above.

Balance sheet*as at 31 August 2007*

		31 August 2007 <i>(unaudited)</i>	31 August 2006 <i>(unaudited)</i>	28 February 2007 <i>(audited)</i>
	Notes	£000	£000	£000
Fixed assets				
Investments	5	8,452	2,364	4,273
		<u>8,452</u>	<u>2,364</u>	<u>4,273</u>
Current assets				
Debtors		615	115	282
Short term investments in UK treasury bills		4,949	10,812	9,406
Cash at bank		154	822	237
		<u>5,718</u>	<u>11,749</u>	<u>9,925</u>
Creditors – amounts falling due within one year		<u>(119)</u>	<u>(79)</u>	<u>(73)</u>
Net current assets		<u>5,599</u>	<u>11,670</u>	<u>9,852</u>
Net assets		<u><u>14,051</u></u>	<u><u>14,034</u></u>	<u><u>14,125</u></u>
Share capital & reserves				
Ordinary share capital		3,750	3,750	3,750
Special reserve		10,437	10,437	10,437
Capital reserve – realised		(595)	(345)	(471)
Capital reserve – unrealised		104	–	104
Revenue reserve		355	192	305
		<u>14,051</u>	<u>14,034</u>	<u>14,125</u>
Shareholders' funds		<u><u>14,051</u></u>	<u><u>14,034</u></u>	<u><u>14,125</u></u>
Basic and diluted net asset value per ordinary share (p)	6	93.7	93.6	94.2

Cash flow statement

for the six month period ended 31 August 2007

	Six months ended 31 August 2007 (unaudited) £000	Six months ended 31 August 2006 (unaudited) £000	Year ended 28 February 2007 (audited) £000
Net cash outflow from operating activities and returns on investments	(316)	(133)	(119)
Taxation	–	–	(10)
Capital expenditure			
Purchase of venture capital investments	(4,179)	(1,505)	(3,310)
Equity dividends paid	(210)	(113)	(262)
Management of liquid resources			
Proceeds from maturity of UK treasury bills	16,565	10,930	10,930
Purchase of UK treasury bills	(11,943)	(10,722)	(9,357)
Decrease in cash	<u>(83)</u>	<u>(1,543)</u>	<u>(2,128)</u>
Net cash outflow from operating activities and returns on investments			
Return on ordinary activities before taxation	170	48	315
Increase in debtors	(333)	(80)	(247)
Increase/(decrease) in creditors	12	8	(15)
Net unrealised gains on short term investments	(165)	(109)	(68)
Net unrealised gains on fixed asset investments	–	–	(104)
Net cash outflow from operating activities and returns on investments	<u>(316)</u>	<u>(133)</u>	<u>(119)</u>
Analysis of net funds			
At beginning of period	237	2,365	2,365
Net cash flows for the period	<u>(83)</u>	<u>(1,543)</u>	<u>(2,128)</u>
At end of period	<u>154</u>	<u>822</u>	<u>237</u>

Reconciliation of movements in shareholders' funds

for the six month period ended 31 August 2007

	<i>Six months ended 31 August 2007 (unaudited)</i>	<i>Six months ended 31 August 2006 (unaudited)</i>	<i>Year ended 28 February 2007 (audited)</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Equity shareholders' funds at beginning of period	14,125	14,108	14,108
Return on ordinary activities after tax	136	39	279
Dividends paid in the period	<u>(210)</u>	<u>(113)</u>	<u>(262)</u>
Equity shareholders' funds at end of period	<u><u>14,051</u></u>	<u><u>14,034</u></u>	<u><u>14,125</u></u>

Notes to the financial statements

for the six month period ended 31 August 2007 (unaudited)

1. The unaudited half-yearly financial statements for the six months ended 31 August 2007 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act and such statements have not been delivered to the Registrar of Companies. The half-yearly financial statements, which have not been audited, have been prepared in accordance with UK Generally Accepted Accounting Practice (UKGAAP) under the same accounting policies as the financial statements for the year ended 28 February 2007. The half-yearly financial statements have been prepared using the presentational guidance set out in the Statement of Recommended Practice (SORP) "Financial Statements of Investment Trust Companies" (revised in December 2005), to the extent that the guidance is consistent with UKGAAP. The financial statements for the year ended 28 February 2007 have been filed with the Registrar of Companies and received an unqualified audit report.

All investments are designated as "fair value through profit or loss" assets and are initially measured at cost. Thereafter the investments are measured at subsequent reporting dates at fair value.

Investments in unquoted companies are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines. Under these guidelines, the investments are valued at fair value at the reporting date, except in situations where fair value cannot be measured reliably. In such situations, the investments are reported at the carrying value at the previous reporting date, unless there is evidence that an investment has since then been impaired.

When an investee company has gone into receivership or liquidation, the investment, although physically not disposed of, is treated as being realised. It is not the Company's policy to exercise either significant or controlling influence over investee companies. Therefore the results of these companies are not incorporated into the revenue account, except to the extent of any income accrued.

The majority of monies held pending investment are invested in financial instruments with same day or two-day access and as such are treated as current investments. These are valued at middle market prices as at 31 August 2007. Under FRS 26 investments should be valued at bid market prices. There is no material difference between the valuation at bid prices and the valuation at middle market prices.

2. The Company pays the Investment Manager an annual management fee equal to 2.5% of the Company's net assets. The fee is exclusive of VAT and is payable quarterly in advance. The annual management fee is allocated 75% to capital and 25% to revenue.
3. The half-yearly tax charge of £33,801 is based on the likely effective tax rate for the year. This has been estimated at 20% and applied to the return on ordinary activities for the half-year.
4. The basic and diluted return per share of 0.90 pence (six months ended 31 August 2006: 0.26 pence; twelve months ended 28 February 2007: 1.86 pence) is based on the profit for the period of £135,760 (six months ended 31 August 2006: £38,549; twelve months ended 28 February 2007: £279,467) and the number of shares in issue during the period of 15,000,183 (six months ended 31 August 2006: 15,000,183; twelve months ended 28 February 2007: 15,000,183).
5. Total investments per the balance sheet include revaluations of £104,000 and capitalised costs of £11,251. These amounts are excluded from the totals described in the Investment Manager's report on page 4. The Investment Manager's report includes £32,542, which is the value of a preference share dividend purchased from the previous shareholders of Firefly Power Holdings plc (formerly Geotrupes Energy plc). This dividend has been paid since the end of the period.
6. The net asset value per share of 93.7 pence (31 August 2006: 93.6 pence; 28 February 2007: 94.2 pence) is based on net assets of £14,050,851 (31 August 2006: £14,034,178; 28 February 2007: £14,125,095) and the number of shares in issue as at 31 August 2007 of 15,000,183 (31 August 2006: 15,000,183; 28 February 2007: 15,000,183).

Notes to the financial statements *(continued)*

for the six month period ended 31 August 2007 (unaudited)

7. The half-yearly financial report was approved by the Directors on 30 October 2007.
8. An interim dividend of 1.50 pence per share has been declared for the period ended 31 August 2007 which will be paid to shareholders on 16 January 2008. A final dividend for the year ended 28 February 2007 of 1.40 pence per share was paid in the period ended 31 August 2007.
9. Copies of this half-yearly financial report have been sent to shareholders and are available from the Company Secretary, c/o Capita Company Secretarial Services Ltd, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.



Investment Manager

Climate Change Capital Limited

3 More London Riverside

London

SE1 2AQ

United Kingdom

T: +44 (0) 20 7939 5000

F: +44 (0) 20 7939 5030

www.ventusvct.com