Ventus 2 VCT plc

Interim Statement

For the period ended 31 August 2006

Table of contents

Directors and advisers

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

Secretary and registered office
Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

Auditors
Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Broker
Brewin Dolphin Securities Limited
34 Lisbon Street
Leeds
LS1 4LX

Bankers
HSBC Bank Plc
27-32 Poultry
London
EC2P 2BX

Taxation advisers
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Investment manager
Climate Change Capital Limited
49 Grosvenor Street
London
W1K 3HP

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

Chairman's statement

I am pleased to present the first interim accounts for Ventus 2 VCT plc (the "Company") for the period ended 31 August 2006. During this period, the Company completed its share offer, raising £11.2 million before offering costs and £10.6 million after offering costs. The shares of the Company were listed on the London Stock Exchange on 10 March 2006, and the share offer closed on 9 June 2006. The Company was incorporated on 5 January 2006.

Net asset value and results

At the period end, the net asset value per share of the company stood at 94.9 pence. Revenue attributable to shareholders for the period was £99,467 or 1.03 pence per share. The capital loss attributable to shareholders for the period was £96,441 or 1.00 pence per share, resulting in a total return to shareholders for the period of £3,026 or 0.03 pence per share.

The Company has declared a dividend for the half year to 31 August 2006 of 0.75 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.

During the period ended 31 August 2006, the Company has made one qualifying investment of £169,013. This was an investment in mezzanine debt and ordinary shares of Craig Wind Farm Limited, a company developing a 10 megawatt wind farm in Scotland.

The Company has committed to invest a total of £348,822 in Craig Wind Farm Limited in a combination of ordinary shares and mezzanine debt. The remaining £179,809 will be invested over the construction period to meet contract 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.

The Company has also entered into two exclusivity agreements.

The first is 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 and an offer for connection to the grid. The Manager is 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 become operational in the first half of 2008. The Manager considers that this project will lead to an investment of approximately £350,000 for the Company.

The Company has also entered into an exclusivity agreement in respect of the 6 megawatt Achairn Wind Farm development in Caithness, Scotland. This site has full planning consent

Chairman's statement *(continued)*

and has recently been provided with an offer for a grid connection. The Manager is 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. The Manager considers that this project will also lead to an investment of approximately £350,000 for the Company.

Investment pipeline

The Manager is 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 non-wind technologies such as landfill gas and 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 the Manager is 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.

	Under construction	*Consented but not yet under construction*	*Awaiting planning consent*	*Total*
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.

Chairman's statement *(continued)*

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 will continue into early 2007, however the Manager believes 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 investment has only recently been made, it remains too early to draw any conclusions as to performance. However, the Manager is satisfied with the progress that has been made in investing the fund and is confident about the prospects of making further investments in the near future.

Cancellation of share premium account

As disclosed in the prospectus, the Company has a policy of buying its own shares in the market and of facilitating sales by shareholders at a price which represents a maximum discount of 10% to the last published net asset value. In order to carry out this policy, the Company applied to the Court to reduce its share premium account and establish a new special reserve, which may be treated as a distributable profit, out of which purchases of ordinary shares can be made in the future. The Court has approved the reduction of the Company's share premium account, and the reduction was registered with Companies House on 25 August 2006.

VCT qualifying status

The Company has appointed PricewaterhouseCoopers to review its compliance with VCT regulations. The Directors are satisfied that the company has continued to fulfil the conditions for maintaining VCT status.

David Pinckney
Chairman

27 November 2006

Income statement

for the period ended 31 August 2006 (unaudited)

	Notes	Revenue £000	Capital £000	Total £000
Income		187	–	187
		187	–	187
Expenditure				
Management fees	4	32	96	128
Other expenses		53	–	53
		85	96	181
Return on ordinary activities before taxation		102	(96)	6
Tax on ordinary activities		(3)	–	(3)
Return attributable to equity shareholders		99	(96)	3
Return per ordinary share (p)	2	**1.03**	**(1.00)**	**0.03**

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 column of this statement is the profit and loss account of the Company for the period. 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 (unaudited)

	Note	£000
Fixed assets		
Investments		169
		169
Current assets		
Debtors		10
Short term investments in treasury bills		10,321
Cash in hand		127
		10,458
Creditors – amounts falling due within one year		(28)
Net current assets		10,430
Net assets		10,599
Share capital and reserves		
Called up share capital		2,793
Special reserve		7,803
Capital reserve – realised		(96)
Revenue reserve		99
Shareholders' funds		10,599
Net asset value per ordinary share (p)	3	**94.9**
(Number of Ordinary Shares: 11,173,337)		

Cash flow statement

for the period ended 31 August 2006 (unaudited)

	£000
Net cash inflow from operating activities and returns on investments	21
Capital expenditure	
Purchase of venture capital investments	(169)
Management of liquid resources	
Purchase of treasury bills	(10,321)
Net cash (outflow) before financing	(10,469)
Financing	
Shares issued	11,173
Issue costs	(577)
Net cash inflow from financing	10,596
Increase in cash	127
Net cash inflow from operating activities and returns on investments	
Return on ordinary activities after taxation	3
Increase in debtors	(10)
Increase in creditors	28
Net cash inflow from operating activities	21
Analysis of net funds	
As at 5 January 2006	–
Net cash flows for the period	127
As at 31 August 2006	127

Reconciliation of movements in shareholders' funds

for the period ended 31 August 2006 (unaudited)

	£000
Return on ordinary activities after tax	3
Net proceeds of share issues	10,596
Equity shareholders' funds as at 31 August 2006	10,599

Notes to the financial statements

for the 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.

   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 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 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.

2. The total return per share of 0.03 pence is based on the profit for the period from 10 March 2006 of £3,026 and the weighted average number of shares in issue during the period of 9,686,557.

3. The net asset value per share of 94.9 pence is based on net assets of £10,599,378 and the number of shares in issue as at 31 August 2006 of 11,173,337.

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.

Notes to the financial statements *(continued)*

for the period ended 31 August 2006 (unaudited)

6. During the period the following allotments of ordinary shares of 25 pence took place:

5 January 2006	2
10 March 2006	2,338,337
21 March 2006	1,672,709
5 April 2006	6,330,282
9 June 2006	832,007
Total	11,173,337

   After issue costs, £10,596,352 was raised from these share issues.

7. An interim dividend of 0.75 pence per share has been declared for the period ending 31 August 2006 which will be paid to shareholders on 15 February 2007.

8. In line with the special resolution passed on 10 January 2006 at an EGM of the Company the share premium account has been cancelled with effect from 23 August 2006, the date of registration of the court-approved order. The cancellation of the share premium has provided the Company with a special reserve out of which it can fund buy-backs of ordinary shares as and when it is considered by the Board to be in the interests of the shareholders.

9. 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.

Climate Change Capital®

Investment Manager
Climate Change Capital Limited
49 Grosvenor Street
London
W1K 3HP