

Ventus VCT plc

Interim Statement

For the six month period ended

31 August 2006





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Directors and advisers

Directors

D Pinckney (*Chairman*)
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P Thomas
C Wood

Secretary and registered office

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Auditors

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Bankers

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Investment manager

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Registrars

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Broker

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Solicitors

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Chairman's statement

I am pleased to present the interim accounts for Ventus VCT plc (the "Company") for the six month period ended 31 August 2006.

Net asset value and results

At the period end, the net asset value per share of the Company stood at 93.6 pence. Revenue attributable to shareholders for the period was £164,838 or 1.10 pence per share. The capital loss attributable to shareholders for the period was £126,289 or 0.84 pence per share, resulting in a total return to shareholders for the period of £38,549 or 0.26 pence per share. The main source of revenue was interest earned on UK Government Treasury Bills and cash deposits.

The Company declared a dividend for the half year ended 28 February 2006 of 0.75 pence per share which was paid on 7 August 2006. This resulted in an annual dividend of 1.50 pence per share for the year to 28 February 2006. 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 2006 of 1.00 pence per share which will be paid to shareholders on 15 February 2007.

Investments

The Company's Investment Manager, Climate Change Capital, continues to be actively engaged in identifying and negotiating potential investment opportunities.

As at 31 August 2006, the Company had made qualifying investments totalling £2,364,123 in three companies.

As at the date of this report, the Company has agreed terms and/or entered into exclusivity agreements with six companies representing total funds invested and committed of £5.6 million and potential further investments of £1.0 million. The total funds invested and committed represents 57% of the amount required to be invested in qualifying investments by March 2008 in order for the Company to comply with HM Revenue & Customs VCT regulations.

The Investment Manager's Report on page 4 provides details of the investments made as at 31 August 2006 and the amount committed or under exclusivity agreements as at the date of this report. All investments to date have been structured so as to be treated as qualifying holdings for the purposes of VCT regulations.

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.

Yours sincerely,

David Pinckney
Chairman

27 November 2006

Investment manager's report

Climate Change Capital Limited (the "Manager") is pleased to present a review of investment activities of the Company since the last Annual Report.

Summary of Investments

As at the date of this report, the Company has agreed terms and/or entered into exclusivity agreements with six companies representing total funds invested and committed of £5.6 million and potential further investments of £1.0 million. The total funds invested and committed represents 57% of the amount required to be invested in qualifying investments by March 2008 in order for the Company to comply with HM Revenue & Customs VCT regulations.

The following table shows the investments made as at 31 August 2006, 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 structured so as to be treated as qualifying holdings for the purposes of VCT regulations.

| <u>Company Name</u> | <u>Details</u> | <u>Investment as at 31 August 2006</u> | <u>Investment as at 27 November 2006</u> | <u>Invested, Committed and Under Exclusivity as at 27 November 2006</u> |
|------------------------------|---------------------------------------|--|--|---|
| | | £000 | £000 | £000 |
| Fenpower Limited | 6 megawatt wind farm | 999 | 1,299 | 1,299 |
| Fenpower Limited | 4 megawatt extension | – | – | 500 |
| Craig Wind Farm Limited | 10 megawatt wind farm | 1,014 | 1,014 | 2,093 |
| Geotrupes Energy Limited | Energy supplier | 351 | 351 | 351 |
| A7 (Greendykeside) Limited | 4 megawatt wind farm | – | 413 | 1,400 |
| A7 Energy (Lochhead) | 6 megawatt wind farm (exclusivity) | – | – | 500 |
| Achairn Wind Farm Company | 6 megawatt wind farm (exclusivity) | – | – | 500 |
| Total | | 2,364 | 3,077 | 6,643 |

Fenpower Limited

In the six month period to 31 August 2006, the Company invested £629,687 in mezzanine debt and ordinary shares of Fenpower Limited, a company developing a 6 megawatt wind farm in Cambridgeshire, taking its investment in Fenpower Limited to £999,167. Since the end of the period, the Company has invested a further £300,000 under the terms of the mezzanine loan agreement and has therefore now fully committed the agreed investment of £1,299,167.

Construction works on the site commenced in April 2006 and are proceeding on schedule. The wind turbines are due to arrive on site in early 2007 and generation is expected to commence on schedule in March 2007.

