



# Ventus VCT plc

## Half-yearly Financial Report

for the six month period ended 31 August 2011



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Ventus VCT plc invests in companies that develop, construct and operate renewable energy projects.

I am pleased to present the financial report of Ventus VCT plc (the "Company") for the six month period ended 31 August 2011.

### Overview

The period since 28 February 2011 has been a period of transition for the Company, with the appointment of a new Investment Manager and a change of director.

Wind speeds in the UK during the summer of 2011 were below long-term averages, however the wind energy generation of investee companies of the Company has been, on average, 90% of budget during the first nine months of 2011.

The net asset value per ordinary share increased from 104.7 per share at 28 February 2011 to 107.0p per share at 31 August 2011. The net asset value per "C" share increased from 92.7p per share at 28 February 2011 to 92.8p per share at 31 August 2011.

### Change of Investment Manager

With effect from 12 September 2011, the Board transferred the investment management of the Company from Climate Change Capital Limited to Temporis Capital LLP ("Temporis"). There was no notice period or charge due to Climate Change Capital Limited under the Termination and Transfer Agreement.

Temporis has been involved in asset management since its formation in 2005 and specialises in facilitating the provision of capital to the sustainable and clean tech sectors and, in particular, providing long-term liquidity to renewable energy projects. The Board considers that Temporis has the right level of resources and expertise to manage the existing portfolio and to implement the future investment programme successfully. The new Investment Manager has begun a thorough review of each of the Company's assets and will report to the Board in due course. Each of the members of staff formerly employed by Climate Change Capital Limited in respect of the Ventus Funds transferred to Temporis Capital LLP on 12 September 2011.

### Change of Director

With effect from 1 September 2011, Charles Conner resigned as a director of the Company and Rick Abbott was appointed as a director of the Company.

Rick has had a successful career in investment banking having held senior positions at Morgan Grenfell, Deutsche Bank, and ABN-AMRO. For the last 10 years he has concentrated on building businesses in private equity real estate with the Knight Frank Group and in the financial sector, holding various non-executive directorships, one of which is Hardy (Underwriting Agencies) Limited a subsidiary of Hardy Underwriting Bermuda Plc where he also sits on the Investment and Finance Committee. He was a founder shareholder in Month End Money, the UK's leading payday loan company, which was successfully sold earlier this year.

The Board thanks Charles Conner for his valuable contribution as a director of the Company.

### Net Asset Value, Results and Dividend - Ordinary Shares

At the period end, the net asset value of the ordinary share fund of the Company stood at £17,528,000 or 107.0p per ordinary share. The revenue profit attributable to ordinary shareholders for the period was £290,000 or 1.77p per ordinary share. The capital gain attributable to ordinary shareholders for the period was £342,000 or 2.09 per ordinary share, resulting in a net gain attributable to ordinary shareholders for the period of £632,000 or 3.86p per ordinary share.

The value of investments held at 31 August 2011 in the ordinary share fund was £16,746,000 compared to £16,256,000 at 28 February 2011. The Investment Manager's report gives details of investments made during the period, together with information about the valuation of all investee company holdings within the portfolio.

The income generated in the ordinary share fund during the period comprised interest earned on loan stock and cash deposits and dividends from investee companies. The total income in the ordinary share fund for the six months to 31 August 2011 was £475,000 compared to £449,000 for the six months to 31 August 2010. The increase in income was attributable to the receipt of dividends from investee companies.

The Company has declared an interim dividend of 1.50p per ordinary share which will be paid on 11 January 2012 to all ordinary shareholders on the register as at the close of business on 9 December 2011.

### Net Asset Value, Results and Dividend - "C" Shares

At the period end, the net asset value of the "C" share fund of the Company stood at £10,513,000 or 92.8p per "C" share. The revenue profit attributable to "C" shareholders for the period was £93,000 or 0.82p per "C" share. The capital loss attributable to "C" shareholders for the period was £82,000 or 0.73p per "C" share, resulting in a net gain attributable to "C" shareholders for the period of £11,000 or 0.09p per "C" share.

The value of investments held at 31 August 2011 in the "C" share fund was £5,533,000 compared to £3,960,000 at 28 February 2011.

The income generated in the "C" share fund during the period comprised interest earned on loan stock, cash on deposit and UK treasury bills. The total income in the "C" share fund for the six months to 31 August 2011 was £210,000 compared to £96,000 for the six months to 31 August 2010. The increase in income was attributable to an increase in loan stock interest income.

The Company has declared an interim dividend of 1.00p per "C" share which will be paid on 11 January 2012 to all "C" shareholders on the register as at the close of business on 9 December 2011. This is the first dividend to be paid to "C" shareholders.

The Company's Investment Manager, Temporis Capital LLP, continues to be actively engaged in managing the portfolio of existing investments and in identifying and negotiating potential investment opportunities to invest the "C" share capital that has been raised. The investments made, constitute the important events of the period.

The performance of the Company is reviewed in the Investment Manager's Report, including the Company's compliance with HM Revenue & Customs ("HMRC") VCT regulations. The Company's prospects are considered in the UK Market Outlook section of the Investment Manager's Report.

### Investments

As at 31 August 2011 the ordinary share fund of the Company held investments in 13 companies, with a total value of £16.75 million. The "C" share fund held investments in eight companies with a total investment value of £5.53 million.

The Investment Manager's Report provides details of the investments held as at 31 August 2011 and transactions made since that date. All investments are structured so as to be treated as qualifying holdings for the purposes of Venture Capital Trust ("VCT") regulations, unless otherwise stated.

### Key performance indicators

For the six month period ended 31 August 2011	Ordinary Shares		"C" Shares		Total
	£000	Pence per share <sup>1</sup>	£000	Pence per share <sup>1</sup>	
Revenue profit attributable to equity shareholders	290	1.77	93	0.82	383
Capital gain/(loss) attributable to equity shareholders	342	2.09	(82)	(0.73)	260
Net profit attributable to equity shareholders	632	3.86	11	0.09	643
Dividends paid during the period	(262)	(1.60)	-	0.00	(262)
Total movement in equity shareholders' funds	370	2.26	11	0.09	381
		%		%	%
Total expense ratio <sup>2</sup>		3.40%		3.54%	3.45%

As at 31 August 2011	Ordinary Shares		"C" Shares		Total
	£000	Pence per share <sup>3</sup>	£000	Pence per share <sup>3</sup>	
Net asset value	17,528	107.0	10,513	92.8	28,041
Total shareholder return <sup>4</sup>	20,373	125.5	10,513	92.8	30,886

1 The "per share" value is determined in respect of the weighted average number of shares in issue during the period, except in respect of the dividends paid in the period, which is determined on the basis of the number of shares eligible to receive dividends at the time the dividends were paid.

2 The total expense ratio represents the total operating expenditure during the period (excluding irrecoverable VAT) as a percentage of the net asset value of the Company at period end.

3 The "per share" value is determined in respect of the number of shares in issue at period end, except in respect of the dividends paid, which is determined on the basis of the number of shares eligible to receive dividends at the time the dividends were paid.

4 The total shareholder return represents the net asset value of the Company at period end plus the cumulative dividends paid by the Company since incorporation.

### Principal Risks and Uncertainties

Under the Financial Services 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. Other than the inherent risks associated with investment activities, which are discussed in the Investment Manager's Report, the risks described below are those which the Directors consider to be material. The Directors do not expect that the risks and uncertainties presented will change significantly over the current financial year.

> Failure to meet the investment requirements for compliance with HMRC VCT regulations

*The Board mitigates this risk by regularly reviewing investment management activity with appropriately qualified advisers and by obtaining pre-approval from HMRC for each qualifying 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. The new Investment Manager is undertaking a thorough review of processes and controls within the Company and each of its investee companies and is to implement improvements where appropriate. The Investment Manager will report to the Board in due course further to this review.*

- > Non-compliance with the Listing Rules of the Financial Services Authority, Companies Act legislation, HMRC 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 LLP to review its compliance with VCT regulations. The Directors are satisfied that the Company has continued to fulfil the conditions for maintaining VCT status.

#### **Responsibility Statement**

The Directors acknowledge responsibility for the interim results and approve this half-yearly report. The Directors confirm that to the best of their knowledge:

- (a) the condensed financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting* and give a true and fair view of the assets, liabilities, financial position and profit of the Company as required by Disclosure and Transparency Rule ("DTR") 4.2.4R;
- (b) the interim management report, included within the Chairman's Statement and Investment Manager's Report, includes a fair review of the information required by DTR 4.2.7R, being the significant events of the first half of the year and the principal risks and uncertainties for the remaining six months of the year; and
- (c) the financial statements include a fair review of related party transactions and changes thereto, as required by DTR 4.2.8R.

The Responsibility Statement has been approved by the Board.