Investment manager's report *(continued)*

Fenpower Limited – Extension

In September 2006, Fenpower Limited obtained planning consent to extend the site by a further 4 megawatts. Fenpower Limited is currently working to place orders for the two additional turbines and associated construction works. It is anticipated that the wind farm extension will be completed and generating by early 2008.

The Company and Fenpower Limited have previously signed an agreement in respect of the terms for the financing of the wind farm extension. We expect this will result in a further investment by the Company in Fenpower Limited in the order of £500,000.

Craig Wind Farm Limited

The Company finalised the terms of its investment in Craig Wind Farm Limited, a company developing a 10 megawatt wind farm in Scotland, in July 2006. Simultaneously, Craig Wind Farm Limited entered into the contracts for the construction and operation of the wind farm.

The Company has committed to invest a total of £2,092,934 in ordinary shares and mezzanine debt. As at the end of the period a total of £1,014,075 had been invested. The remaining £1,078,859 will be invested over the term of construction, to meet contractual payments as they fall due. Construction works commenced on the site in August 2006 and the wind farm is scheduled to become operational in July 2007.

Geotrupes Energy Limited

The Company continues to maintain an investment in Geotrupes Energy Limited of £350,881 in preference and ordinary shares. As at the date of this report, Geotrupes Energy Limited has entered into long term power purchase agreements with customers for 41.7 megawatts of generating capacity across 5 wind farm developments. No dividends were paid by Geotrupes Energy Limited in the period.

A7 Greendykeside Limited

The Company has entered into contracts to invest £1.4 million 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 agreed to purchase 50% of the ordinary shares in A7 Greendykeside Limited for consideration of £900,000 and has also provided a mezzanine loan facility of £500,000. The first £413,327 has been invested in the form of mezzanine debt. The remaining investment will be made as construction costs fall due, and the Company expects to have made the full investment by June 2007. The wind farm is scheduled to become operational in autumn 2007.

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 recently secured planning consent for this wind farm, as well as an offer for connection to the grid. We are working with the developer and its consultants to secure the necessary contracts to commence construction of the wind farm. The wind farm is expected to start generating in the first half of 2008. We believe that this project will lead to an investment of approximately £500,000 for the Company.

Achairn Wind Farm

The Company has entered into an exclusivity agreement in respect of the 6 megawatt Achairn Wind Farm development in Caithness, Scotland. This site has full planning consent and has recently been provided with an offer for a grid connection. We are working with the developer and its consultants to secure the contracts necessary to commence construction. The wind farm is expected to become operational in the first half of 2008. We believe that this project will also lead to an investment of approximately £500,000 for the Company.

Investment manager's report *(continued)*

Investment pipeline

We are actively assessing investment opportunities in over 30 individual companies developing in excess of 200 megawatts of generating capacity. The Company's investment strategy includes pursuing opportunities with companies developing small scale hydro-electric schemes as well as with companies owning existing operational assets.

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 its VCT status.

Market overview

The level of activity in the UK onshore wind market continues to increase and, 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:

| | <i>Under construction</i> | <i>Consented but not yet under construction</i> | <i>Awaiting planning consent</i> | <i>Total</i> |
|--------------------|-------------------------------|---|--|--------------|
| Number of projects | 19 | 83 | 187 | 289 |
| Total megawatts | 246 | 1,854 | 7,590 | 9,690 |

Outlook

The UK Government Department of Trade and Industry is currently undertaking a wide ranging review of UK energy policy and conducting a number of consultation exercises. The first stage of this consultation process concluded in July 2006 and signalled the Government's intention to introduce a number of measures to provide further support for the continued development of renewable energy generation as part of the overall UK energy mix.

In particular, measures have been proposed that will introduce greater stability in the Renewable Obligation mechanism, providing greater visibility on long term prices for renewable energy generators. In addition consultation is taking place on measures that are intended to make the planning process for renewable energy developments more efficient.

The consultation process on these measures will continue into early 2007, however we believe that the proposals already announced support the Company's investment strategy and will result in continued growth in the number of investment opportunities open to the Company.

As the existing investments have only recently been made, it remains too early to draw any conclusions as to their performance. However, we are satisfied with the progress that has been made in investing the fund and are confident about the prospects of making further investments in the near future.