**David Pinckney**

Chairman

26 October 2011

Temporis Capital LLP (the "Investment Manager") is pleased to present a review of the investment activities of the Company since the last annual report.

### Ordinary Share portfolio

A summary of the ordinary share fund's investments valuations as at 31 August 2011 and gains and losses on investments during the six months ended 31 August 2011 is given below.

Ordinary Shares	Voting rights as at 31 August 2011 %	Investment value			Investment cost			Unrealised gain/(loss) in the six months to 31 August 2011 £000	Investment value Total as at 28 February 2011 £000	Investment cost Total as at 28 February 2011 £000
		Shares as at 31 August 2011 £000	Loans as at 31 August 2011 £000	Total as at 31 August 2011 £000	Shares as at 31 August 2011 £000	Loans as at 31 August 2011 £000	Total as at 31 August 2011 £000			
<b>Operational: Wind</b>										
Fenpower Limited	q 33.33%	2,027	1,676	3,703	308	1,761	2,069	160	3,544	2,069
Craig Wind Farm Limited*	q 37.50%	1,966	1,028	2,994	1,079	1,014	2,093	162	2,832	2,093
A7 Greendykeside Limited	q 50.00%	1,230	632	1,862	916	620	1,536	61	1,801	1,536
Achairn Energy Limited*	q 8.50%	411	280	691	203	260	463	27	664	463
A7 Lochhead Limited*	q 30.00%	834	183	1,017	820	180	1,000	47	969	1,000
Greenfield Wind Farm Limited*	pq 8.35%	334	668	1,002	334	668	1,002	-	1,002	1,002
<b>Operational companies in the wind sector</b>										
Broadview Energy Limited*	q 12.86%	2,885	-	2,885	750	-	750	-	2,885	750
Firefly Energy Limited*	q 50.00%	197	1,800	1,997	200	1,800	2,000	96	1,900	2,000
<b>Operational: Landfill gas</b>										
Redimo LFG Limited*	q 50.00%	-	-	-	2,000	-	2,000	-	-	2,000
<b>Development and pre-planning</b>										
Redeven Energy Limited ** *	40.00%	112	244	356	-	356	356	-	356	356
Spurlens Rig Wind Limited*	40.00%	116	30	146	116	30	146	-	132	132
Wind Power Renewables Limited*	32.00%	13	80	93	168	80	248	(77)	171	248
Olgrinmore Limited*	11.80%	-	-	-	46	-	46	-	-	46
<b>Total</b>		<b>10,125</b>	<b>6,621</b>	<b>16,746</b>	<b>6,940</b>	<b>6,769</b>	<b>13,709</b>	<b>476</b>	<b>16,256</b>	<b>13,695</b>

**Q** Investment complies with VCT regulations on qualifying holdings.

**PQ** Part of the investment complies with VCT regulations on qualifying holdings.

\* A company in which Ventus 2 VCT plc's ordinary share fund has also invested. The Company and Ventus 2 VCT plc are managed by Temporis Capital LLP.

\*\* Through development funding agreements entered into by Redeven Energy Limited, the Company holds the right to invest in companies which hold lease options on sites for which Redeven Energy Limited obtains planning permission (further details are presented below). The value of the ordinary share fund's investments includes the value attributed to Redeven Energy Limited, which derives from the value of the investment rights attached to the development funding agreements.

## Summary of Investments – Ordinary Share Portfolio

*Companies with single operational wind farms*

Each of the following investee companies owns and operates a single wind farm:

	Wind farm capacity (megawatts)	Operational since	Location
Fenpower Limited	10.0	May 2007	Cambridgeshire
Craig Wind Farm Limited	10.0	October 2007	Scottish Borders
A7 Greendykeside Limited	4.0	November 2007	Lanarkshire, Scotland
Achairn Energy Limited	6.0	May 2009	Caithness, Scotland
A7 Lochhead Limited	6.0	June 2009	Lanarkshire, Scotland
Greenfield Wind Farm Limited	12.3	February 2011	Lanarkshire, Scotland

Technical availability on the operating wind farms in 2011 has been good, averaging greater than 97%. Wind speeds in the UK in 2011 have remained below long-term averages because of a poor summer. The Company's portfolio companies achieved good energy output during the spring and excellent output for September. On average, the Company's portfolio companies produced 90% of budgeted output during the first nine months of 2011.

*Companies in the wind sector*

### Broadview Energy Limited

Broadview Energy Limited has continued to execute its business plan in 2011. Broadview's key achievements since the beginning of 2011 have been:

- > completion and commencement of operations on Low Spinney, a 4-turbine wind project in Leicestershire
- > financial close and commencement of construction on Seamer, a 5-turbine wind project in Teesside
- > receipt of planning consent on Westnewton, a 3-turbine wind project in Cumbria

In total, Broadview's portfolio includes 7 turbines (15.20 megawatts) in operation, 5 turbines (10.25 megawatts) in construction and 3 turbines (6 to 7.5 megawatts) with planning consent. It also has a portfolio of four proposed wind energy sites at various stages in the planning process.

### Firefly Energy Limited

Firefly Energy Limited continues to roll out its strategy of providing power purchase agreement and management accounting services to renewable energy project operators.

The increase in valuation of the Company's investment in Firefly Energy Limited is due to the loan repayment cash flows now being discounted over a shorter period.

*Other operational investee companies*

### Redimo LFG Limited

The operating environment for the Redimo LFG Limited landfill gas generation portfolio continues to be challenging, as contamination in the gas continues to cause problems for the generators at the two largest sites. The Investment Manager is exploring alternatives for more active management of the sites in the portfolio. Redimo LFG Limited retains the support of its lending bank. The Company did not receive cash distributions from Redimo LFG Limited during the year, and the investment in Redimo LFG Limited continues to be held in the Company's accounts at a nil valuation.

*Development and pre-planning investments*

Shareholders should note that the following investments are not structured so as to be qualifying holdings for the purposes of the VCT regulations.

### Redeven Energy Limited

Through development funding agreements entered into by Redeven Energy Limited, the Company holds investment rights in three companies intending to develop and operate wind farms in East Anglia. Each of the three companies holds a lease option over a site for which planning permission has been sought. The costs incurred in relation to the planning applications for these sites have been met by Redeven Energy Limited. The Company's right to invest in each of these wind farm companies is subject to Redeven Energy Limited securing planning permission on each site. Planning permission is held on two sites with schemes totalling seven turbines. Progress on the larger of these two schemes, which has permission to erect five turbines, is dependent on resolution of certain planning conditions, but the intention is to proceed with the building out of this project as soon as possible. The third planning application for a two turbine project was refused in January 2011. An appeal in relation to this project will be lodged in November 2011. The Company has not yet made an investment in any of the three development companies.

### Spurlens Rig Wind Limited

A planning application for this proposed six turbine site was submitted in December 2010. It is expected that the outcome will be determined within the next six months.

### Wind Power Renewables Limited

Wind Power Renewables Limited has submitted planning applications for three sites in East Anglia. Two of these applications have been refused, while a determination on the third site (for 2 turbines) is expected within six months. The second planning refusal took place during the half-yearly period of these accounts, as a consequence of which the enterprise value of Wind Power Renewables Limited has been written down further (to one-third of the original investment cost). This has resulted in a further write down of £77,000 in the value of the equity held by the Company.

# INVESTMENT MANAGER'S REPORT

Continued

## Olgrinmore Limited

Olgrinmore Limited was a potential two-turbine site in Caithness which was refused in planning and is being held at nil value. The Olgrinmore development team is reviewing the options to re-apply for permission to build a smaller project on the same site which would address the previous reasons for refusal.

## "C" share portfolio

A summary of the "C" share fund's investments valuations as at 31 August 2011 is given below. There were no gains or losses in value recognised during the six months ended 31 August 2011.

"C" Shares		Investment value				Investment cost				
		Voting rights as at 31 August 2011 %	Shares as at 31 August 2011 £000	Loans as at 31 August 2011 £000	Total as at 31 August 2011 £000	Shares as at 31 August 2011 £000	Loans as at 31 August 2011 £000	Total as at 31 August 2011 £000	Investment value Total as at 28 February 2011 £000	Investment cost Total as at 28 February 2011 £000
<b>Operational: Wind</b>										
Greenfield Wind Farm Limited*	PQ	12.50%	500	1,000	1,500	500	1,000	1,500	1,500	1,500
<b>Development, developers and pre-planning</b>										
Iceni Renewables Limited*		50.00%	400	-	400	400	-	400	400	400
Renewable Power Systems Limited*		0.00%	-	350	350	-	350	350	350	350
BEGL 2 Limited*		0.00%	-	500	500	-	500	500	500	500
BEGL 3 Limited*		0.00%	-	500	500	-	500	500	500	500
Osspower Limited*		0.00%	-	-	-	-	-	-	300	300
EcoGen Limited*		0.00%	-	410	410	-	410	410	410	410
Allt Dearg Wind Farmers LLP*		0.00%	-	200	200	-	200	200	-	-
White Mill Windfarm Limited*	PQ	25.00%	1,000	673	1,673	1,000	673	1,673	-	-
<b>Total</b>			<b>1,900</b>	<b>3,633</b>	<b>5,533</b>	<b>1,900</b>	<b>3,633</b>	<b>5,533</b>	<b>3,960</b>	<b>3,960</b>

PQ - Part of the investment complies with VCT regulations on qualifying holdings.

\* - A company in which Ventus 2 VCT plc's "C" share fund has also invested. The Company and Ventus 2 VCT plc are managed by Temporis Capital LLP.

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## Summary of Investments – “C” Share Portfolio

### *Operational wind farms*

#### **Greenfield Wind Farm Limited**

Both the ordinary share fund and “C” share fund have made investments in Greenfield Wind Farm Limited, details of which are presented in the ordinary share fund’s summary of investments above.

### *Development, developers and pre-planning investments*

Shareholders should note that the following investments are not structured so as to be qualifying holdings for the purposes of the VCT regulations.

#### **Iceni Renewables Limited**

Through Iceni Renewables Limited the Company has invested in and committed to provide further funding to two wind energy development projects in Scotland. The total investment and commitment is £400,000. Scoping and pre-planning work is underway on both sites. The first, named Craigannet, is likely to be submitted for planning permission this year as a six turbine scheme. The other site is known as Merkins and is likely to be submitted as a ten turbine scheme later this year. Lomond Energy Limited is the development manager of these sites.

#### **Renewable Power Systems Limited**

The Company’s “C” share fund has provided a loan facility of £350,000 to Renewable Power Systems Limited, a company which specialises in the development and operation of energy from waste generating plant. The loan was due to be repaid in June 2011, however the term has been extended. The loan is currently being restructured to extend the term further and establish a repayment schedule. Since 31 August 2011, Renewable Power Systems has repaid £50,000 plus accrued interest on this loan, reducing the balance outstanding to £300,000.

#### **BEGL 2 Limited and BEGL 3 Limited**

The Company has provided medium term loan facilities of £500,000 to each of BEGL 2 Limited and BEGL 3 Limited.

These companies are subsidiaries of Broadview Energy Limited. BEGL 2 Limited is the development company for Seamer, a five-turbine wind farm in Teesside currently being constructed. BEGL 3 Limited is the development company for Low Spinney, an operational four-turbine wind farm in Leicestershire.

In each case the loans have been secured against the shares held by the development companies’ parent company and have been used to meet construction and post consent development costs alongside long term bank loan facilities.

The loans, together with accrued interest, are to be repaid in full no later than 30 June 2012.

#### **Osspower Limited**

Loans to Osspower Limited by the Company’s “C” share fund were repaid in May 2011. The lending facility to Osspower Limited has now been cancelled.

#### **EcoGen Limited**

The Company’s “C” share fund has provided a medium term loan facility of £410,000 to EcoGen Limited. The loan, together with accrued interest, is to be repaid in full no later than 31 December 2012. It, together with the matching loan made by the “C” share fund of Ventus 2 VCT plc, is secured against EcoGen Limited’s one third shareholding in Fenpower Limited, a company in which the Company’s ordinary share fund holds an investment (please refer to the section in the ordinary share report above for further information).

#### **Allt Dearg Wind Farmers LLP**

This LLP has consent to develop a 12 turbine site near Lochgilphead, Scotland. The “C” share fund has provided a secured short term loan facility of £300,000 to fund pre-financial close project expenditure of which £200,000 had been drawn down at 31 August 2011 and further

£75,000 since the period end. The Company has secured exclusivity to make a long term investment in the project.

#### **White Mill Windfarm Limited**

The Company has completed an investment in White Mill Windfarm Limited, which will construct a 14.35 megawatt wind farm in the Cambridgeshire fens. The Company invested £1 million for 25% of the ordinary share capital, and has provided a mezzanine loan facility of £672,500. The ‘C’ share fund of Ventus 2 VCT plc has made an investment on the same terms as the Company. The remaining 50% of the ordinary shares are held by a subsidiary of the Co-operative Group Limited. White Mill Windfarm Limited has secured a debt facility from the Co-operative Bank plc which, together with the funding provided by the Company and Ventus 2 VCT plc, will finance the construction of the project. Construction is underway, and the site is expected to begin exporting electricity in the summer of 2012. The wind farm will operate seven REpower MM82 turbines.

#### **Valuation of Investments**

It is the accounting policy of the Company to hold its investments at fair value. In this report, the Company’s investments in investee companies which operate an asset and have passed an initial satisfactory operational period are valued using a discounted cash flow methodology. The key assumptions that have a significant impact on discounted cash flow valuations for these assets are the discount rate used, the price at which the power and associated benefits can be sold, the amount of electricity the investee companies’ generating assets are expected to produce and operating costs.

The fair value of the Company’s investments in project companies which have not passed an initial satisfactory operational period, or are engaged in seeking planning permission, are determined to be the investment cost subject to a periodic impairment review. The Company has resolved that it is appropriate to value its holding in Broadview Energy Limited on the basis of the price paid by investors in a recent capital raising round.

## Investment Policy

The Company is focused on investing in companies developing renewable energy projects with installed capacities of two to twelve megawatts, although larger projects may also be considered. Given the target investment size, investments will generally be in companies developing projects initiated by specialist small-scale developers and smaller projects which are not attractive to large development companies and utilities.

## Asset Allocation

The Investment Manager, primarily, seeks to allocate the Company's investments in equity securities and loan stock of companies owning renewable energy projects with full planning consent, ready for construction of the project to commence or whose assets are already operational. Up to 10% of net proceeds raised from the initial share offer and the "C" share offer, respectively, may be allocated to development funding for early stage renewable energy projects prior to planning permissions being obtained.

The Company's policy is to maintain cash reserves of at least 5% of net proceeds raised from the initial share offer and the "C" share offer for the purpose of meeting operating expenses and purchasing its shares in the market. Circumstances may arise which would require the Company to hold less than 5% of net proceeds in cash for a limited period of time.

In order to comply with VCT requirements, at least 70% by value of the Company's investments are required to be comprised of qualifying investments.

The Company typically owns 25% to 50% of the equity share capital of each investee company and a portion of its investment in each investee company may be in the form of loan stock.

The Company's uninvested funds are placed on deposit or invested in short-term fixed income securities until suitable investment opportunities are found.

## Risk Diversification

The geographical focus of the portfolio is the UK and the majority of investments made to date are in the wind sector. Funds are invested with a range of small-scale independent developers so project risk is not concentrated on only a few developers. The portfolio contains projects at different stages of the asset lifecycle, ranging from pre-planning to construction and then into operation. Investments are also made in technologies that have no inherent operational correlation with the performance of wind farms. Investments are made via subscriptions for new share capital or via loan stock instruments in order to secure a negotiated level of return from the project. The majority of investments are made in special purpose companies set up specifically to develop each project and bank debt financing is non-recourse to the Company.

The returns from projects depend on the UK Government's continued support for renewable energy, primarily under the Renewables Obligation and Feed-in Tariff mechanisms. The effects of any negative change to this policy are mitigated by the UK Government's historic practice of grandfathering financial support mechanisms for existing assets. This risk is further mitigated by the Company typically negotiating fixed and/or floor price mechanisms into the power purchase agreements entered into by project companies for the sale of their generated output.

## Gearing

The Company does not intend to borrow funds for investment purposes. However the Company is exposed to gearing through its investee companies which typically fund the construction costs of each project through senior bank debt finance. The Investment Manager is involved in assisting investee companies in negotiating the terms of this finance to ensure competitive terms are achieved. The interest rate is typically fixed via an interest rate swap for the duration of the bank loan so that investee companies are not exposed to changes in market interest rates.

To the extent that borrowing should be required by the Company for any purpose, the Directors shall restrict the borrowings of the Company.

The aggregate principal amount at any time outstanding in respect of money borrowed by the Company shall not without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 10% of the adjusted share capital and reserves of the Company in accordance with its Articles.