Climate Change Capital Limited

Investment Manager

27 November 2006

Income statement

for the six month period ended 31 August 2006

| | Note | Six months ended 31 August 2006 (unaudited) | | | Six months ended 31 August 2005 (unaudited) | | | Year ended 28 February 2006 (audited) | | |
|--|------|---|-----------------|---------------|---|-----------------|---------------|---|-----------------|---------------|
| | | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 | Revenue £000 | Capital £000 | Total £000 |
| Income | | <u>338</u> | <u>–</u> | <u>338</u> | <u>264</u> | <u>–</u> | <u>264</u> | <u>582</u> | <u>–</u> | <u>582</u> |
| | | <u>338</u> | <u>–</u> | <u>338</u> | <u>264</u> | <u>–</u> | <u>264</u> | <u>582</u> | <u>–</u> | <u>582</u> |
| Expenditure | | | | | | | | | | |
| Management fees | 4 | 52 | 156 | 208 | 36 | 107 | 143 | 90 | 270 | 360 |
| Other expenses | | 82 | – | 82 | 84 | 19 | 103 | 180 | – | 180 |
| | | <u>134</u> | <u>156</u> | <u>290</u> | <u>120</u> | <u>126</u> | <u>246</u> | <u>270</u> | <u>270</u> | <u>540</u> |
| Return on ordinary activities before taxation | | 204 | (156) | 48 | 144 | (126) | 18 | 312 | (270) | 42 |
| Tax on ordinary activities | | <u>(39)</u> | <u>30</u> | <u>(9)</u> | <u>(27)</u> | <u>24</u> | <u>(3)</u> | <u>(59)</u> | <u>51</u> | <u>(8)</u> |
| Return attributable to equity shareholders | | <u>165</u> | <u>(126)</u> | <u>39</u> | <u>117</u> | <u>(102)</u> | <u>15</u> | <u>253</u> | <u>(219)</u> | <u>34</u> |
| Return per ordinary share (p) 2 | | 1.10 | (0.84) | 0.26 | 1.00 | (0.90) | 0.10 | 1.80 | (1.56) | 0.24 |

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 2006

| | 31 August 2006 <i>(unaudited)</i> | 31 August 2005 <i>(unaudited)</i> | 28 February 2006 <i>(audited)</i> |
|--|---|---|---|
| <i>Note</i> | £000 | £000 | £000 |
| Fixed assets | | | |
| Investments | 2,364 | 211 | 859 |
| | <u>2,364</u> | <u>211</u> | <u>859</u> |
| Current assets | | | |
| Debtors | 115 | 37 | 35 |
| Short term investments in treasury bills | 10,812 | 13,233 | 10,911 |
| Cash in hand | 822 | 765 | 2,365 |
| | <u>11,749</u> | <u>14,035</u> | <u>13,311</u> |
| Creditors – amounts falling due within one year | <u>(79)</u> | <u>(44)</u> | <u>(62)</u> |
| Net current assets | <u>11,670</u> | <u>13,991</u> | <u>13,249</u> |
| Net assets | <u><u>14,034</u></u> | <u><u>14,202</u></u> | <u><u>14,108</u></u> |
| Share capital & reserves | | | |
| Ordinary share capital | 3,750 | 3,750 | 3,750 |
| Share premium | – | 10,437 | – |
| Special reserve | 10,437 | – | 10,437 |
| Capital reserve – realised | (345) | (102) | (219) |
| Revenue reserve | 192 | 117 | 140 |
| | <u>14,034</u> | <u>14,202</u> | <u>14,108</u> |
| Shareholders' funds | <u><u>14,034</u></u> | <u><u>14,202</u></u> | <u><u>14,108</u></u> |
| Net asset value per ordinary share (p) | 93.6 | 94.7 | 94.1 |
| (Number of Ordinary Shares: 15,000,183) | 3 | | |