## Maximum Exposures

In order to gauge the maximum exposure of the funds to various risks, the following can be used as a guide:

- i) Investments in qualifying holdings
  - 70-95% of the funds will be invested in qualifying holdings no later than three years after the date that provisional approval by HMRC of the Company's status as a VCT becomes effective. The relevant compliance date for the initial share offer was 1 March 2009 and for the first "C" share offer and ordinary share "top-up" offer is 1 March 2012. The relevant compliance date for the second "C" share offer is 1 March 2013.
  - For the purposes of the 70% qualifying holdings requirement, disposals of qualifying investments for cash may be disregarded for a period of six months. Where a VCT breaches one or more of the requirements due to factors outside of its control, it may apply to HMRC for a determination that the breach will be disregarded for a period of 90 days while the breach is remedied.
- ii) Concentration limits
  - Under VCT regulations no more than 15% of the Company's total assets should be in a single investee company at the time the investment is made in that investee company.
- iii) Investments in pre-planning projects
  - In accordance with the Company's investment policy, a maximum of 10% of the net funds raised from each of the initial share offer and "C" share offer respectively may be invested in pre-planning projects.

## Market outlook

According to the Department of Energy and Climate Change (DECC), approximately one-quarter of the UK's electricity generating capacity will shut down over the next ten years as old coal and nuclear power stations close. DECC predicts that more than £110 billion in investment is needed to replace this generation capacity and upgrade the grid. In the longer term, by 2050, DECC expects electricity demand is set to double, as the UK shifts more transport and heating onto the electricity grid.

In response to these challenges, the UK Government has announced a series of policy announcements and initiatives over the past 18 months that have created considerable uncertainty for participants in the UK renewable energy market. On 7 February 2011, the Government announced that it would carry out a comprehensive review of the Feed-in tariffs (FITs) scheme for small-scale low-carbon electricity generation, however to date the Government has only consulted on and made adjustments to the Feed-in Tariffs for solar PV and anaerobic digestion projects. Further consultation on the comprehensive review of the FITs scheme is expected this autumn.

On 20 October 2011, the Government issued a consultation paper regarding ROC (Renewable Obligation Certificate) banding levels for renewable energy generating stations accredited from 1 April 2013 to 31 March 2017. This public consultation will be open until 12 January 2012, with the new rules going through the parliamentary process next year and coming into force on 1 April 2013. The level of support for onshore wind projects is proposed to be reduced from the current level of 1 ROC per megawatt-hour to 0.9 ROCs per megawatt-hour effective 1 April 2013. This change, if implemented, would reduce revenues from wind farm by approximately 5%, but would not apply to projects commissioned before 1 April 2013. It would have no impact on any existing wind farms operated by the Company's investee companies. The Investment Manager's analysis of any future investments by the Company will take into account the level of ROCs expected to

be available for projects operated by investee companies. The Company's target returns will not be impacted by the proposed change in ROC banding for onshore wind projects.

On 12 July 2011, the UK Government published a White Paper setting out measures to reform the UK electricity market and encourage investment in electricity generating capacity. The Government's stated objective is to create a secure mix of electricity sources including gas, new nuclear, renewables, and carbon capture and storage. Key elements of the reform package include:

- > a Carbon Price Floor (announced in Budget 2011) to reduce investor uncertainty, putting a fair price on carbon and providing a stronger incentive for investment in low-carbon generation;
- > the introduction of new long-term contracts (Feed-in Tariff with Contracts for Difference) to provide stable financial incentives to invest in all forms of low-carbon electricity generation;
- > an Emissions Performance Standard (EPS) set at 450g CO<sub>2</sub>/kWh to reinforce the requirement that no new coal-fired power stations are built without carbon capture and storage, but also to ensure necessary short-term investment in gas can take place; and
- > a Capacity Mechanism, including demand response as well as generation, to ensure future security of electricity supply.

The Government has stated its intention to legislate for the key elements of this package in the second session of this Parliament, which starts in May 2012, and for legislation to reach the statute book by the end of the next session (by spring 2013). The intent is that provisions in the reform package will begin to take effect in 2014. The Government has stated that it will put in place transitional arrangements to ensure there is no hiatus in investment while the new system is established.

The Localism Bill, which has been before Parliament since 13 December 2010, is expected to become law soon. This bill will result

in a significant shift in power to the local level. There is concern in the renewables industry that the bill will increase the disconnect between local planning decisions and broader national policies encouraging renewable energy, resulting in fewer successful planning applications for renewable energy projects. The challenge for the renewable industry will be to engage effectively with local communities and show communities that renewable energy projects can provide meaningful local economic benefits.

The banking market for renewable energy projects has been relatively stable in the past year. No new entrants have been seen over the last year and lending margins and leverage packages remain consistent with the past few years. Turbine prices have stabilised in recent months after declining in the 2008-2010 period, although fluctuations in the Sterling/Euro exchange rate make the timing of purchasing decisions challenging. Wholesale electricity prices have been relatively stable in recent months, but are still expected to rise over the long term due to capacity constraints and to increases in demand as transport and heating are shifted onto the electricity grid.

**Temporis Capital LLP**  
Investment Manager

26 October 2011

## DIRECTORS AND ADVISERS

### Directors

David Pinckney (Chairman)  
David Williams  
Rick Abbott (appointed 1 September 2011)  
Charles Conner (resigned 1 September 2011)

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### Company Secretary

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh  
EH2 1DF

### Auditor

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

### Principal Banker

HSBC Bank plc  
60 Queen Victoria Street  
London  
EC4N 4TR

### Investment Manager

Temporis Capital LLP  
Berger House  
36/38 Berkeley Square  
London  
W1J 5AE

### Registrar & Registered Office

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

### Broker

Matrix Corporate Capital LLP  
1 Vine Street  
London  
W1J 0AH

### VCT Taxation Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### Solicitors

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

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2011 which comprises the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes to the financial statements. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 August 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

### **PKF (UK) LLP**

London, UK

26 October 2011

# STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2011 (unaudited)

	Note	Revenue £000	Ordinary Shares Capital £000	Ordinary Shares Total £000	Revenue £000	Capital £000	"C" Shares Total £000	Revenue £000	Capital £000	Total Total £000
Net gain on investments	8	-	588	588	-	-	-	-	588	588
Realised loss on investment	8	-	(112)	(112)	-	-	-	-	(112)	(112)
Income	2	475	-	475	210	-	210	685	-	685
Investment management fees	3	(56)	(167)	(223)	(33)	(98)	(131)	(89)	(265)	(354)
Other expenses	4	(84)	-	(84)	(61)	(4)	(65)	(145)	(4)	(149)
<b>Profit/(loss) before taxation</b>		335	309	644	116	(102)	14	451	207	658
Taxation	6	(45)	33	(12)	(23)	20	(3)	(68)	53	(15)
<b>Profit/(loss) and total comprehensive income for the period attributable to shareholders</b>		290	342	632	93	(82)	11	383	260	643

## Return per share:

Basic and diluted  
return per share (p)

7	<b>1.77</b>	<b>2.09</b>	<b>3.86</b>	<b>0.82</b>	<b>(0.73)</b>	<b>0.09</b>
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The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2009 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2010 (unaudited)

	Note	Revenue £000	Capital £000	Ordinary Shares Total £000	Revenue £000	Capital £000	"C" Shares Total £000	Revenue £000	Capital £000	Total Total £000
Net gain on investments	8	-	1,964	1,964	-	-	-	-	1,964	1,964
Income	2	449	-	449	96	-	96	545	-	545
Investment management fees	3	(50)	(149)	(199)	(31)	(92)	(123)	(81)	(241)	(322)
Other expenses	4	(60)	-	(60)	(44)	-	(44)	(104)	-	(104)
<b>Profit/(loss) before taxation</b>		339	1,815	2,154	21	(92)	(71)	360	1,723	2,083
Taxation	6	(42)	31	(11)	(4)	15	11	(46)	46	-
<b>Profit/(loss) and total comprehensive income for the period attributable to shareholders</b>		297	1,846	2,143	17	(77)	(60)	314	1,769	2,083

## Return per share:

Basic and diluted return per share (p)	7	<b>1.81</b>	<b>11.26</b>	<b>13.07</b>	<b>0.16</b>	<b>(0.73)</b>	<b>(0.57)</b>
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The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2009 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2011 (audited)

	Note	Revenue £000	Capital £000	Ordinary Shares Total £000	Revenue £000	Capital £000	"C" Shares Total £000	Revenue £000	Capital £000	Total Total £000
Net gain on investments	8	-	861	861	-	-	-	-	861	861
Income	2	848	-	848	262	-	262	1,110	-	1,110
Investment management fees	3	(105)	(315)	(420)	(63)	(191)	(254)	(168)	(506)	(674)
Other expenses	4	(128)	-	(128)	(95)	-	(95)	(223)	-	(223)
<b>Profit/(loss) before taxation</b>		615	546	1,161	104	(191)	(87)	719	355	1,074
Taxation	6	(107)	66	(41)	(22)	49	27	(129)	115	(14)
<b>Profit/(loss) and total comprehensive income for the year attributable to shareholders</b>		508	612	1,120	82	(142)	(60)	590	470	1,060

## Return per share:

Basic and diluted return per share (p)	7	<b>3.10</b>	<b>3.74</b>	<b>6.84</b>	<b>0.75</b>	<b>(1.29)</b>	<b>(0.54)</b>
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The Company has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2009 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

as at 31 August 2011 (unaudited)

Note	Ordinary Shares £000	As at 31 August 2011 (unaudited)		Ordinary Shares £000	As at 31 August 2010 (unaudited)		Ordinary Shares £000	As at 28 February 2011 (audited)		
		"C" Shares £000	Total £000		"C" Shares £000	Total £000		"C" Shares £000	Total £000	
<b>Non-current assets</b>										
Investments	8	16,746	5,533	22,279	17,311	1,850	19,161	16,256	3,960	20,216
Trade and other receivables	9	99	164	263	172	63	235	74	122	196
		16,845	5,697	22,542	17,483	1,913	19,396	16,330	4,082	20,412
<b>Current assets</b>										
Trade and other receivables	9	523	291	814	567	89	656	781	211	992
Cash and cash equivalents	10	287	4,574	4,861	444	8,541	8,985	160	6,242	6,402
		810	4,865	5,675	1,011	8,630	9,641	941	6,453	7,394
<b>Total assets</b>		17,655	10,562	28,217	18,494	10,543	29,037	17,271	10,535	27,806
<b>Current liabilities</b>										
Trade and other payables	11	(127)	(49)	(176)	(68)	(41)	(109)	(113)	(33)	(146)
<b>Net current assets</b>		683	4,816	5,499	943	8,589	9,532	828	6,420	7,248
<b>Net assets</b>		17,528	10,513	28,041	18,426	10,502	28,928	17,158	10,502	27,660
<b>Equity attributable to equity holders</b>										
Share capital	12	4,096	2,832	6,928	4,096	2,832	6,928	4,096	2,832	6,928
Share premium		1,067	7,874	8,941	1,067	7,874	8,941	1,067	7,874	8,941
Special reserve		10,437	-	10,437	10,437	-	10,437	10,437	-	10,437
Capital reserve – realised		(1,513)	(314)	(1,827)	(1,136)	(167)	(1,303)	(1,267)	(232)	(1,499)
Capital reserve – unrealised		3,149	-	3,149	3,664	-	3,664	2,561	-	2,561
Revenue reserve		292	121	413	298	(37)	261	264	28	292
<b>Total equity</b>		17,528	10,513	28,041	18,426	10,502	28,928	17,158	10,502	27,660
<b>Basic and diluted net asset value per share (p)</b>	13	<b>107.0</b>	<b>92.8</b>		<b>112.5</b>	<b>92.7</b>		<b>104.7</b>	<b>92.7</b>	

Approved by the Board and authorised for issue on 26 October 2011.

**David Pinckney**  
Director

Ventus VCT plc. Registered No: 05205442

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
for the six month period ended 31 August 2011 (unaudited)

Ordinary Shares	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>At 1 March 2011</b>	4,096	1,067	10,437	(1,267)	2,561	264	17,158
Profit and total comprehensive income for the period	-	-	-	(246)	588	290	632
Dividends paid in the period	-	-	-	-	-	(262)	(262)
<b>At 31 August 2011</b>	4,096	1,067	10,437	(1,513)	3,149	292	17,528

"C" Shares	Share capital £000	Share premium £000		Capital reserve realised £000		Revenue reserve £000	Total £000
<b>At 1 March 2011</b>	2,832	7,874		(232)		28	10,502
Profit and total comprehensive income for the period	-	-		(82)		93	11
<b>At 31 August 2011</b>	2,832	7,874		(314)		121	10,513

Total	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>At 1 March 2011</b>	6,928	8,941	10,437	(1,499)	2,561	292	27,660
Profit and total comprehensive income for the period	-	-	-	(328)	588	383	643
Dividends paid in the period	-	-	-	-	-	(262)	(262)
<b>At 31 August 2011</b>	6,928	8,941	10,437	(1,827)	3,149	413	28,041

All amounts presented in the statement of changes in equity are attributable to equity holders. The revenue reserve is a distributable reserve. The special reserve may be used to fund buy-backs of ordinary shares as and when it is considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
for the six month period ended 31 August 2010 (unaudited)

Ordinary Shares	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>At 1 March 2010</b>	4,096	1,067	10,437	(1,018)	1,700	329	16,611
Profit and total comprehensive income for the period	-	-	-	(118)	1,964	297	2,143
Dividends paid in the period	-	-	-	-	-	(328)	(328)
<b>At 31 August 2010</b>	4,096	1,067	10,437	(1,136)	3,664	298	18,426

"C" Shares	Share capital £000	Share premium £000		Capital reserve realised £000		Revenue reserve £000	Total £000
<b>At 1 March 2010</b>	1,731	4,813		(90)		(54)	6,400
Shares issued in the period	1,101	3,303		-		-	4,404
Issue costs	-	(242)		-		-	(242)
Loss and total comprehensive income for the period	-	-		(77)		17	(60)
<b>At 31 August 2010</b>	2,832	7,874		(167)		(37)	10,502

Total	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>At 1 March 2010</b>	5,827	5,880	10,437	(1,108)	1,700	275	23,011
Shares issued in the period	1,101	3,303	-	-	-	-	4,404
Issue costs	-	(242)	-	-	-	-	(242)
Profit and total comprehensive income for the period	-	-	-	(195)	1,964	314	2,083
Dividends paid in the period	-	-	-	-	-	(328)	(328)
<b>At 31 August 2010</b>	6,928	8,941	10,437	(1,303)	3,664	261	28,928

All amounts presented in the statement of changes in equity are attributable to equity holders. The revenue reserve is a distributable reserve. The special reserve may be used to fund buy-backs of ordinary shares as and when it is considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2011 (audited)

Ordinary Shares	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>At 1 March 2010</b>	4,096	1,067	10,437	(1,018)	1,700	329	16,611
Profit and total comprehensive income for the year	-	-	-	(249)	861	508	1,120
Dividends paid in the year	-	-	-	-	-	(573)	(573)
<b>At 28 February 2011</b>	4,096	1,067	10,437	(1,267)	2,561	264	17,158

"C" Shares	Share capital £000	Share premium £000		Capital reserve realised £000		Revenue reserve £000	Total £000
<b>At 1 March 2010</b>	1,731	4,813		(90)		(54)	6,400
Share issued in the year	1,101	3,303		-		-	4,404
Issue Costs	-	(242)		-		-	(242)
Loss and total comprehensive income for the year	-	-		(142)		82	(60)
<b>At 28 February 2011</b>	2,832	7,874		(232)		28	10,502

Total	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>At 1 March 2010</b>	5,827	5,880	10,437	(1,108)	1,700	275	23,011
Share issued in the year	1,101	3,303	-	-	-	-	4,404
Issue Costs	-	(242)	-	-	-	-	(242)
Profit and total comprehensive income for the year	-	-	-	(391)	861	590	1,060
Dividends paid in the year	-	-	-	-	-	(573)	(573)
<b>At 28 February 2011</b>	6,928	8,941	10,437	(1,499)	2,561	292	27,660

All amounts presented in the statement of changes in equity are attributable to equity holders. The revenue reserve is a distributable reserve. The special reserve may be used to fund buy-backs of ordinary shares as and when it is considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

for the six month period ended 31 August 2011 (unaudited)

	Six months ended 31 August 2011 (unaudited)			Six months ended 31 August 2010 (unaudited)			Year ended 28 February 2011 (audited)		
	Ordinary Shares £000	"C" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Cash flows from operating activities</b>									
Investment income received	716	70	786	681	14	695	948	14	962
Deposit interest received	1	14	15	1	16	17	2	34	36
Investment management fees paid	(223)	(131)	(354)	(199)	(123)	(322)	(419)	(254)	(673)
Other cash payments	(91)	(48)	(139)	(81)	(27)	(108)	(120)	(103)	(223)
<b>Net cash inflow/(outflow) from operating activities</b>	403	(95)	308	402	(120)	282	411	(309)	102
<b>Cash flows from investing activities</b>									
Purchases of investments	(14)	(1,873)	(1,887)	(1,042)	(1,900)	(2,942)	(1,090)	(4,010)	(5,100)
Proceeds from investments	-	300	300	-	375	375	-	375	375
<b>Net cash outflow from investing activities</b>	(14)	(1,573)	(1,587)	(1,042)	(1,525)	(2,567)	(1,090)	(3,635)	(4,725)
<b>Cash flows from financing activities</b>									
"C" shares issued	-	-	-	-	3,960	3,960	-	3,960	3,960
"C" share issue costs	-	-	-	-	(242)	(242)	-	(242)	(242)
Dividends paid	(262)	-	(262)	(328)	-	(328)	(573)	-	(573)
<b>Net cash inflow/(outflow) from financing activities</b>	(262)	-	(262)	(328)	3,718	3,390	(573)	3,718	3,145
<b>Net (decrease)/increase in cash and cash equivalents</b>	127	(1,668)	(1,541)	(968)	2,073	1,105	(1,252)	(226)	(1,478)
<b>Cash and cash equivalents at the beginning of the period</b>	160	6,242	6,402	1,412	6,468	7,880	1,412	6,468	7,880
<b>Cash and cash equivalents at the end of the period</b>	287	4,574	4,861	444	8,541	8,985	160	6,242	6,402

The accompanying notes on pages 20 to 32 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the six month period ended 31 August 2011 (unaudited)

## 1. Accounting convention and policies

### Accounting convention

The half-yearly financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") to the extent that they have been adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies under IFRS. The half-yearly financial statements have been prepared under IAS 34 *Interim Financial Reporting*.