Cash flow statement

for the six month period ended 31 August 2006

| | <i>Six months ended</i> 31 August 2006 <i>(unaudited)</i> £000 | <i>Six months ended</i> 31 August 2005 <i>(unaudited)</i> £000 | <i>Year ended</i> 28 February 2006 <i>(audited)</i> £000 |
|---|---|---|---|
| Net cash (outflow)/inflow from operating activities and returns on investments | (24) | 22 | 48 |
| Capital expenditure | | | |
| Purchase of venture capital investments | (1,505) | (211) | (859) |
| Equity dividends paid | (113) | – | (113) |
| Management of liquid resources | | | |
| Redemption/(purchase) of treasury bills | 99 | (13,233) | (10,911) |
| Net cash (outflow) before financing | <u>(1,543)</u> | <u>(13,422)</u> | <u>(11,835)</u> |
| Financing | | | |
| Shares issued | – | 15,000 | 15,000 |
| Redemption of preference shares | – | (13) | – |
| Issue costs | – | (813) | (813) |
| Net cash inflow from financing | <u>–</u> | <u>14,174</u> | <u>14,187</u> |
| (Decrease)/increase in cash | <u><u>(1,543)</u></u> | <u><u>752</u></u> | <u><u>2,352</u></u> |
| Net cash (outflow)/inflow from operating activities and returns on investments | | | |
| Return on ordinary activities after taxation | 39 | 15 | 34 |
| Increase in debtors | (80) | (37) | (35) |
| Increase in creditors | 17 | 44 | 49 |
| Net cash (outflow)/inflow from operating activities | <u>(24)</u> | <u>22</u> | <u>48</u> |
| Analysis of net funds | | | |
| At beginning of period | 2,365 | 13 | 13 |
| Net cash flows for the period | <u>(1,543)</u> | <u>752</u> | <u>2,352</u> |
| At end of period | <u><u>822</u></u> | <u><u>765</u></u> | <u><u>2,365</u></u> |

Reconciliation of movements in shareholders' funds

for the six month period ended 31 August 2006

| | <i>Six months ended 31 August 2006 (unaudited)</i> | <i>Six months ended 31 August 2005 (unaudited)</i> | <i>Year ended 28 February 2006 (audited)</i> |
|---|--|--|--|
| | £000 | £000 | £000 |
| Equity shareholders' funds at beginning of period | 14,108 | – | – |
| Return on ordinary activities after tax | 39 | 15 | 34 |
| Dividends paid in the period | (113) | – | (113) |
| Net proceeds of share issues | – | 14,187 | 14,187 |
| | <u> </u> | <u> </u> | <u> </u> |
| Equity shareholders' funds at end of period | <u>14,034</u> | <u>14,202</u> | <u>14,108</u> |

Notes to the financial statements

for the six month period ended 31 August 2006 (unaudited)

1. The financial information contained in the 31 August 2006 income statement, balance sheet and cash flow statement does 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 interim results, which have not been audited, have been prepared in accordance with Accounting Standards applicable in the United Kingdom. The accounts for the year ended 28 February 2006 have been filed with the Registrar of Companies and received an unqualified audit report. The accounts for the year ended 28 February 2006 did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

All investments are designated as "fair value through profit and 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 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 2006. 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.

The accounting policies and presentation of figures in the interim report are consistent with those in the last annual accounts.

2. The total return per share of 0.26 pence (six months ended 31 August 2005: 0.10 pence, twelve months ended 28 February 2006: 0.24 pence) is based on the profit for the period of £38,549 (six months ended 31 August 2005: £14,713, twelve months ended 28 February 2006: £33,778) and the weighted average number of shares in issue during the period of 15,000,183 (six months ended 31 August 2005: 12,018,447, twelve months ended 28 February 2006: 14,035,402).
3. The net asset value per share of 93.6 pence (six months ended 31 August 2005: 94.7 pence, twelve months ended 28 February 2006: 94.1 pence) is based on net assets of £14,034,178 (six months ended 31 August 2005: £14,201,566, twelve months ended 28 February 2006: £14,108,131) and the number of shares in issue as at 31 August 2006 of 15,000,183 (six months ended 31 August 2005: 15,000,183, twelve months ended 28 February 2006: 15,000,183).
4. 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.
5. The interim financial statements were approved by the Directors on 27 November 2006.
6. An interim dividend of 1.00 pence per share has been declared for the period ended 31 August 2006 which will be paid to shareholders on 15 February 2007. A final dividend for the year ended 28 February 2006 of 0.75 pence per share was paid in the period ended 31 August 2006.
7. Copies of this interim report have been sent to shareholders and are available from the Company Secretary, c/o Capita IRG Trustees Ltd, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.



Investment Manager

Climate Change Capital Limited
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