The accounting policies used in the preparation of the half-yearly financial statements are consistent with those adopted in the financial statements for the year ended 28 February 2011 and those that will be adopted in the financial statements for the year ending 29 February 2012.

Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2009 ("SORP") is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial information contained in this half-yearly report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 28 February 2011 have been filed with the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

### Income

Income on investments is stated on an accruals basis, by reference to the principal outstanding and at the effective interest rates applicable. Interest receivable on cash and non-equity investments is accrued to the end of the period. No tax is withheld at source on interest income.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, which is normally the ex-dividend date.

### Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between

revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except when expenses are split and charged partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The investment management fee has been allocated 25% to revenue and 75% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

Expenses have been allocated between the ordinary and "C" share funds on the basis of the number of shares in issue during the period, except when expenses are directly attributable to a particular share fund.

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets or liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Due to the Company's status as a Venture Capital Trust, no provision for deferred taxation is required in respect of any realised or unrealised appreciation in the Company's investments.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or substantively enacted at the period end date. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

#### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (including counterparties with financial difficulties or in default on payments) that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the Statement of Comprehensive Income.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Company with maturities of less than three months. These short-term deposits are classified under cash equivalents as they meet the definition in IAS 7 "Cash Flow Statements" of a short-term highly liquid investment that is readily convertible into known amounts of cash and subject to insignificant risk of change in value.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Trade and other payables*

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received amount, net of direct issue costs.

#### *Special reserve*

The special reserve was created by approval of the High Court to cancel the Company's share premium account in respect of the shares issued in the initial offer for the Company's ordinary shares. The special reserve may be used to fund buy-backs of shares as and when it is considered by the Board to be in the interests of the shareholders.

#### *Capital reserve - realised*

This reserve includes gains and losses compared to cost on the realisation of investments and expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policy on expenses.

#### *Capital reserve – unrealised*

This reserve includes increases and decreases in the valuation of investments held at fair value.

#### *Investments*

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends and increases in fair value, all investments are designated as "fair value through profit or loss" on initial recognition. A financial asset is designated within this category if it is acquired, managed and evaluated on a fair value basis in accordance with the Company's documented investment policy. In the year of acquisition, investments are initially measured at cost, which is considered to be their fair value. Thereafter, the investments are measured at subsequent reporting dates on a fair value basis in accordance with IFRS. Gains or losses resulting from revaluation of investments are taken to the capital account of the Statement of Comprehensive Income.

Investments in unquoted companies and equity based derivatives are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines, using the most appropriate valuation methodology as determined by the Board. Where there has been a recent arm's length transaction between knowledgeable, willing parties, the "price of recent investment" methodology is used to determine the value of the investment. In the absence of a recent market transaction, unquoted investee companies with renewable energy generating plant constituting a substantial portion of their assets and which have proved stable operational performance for an acceptable period of time are valued using the discounted future cash flows from the underlying business, excluding interest accrued in the accounts to date. The period of time to assess stable operational performance will vary depending on the nature of the renewable energy technology that the investee company uses, but is typically between 6 and 18 months following completion of the construction phase. Investments in unquoted companies which have not demonstrated stable operational performance will be valued using the "price of recent investment" methodology, reviewed for impairment. Notwithstanding the above, the Board may determine that an alternative methodology should be used where this more appropriately reflects the fair value of an investment.

When an investee company has gone into receivership or liquidation, the investment, although physically not disposed of, is treated as being realised.

The Company has taken the exemption, permitted by IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*, from equity accounting for investments where it has significant influence or joint control.

The majority of money held pending investment is invested in financial instruments with same day or two-day access and as such is treated as cash and cash equivalents.

#### **Key assumptions and key sources of estimation uncertainty**

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. The estimates and assumptions are consistent with those adopted in the financial statements for the year ended 28 February 2011.

#### **Dividends payable**

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established.

#### **Segmental Reporting**

The Directors consider that the Company has engaged in a single operating segment as reported to the chief operating decision maker which is that of investing in equity and debt. The chief operating decision maker is considered to be the Board.

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 2. Income

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2011 (unaudited)</b>			
<b>Income from investments</b>			
Loan stock interest	363	196	559
Dividends	111	-	111
	474	196	670
<b>Other income</b>			
UK treasury bill income	-	6	6
Bank deposit interest	1	8	9
	475	210	685
<b>Six months ended 31 August 2010 (unaudited)</b>			
<b>Income from investments</b>			
Loan stock interest	368	79	447
Dividends	80	-	80
	448	79	527
<b>Other income</b>			
UK treasury bill income	-	12	12
Bank deposit interest	1	5	6
	449	96	545
<b>Year ended 28 February 2011 (audited)</b>			
<b>Income from investments</b>			
Loan stock interest	739	227	966
Dividends	107	-	107
	846	227	1,073
<b>Other income</b>			
UK treasury bill income	-	24	24
Bank deposit interest	2	11	13
	848	262	1,110

### 3. Investment management fees

The Company pays the Investment Manager an annual management fee equal to 2.5% of the Company's net assets. The fee is not subject to VAT and is payable quarterly in advance. The annual management fee is allocated 75% to capital and 25% to revenue.

Temporis Capital LLP was appointed as Investment Manager on 12 September 2011 and Climate Change Capital Limited's appointment as Investment Manager was terminated on the same day with no notice period. The amount paid to the Investment Manager for the six months ended 31 August 2011 in respect of net asset value attributable to ordinary shareholders was £223,000 (six months ended 31 August 2010: £199,000; year ended 28 February 2011: £420,000). The amount paid to the Investment Manager for the six months ended 31 August 2011 in respect of the net assets attributable to the "C" shareholders was £131,000 (six months ended 31 August 2010: £123,000; twelve months ended 28 February 2011: £254,000).

### 4. Other expenses

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2011 (unaudited)</b>			
<i>Revenue expenses:</i>			
Directors' remuneration	19	13	32
Fees payable to the Company's Auditor for:			
- <i>Audit of the Company's annual accounts</i>	10	7	17
- <i>Other services pursuant to legislation</i>	3	2	5
- <i>Other services relating to taxation</i>	1	-	1
Other expenses	51	39	90
	84	61	145
<i>Capital expenses:</i>			
Investment costs	-	4	4
	84	65	149

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2010 (unaudited)</b>			
Directors' remuneration	19	13	32
Fees payable to the Company's Auditor for:			
- <i>Audit of the Company's annual accounts</i>	8	5	13
- <i>Other services pursuant to legislation</i>	4	3	7
- <i>Other services relating to taxation</i>	1	-	1
Other expenses	28	23	51
	60	44	104

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Year ended 28 February 2011 (audited)</b>			
Directors' remuneration	38	27	65
Fees payable to the Company's Auditor for:			
- <i>Audit of the Company's annual accounts</i>	14	9	23
- <i>Other services pursuant to legislation</i>	4	3	7
- <i>Other services relating to taxation</i>	1	1	2
Other expenses	71	55	126
	128	95	223

Other services relating to taxation were in respect of tax services provided by the Company's Auditor relating to corporation tax compliance. The other services pursuant to legislation provided by the Company's Auditor related to reviews of the half-yearly report and other assurance services.

**5. Directors' Remuneration**

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2011 (unaudited)</b>			
D Pinckney	7	5	12
D Williams	6	4	10
C Conner	6	4	10
Aggregate emoluments	19	13	32

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2010 (unaudited)</b>			
D Pinckney	6	5	11
A Moore	3	2	5
P Thomas	3	2	5
C Wood	3	2	5
D Williams	2	1	3
C Conner	2	1	3
Aggregate emoluments	19	13	32

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Year ended 28 February 2011 (audited)</b>			
D Pinckney	14	9	23
A Moore	4	3	7
P Thomas	3	3	6
C Wood	3	2	5
D Williams	7	5	12
C Conner	7	5	12
Aggregate emoluments	38	27	65

The Directors did not receive any other remuneration during the period except for that which is disclosed in the table above. Charles Conner resigned from the Board of Directors on 1 September 2011 and Rick Abbott was appointed to the Board of Directors on the same day.

**6. Taxation**

The half-yearly tax charge in the ordinary share fund of £12,000 (six months ended 31 August 2010: tax charge £11,000; year ended 28 February 2011: tax charge £41,000) and of £3,000 in the "C" share fund (six months ended 31 August 2010: tax credit £11,000; year ended 28 February 2011: tax credit £27,000). The charges have been accrued assuming an effective tax rate of 20%.

## **7. Basic and diluted return per share**

The net profit per ordinary share of 3.86p (six months ended 31 August 2010: net profit of 13.07p per ordinary share; year ended 28 February 2011: net profit of 6.84 per ordinary share) is based on the net profit for the period of £632,000 (six months ended 31 August 2010: net profit of £2,143,000; year ended 28 February 2011: net profit of £1,120,000) and the weighted average number of ordinary shares in issue during the period of 16,384,793 (six months ended 31 August 2010: 16,384,793; year ended 28 February 2011: 16,384,793).

The basic revenue return per ordinary share of 1.77p (six months ended 31 August 2010: 1.81p; year ended 28 February 2011: 3.10p) is based on the basic revenue return for the period of £290,000 (six months ended 31 August 2010: £297,000; year ended 28 February 2011: £508,000) and the weighted average number of ordinary shares in issue during the period of 16,384,793 (six months ended 31 August 2010: 16,384,793; year ended 28 February 2011: 16,384,793).

The net capital gain per ordinary share of 2.09p (six months ended 31 August 2010: 11.26p; year ended 28 February 2011: 3.74p) is based on the net capital gain for the period of £342,000 (six months ended 31 August 2010: £1,846,000; year ended 28 February 2011: £612,000) and the weighted average number of ordinary shares in issue during the period of 16,384,793 (six months ended 31 August 2010: 16,384,793; year ended 28 February 2011: 16,384,793).

There were no differences between basic and diluted return per ordinary share because no dilutive instruments had been issued or granted.

The net profit per "C" share of 0.09p (six months ended 31 August 2010: net loss of 0.57p per "C" share; year ended 28 February 2011: net loss of 0.54p per "C" share) is based on the net profit for the period of £11,000 (six months ended 31 August 2010: net loss of £60,000; year ended 28 February 2011: net loss of £60,000) and the weighted average number of "C" shares in issue during the period of 11,329,107 (six months ended 31 August 2010: 10,515,992; year ended 28 February 2011: 10,919,208).

The basic revenue return per "C" share of 0.82p (six months ended 31 August 2010: 0.16p; year ended 28 February 2011: 0.75p) is based on the basic revenue return for the period of £93,000 (six months ended 31 August 2010: £17,000; year ended 28 February 2011: £82,000) and the weighted average number of "C" shares in issue during the period of 11,329,107 (six months ended 31 August 2010: 10,515,992; year ended 28 February 2011: 10,919,208).

The net capital loss per "C" share of 0.73p (six months ended 31 August 2010: net capital loss of 0.73p; year ended 28 February 2011: net capital loss of 1.29p) is based on the net capital loss for the period of £82,000 (six months ended 31 August 2010: net capital loss of £77,000; year ended 28 February 2011: net capital loss of £142,000) and the weighted average number of "C" shares in issue during the period of 11,329,107 (six months ended 31 August 2010: 10,515,992; year ended 28 February 2011: 10,919,208).

There were no differences between basic and diluted return per "C" share because no dilutive instruments had been issued or granted.

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 8. Investments

Six months ended 31 August 2011 (unaudited)	Ordinary Shares			Shares £000	Loan Stock £000	"C" Shares		Shares £000	Loan Stock £000	Total Total £000
	Shares £000	Loan Stock £000	Total £000			Total £000	Total £000			
<b>Opening position</b>										
Opening cost	6,940	6,755	13,695	900	3,060	3,960	7,840	9,815	17,655	
Opening unrealised gains/(losses)	2,599	(38)	2,561	-	-	-	2,599	(38)	2,561	
Opening fair value	9,539	6,717	16,256	900	3,060	3,960	10,439	9,777	20,216	
<b>During the period</b>										
Purchases at cost	-	14	14	1,000	873	1,873	1,000	887	1,887	
Investment proceeds	-	-	-	-	(300)	(300)	-	(300)	(300)	
Unrealised gains	586	2	588	-	-	-	586	2	588	
Realised losses	-	(112)	(112)	-	-	-	-	(112)	(112)	
Closing fair value	10,125	6,621	16,746	1,900	3,633	5,533	12,025	10,254	22,279	
<b>Closing position</b>										
Closing cost	6,940	6,769	13,709	1,900	3,633	5,533	8,840	10,402	19,242	
Closing unrealised gains/(losses)	3,073	(36)	3,037	-	-	-	3,073	(36)	3,037	
Closing realised losses	-	(112)	(112)	-	-	-	-	(112)	(112)	
Closing fair value	10,125	6,621	16,746	1,900	3,633	5,533	12,025	10,254	22,279	

Six months ended 31 August 2010 (unaudited)	Ordinary Shares			Shares £000	Loan Stock £000	"C" Shares		Shares £000	Loan Stock £000	Total Total £000
	Shares £000	Stock £000	Total £000			Total £000	Total £000			
<b>Opening position</b>										
Opening cost	6,558	6,047	12,605	-	325	325	6,558	6,372	12,930	
Opening unrealised gains/(losses)	1,743	(43)	1,700	-	-	-	1,743	(43)	1,700	
Opening fair value	8,301	6,004	14,305	-	325	325	8,301	6,329	14,630	
<b>During the period</b>										
Purchases at cost	334	708	1,042	500	1,400	1,900	834	2,108	2,942	
Investment proceeds	-	-	-	-	(375)	(375)	-	(375)	(375)	
Unrealised gains	1,962	2	1,964	-	-	-	1,962	2	1,964	
Closing fair value	10,597	6,714	17,311	500	1,350	1,850	11,097	8,064	19,161	
<b>Closing position</b>										
Closing cost	6,892	6,755	13,647	500	1,350	1,850	7,392	8,105	15,497	
Closing unrealised gains/(losses)	3,705	(41)	3,664	-	-	-	3,705	(41)	3,664	
Closing fair value	10,597	6,714	17,311	500	1,350	1,850	11,097	8,064	19,161	

Year ended 28 February 2011 (audited)	Shares £000	Loan Stock £000	Ordinary Shares Total £000	Shares £000	Loan Stock £000	"C" Shares Total £000	Shares £000	Loan Stock £000	Total Total £000
<b>Opening position</b>									
Opening cost	6,558	6,047	12,605	-	325	325	6,558	6,372	12,930
Opening unrealised gains/ (losses)	1,743	(43)	1,700	-	-	-	1,743	(43)	1,700
Opening fair value	8,301	6,004	14,305	-	325	325	8,301	6,329	14,630
<b>During the year</b>									
Purchases at cost	382	708	1,090	900	3,110	4,010	1,282	3,818	5,100
Investment proceeds	-	-	-	-	(375)	(375)	-	(375)	(375)
Unrealised gains	856	5	861	-	-	-	856	5	861
Closing fair value	9,539	6,717	16,256	900	3,060	3,960	10,439	9,777	20,216
<b>Closing position</b>									
Closing cost	6,940	6,755	13,695	900	3,060	3,960	7,840	9,815	17,655
Closing unrealised gains/(losses)	2,599	(38)	2,561	-	-	-	2,599	(38)	2,561
Closing fair value	9,539	6,717	16,256	900	3,060	3,960	10,439	9,777	20,216

The shares held by the Company represent equity holdings in unquoted UK companies and equity based derivatives. The Investment Manager's Report on pages 4 to 9 provides details in respect of the Company's shareholding in each investment. The investments acquired and disposed of during the period are detailed in the Investment Manager's Report.

Through development funding agreements entered into by Redeven Energy Limited, the Company holds the right to invest in companies which hold lease options on sites for which Redeven Energy Limited obtains planning permission. The Investment Manager's Report provides further details in respect of this investment. The value of the ordinary share fund's investments in shares includes the value attributed to Redeven Energy Limited, which derives from the value of the investment rights attached to the development funding agreements.

## 9 Trade and other receivables

As at 31 August 2011 (unaudited)	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Non-current assets</b>			
Accrued interest income	99	164	263
	99	164	263
<b>Current assets</b>			
Accrued interest income	501	187	688
Other receivables	14	48	62
Prepayments	8	6	14
Corporation tax	-	50	50
	523	291	814

**9 Trade and other receivables (continued)**

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>As at 31 August 2010 (unaudited)</b>			
<b>Non-current assets</b>			
Accrued interest income	172	63	235
	172	63	235
<b>Current assets</b>			
Accrued interest income	538	14	552
Other receivables	19	68	87
Prepayments	10	7	17
	567	89	656
<b>As at 28 February 2011 (audited)</b>			
<b>Non-current assets</b>			
Accrued interest income	74	122	196
	74	122	196
<b>Current assets</b>			
Accrued interest income	767	103	870
Other receivables	5	48	53
Prepayments	9	6	15
Corporation tax	-	54	54
	781	211	992

Included in accrued interest income is mezzanine loan stock interest totalling £263,000 (31 August 2010: £235,000; 28 February 2011: £196,000) which is due after more than one year, which represents non-current assets. The Directors consider that the carrying amounts of trade and other receivables approximate to their fair value.

**10. Cash and cash equivalents**

The total cash and cash equivalents held in the ordinary share fund was £287,000 at 31 August 2011 (31 August 2010: £444,000; 28 February 2011: £160,000). The increase in cash and cash equivalents during the period was due to the receipt of investment income, offset by payment of investment management fees, expenses and dividends and purchase of investments.

The total cash and cash equivalents held in the "C" share fund was £4,574,000 at 31 August 2011 (31 August 2010: £8,541,000; 28 February 2011: £6,242,000). The reduction in cash and cash equivalents during the period was attributable to the purchase of investments and payment of investment management fees and other expenses offset by income received from investments, proceeds from loan investments being repaid and deposit interest received.

The Directors consider that the carrying amounts of the cash and cash equivalents approximate to their fair value.

**11. Trade and other payables**

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>As at 31 August 2011 (unaudited)</b>			
Corporation tax	79	-	79
Other payables	-	15	15
Accruals	48	34	82
	127	49	176
<b>As at 31 August 2010 (unaudited)</b>			
Corporation tax	37	(37)	-
Other payables	5	60	65
Accruals	26	18	44
	68	41	109
<b>As at 28 February 2011 (audited)</b>			
Corporation tax	67	-	67
Other payables	10	9	19
Accruals	36	24	60
	113	33	146

The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

12. Share capital

Authorised	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	
<b>At 1 March 2011 (audited)</b>	40,000,000	10,000	20,000,000	5,000	15,000
<b>At 31 August 2011 (unaudited)</b>	40,000,000	10,000	20,000,000	5,000	15,000

Allotted, called up and fully paid	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	
<b>At 1 March 2011 (audited)</b>	16,384,793	4,096	11,329,107	2,832	6,928
<b>At 31 August 2011 (unaudited)</b>	16,384,793	4,096	11,329,107	2,832	6,928

Authorised	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	
<b>At 1 March 2010 (audited)</b>	40,000,000	10,000	20,000,000	5,000	15,000
<b>At 31 August 2010 (unaudited)</b>	40,000,000	10,000	20,000,000	5,000	15,000

Allotted, called up and fully paid	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	
<b>At 1 March 2010 (audited)</b>	16,384,793	4,096	6,924,686	1,731	5,827
Allotted, called up and fully paid during the year	-	-	4,404,421	1,101	1,101
<b>At 31 August 2010 (unaudited)</b>	16,384,793	4,096	11,329,107	2,832	6,928

Authorised	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	
<b>At 1 March 2010 (audited)</b>	40,000,000	10,000	20,000,000	5,000	15,000
<b>At 28 February 2011 (audited)</b>	40,000,000	10,000	20,000,000	5,000	15,000

Allotted, called up and fully paid	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	
<b>At 1 March 2010 (audited)</b>	16,384,793	4,096	6,924,686	1,731	5,827
Allotted, called up and fully paid during the year	-	-	4,404,421	1,101	1,101
<b>At 28 February 2011 (audited)</b>	16,384,793	4,096	11,329,107	2,832	6,928

### **13. Basic and diluted net asset value per share**

The net asset value per ordinary share of 107.0p at 31 August 2011 (31 August 2010: 112.5p; 28 February 2011: 104.7p) is based on net assets attributable to the ordinary shareholders of £17,528,000 (31 August 2010: £18,426,000; 28 February 2011: £17,158,000) and the number of shares in issue as at 31 August 2011 of 16,384,793 (31 August 2010: 16,384,793; 28 February 2011: 16,384,793).

The net asset value per "C" share of 92.8p at 31 August 2011 (31 August 2010: 92.7p; 28 February 2011: 92.7p) is based on net assets attributable to the "C" shareholders of £10,513,000 (31 August 2010: £10,502,000; 28 February 2011: £10,502,000) and the number of shares in issue as at 31 August 2011 of 11,329,107 (31 August 2010: 11,329,107; 28 February 2011: 11,329,107).

### **14. Dividends**

An interim dividend of 1.50p per ordinary share has been declared for the half-year ended 31 August 2011 which will be paid on 11 January 2012 to all ordinary shareholders on the register as at close of business on 9 December 2011. A final dividend for the year ended 28 February 2011 of 1.60p per ordinary share was paid on 10 August 2011. An interim dividend of 1.00p per "C" share has been declared which will be paid on 11 January 2012 to all "C" shareholders on the register as at close of business on 9 December 2011. This is the first dividend to be paid to "C" shareholders.

### **15. Events since period end**

Since the period end the Company's "C" share fund has invested a further £75,000 in Allt Dearg Wind Farmers LLP by way of a loan under a £300,000 two year loan facility dated 15 March 2011 of which a total £275,000 has now been drawn.

Since the period end Renewable Power Systems Limited part repaid its loan with the Company's "C" share fund by £50,000 and paid interest of £10,600. The outstanding balance of the loan is £300,000.

### **16. Contingencies, guarantees and financial commitments**

The contingencies, guarantees and financial commitments of the Company were disclosed in the annual report and financial statements for the year ended 28 February 2011. In addition to those contingencies, guarantees and financial commitments previously disclosed, the Company has entered into the following agreements:

On 26 July 2011, the Company registered a charge over its shares in White Mill Wind Farm Limited to The Co-operative Bank plc as security for a senior loan facility of up to £15.5 million raised by White Mill Wind Farm Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of White Mill Wind Farm Limited.

On 15 March 2011 the Company provided a two year loan facility to Allt Dearg Wind Farmers LLP of £300,000 of which £200,000 had been drawn down and £100,000 was outstanding to be drawn as at 31 August 2011. A further £75,000 has been drawn down since the period end.

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 17. Related parties

The Company appointed Temporis Capital LLP as Investment Manager on 12 September 2011 and terminated the appointment of Climate Change Capital Limited as its Investment Manager on the same day with no notice period. Details of the fees paid to Climate Change Capital Limited, the Investment Manager during the six months ended 31 August 2011, are set out in note 3. Climate Change Capital Limited was a related party during the period ended 31 August 2011 as Charles Conner was both an employee of Climate Change Capital Limited and a director of the Company.

The investee companies in which the Company has a shareholding of 20% or more are considered to be related parties. The significant changes to the balances and transactions with these companies are presented in the Investment Manager's Report. The aggregate balances at the period end and transactions with these companies during the six months to 31 August 2011 are summarised below.

<b>As at 31 August 2011 (unaudited)</b>	<b>Ordinary Shares £000</b>	<b>"C" Shares £000</b>	<b>Total £000</b>
<b>Balances</b>			
Investments - shares	6,830	1,900	8,730
Investments - loan stock	6,341	1,673	8,014
Accrued interest income	570	3	573
<b>Transactions</b>			
Loan stock interest income	340	3	343
Dividend income	105	-	105

<b>As at 31 August 2010 (unaudited)</b>	<b>Ordinary Shares £000</b>	<b>"C" Shares £000</b>	<b>Total £000</b>
<b>Balances</b>			
Investments - shares	7,005	-	7,005
Investments - loan stock	5,765	-	5,765
Accrued interest income	640	-	640
<b>Transactions</b>			
Loan stock interest income	310	-	310
Dividend income	80	-	80

<b>As at 28 February 2011 (audited)</b>	<b>Ordinary Shares £000</b>	<b>"C" Shares £000</b>	<b>Total £000</b>
<b>Balances</b>			
Investments - shares	6,270	900	7,170
Investments - loan stock	6,436	1,000	7,436
Accrued interest income	789	124	913
<b>Transactions</b>			
Loan stock interest income	700	124	824
Dividend income	107	-	107

## 18. Report distribution

In accordance with the Company's commitment to environmental sustainability and to minimise costs wherever appropriate, the financial statements will continue to be made available through regulated news service providers and will also be available in the Financial Reports section of the Company's website [www.ventusvct.com](http://www.ventusvct.com). Any shareholder who wishes to receive notification of reports by email or post may request this by contacting the Registrar at the Company's registered address c/o Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Greenfield Wind Farm Limited's  
wind farm in construction in 2010.  
(Photograph: José Vega-Lozano)



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