



# Ventus 2 VCT plc

## Half-yearly Financial Report

for the six month period ended 31 August 2011



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Ventus 2 VCT plc invests in companies that develop, construct and operate renewable energy projects.

I am pleased to present the financial report of Ventus 2 VCT plc (the "Company") for the six month period ended 31 August 2011.

## Overview

The period since 28 February 2011 has been a challenging one for the Company, as a further write-down of £4,141,000, or 16.87 pence per ordinary share, has been recorded on investments in companies operating biomass power plants. The Company also appointed a new Investment Manager during this period.

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 of the ordinary share fund of the Company decreased from 75.9p per ordinary share at 28 February 2011 to 59.6p per ordinary share at 31 August 2011. The net asset value of the "C" share fund of the Company increased from 92.4p per "C" share at 28 February 2011 to 92.8p per "C" 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. 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.

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, experience and expertise to manage the existing portfolio and to successfully implement the future investment programme. 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.

## Group

The Company has a shareholding of 60% of the ordinary shares issued by each of Redeven Energy Limited and Spurlens Rig Wind Limited. These shareholdings constitute controlling interests therefore these companies are subsidiaries of the Company. The consolidated financial statements of the Company and its subsidiaries (the "Group") are presented in this half-yearly report.

## Net Asset Value and Results – Ordinary Shares

At 31 August 2011, the net asset value of the ordinary share fund of the Company attributable to equity shareholders stood at £14,624,000 or 59.6p per ordinary share.

The Group's revenue profit attributable to ordinary shareholders for the six month period ended 31 August 2011 was £264,000 or 1.08p per ordinary share. The Group's capital loss attributable to ordinary shareholders for the period was £4,034,000 or 16.44p per ordinary share, resulting in a net loss to ordinary shareholders for the period of £3,770,000 or 15.36p per ordinary share (six months ended 31 August 2010: net profit of £842,000 or 4.18p per ordinary share; year ended 28 February 2011: net loss of £1,654,000 or 7.41p per ordinary share).

The value of investments and investments in subsidiaries held by the Company's ordinary share fund at 31 August 2011 was £13,328,000 compared to £17,106,000 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 value of the Company's waste wood biomass investments was written down by a further £4,141,000 during the six months to 31 August 2011 which has had a significant impact on the Company's portfolio value.

The income generated in the ordinary share fund during the period comprised interest earned on loan stock and cash deposits and dividends earned from investee companies. Total income attributable to the ordinary share fund for the six month period to 31 August 2011 was £505,000 compared to £635,000 for the six month period ended 31 August 2010. The impairment of the interest accrued on the loans with the Company's waste wood biomass investments has had a significant impact on the Company's income. Also, the Company has received reduced dividends during the six months compared to the same period last year.

The Company has not declared an interim dividend in respect of the ordinary share fund in order to preserve the Company's cash resources.

## Investments in PBM Power Limited, Sandsfield Heat & Power Limited and Twinwoods Heat & Power Limited – Ordinary Shares

In the financial statements of the Company for the year ended 28 February 2011, the Company recorded write-downs on its investments in three companies building and operating biomass power plants. The companies were PBM Power Limited ("PBM"), Sandsfield Heat & Power Limited ("SHPL") and Twinwoods Heat & Power Limited ("THPL"). The write-downs totalled £2,454,000, with PBM (including amounts advanced to fund the company's operating costs) being written down by £1,104,000, SHPL being written down by £950,000 and THPL being written down by £400,000. The written-down values at 28 February 2011, including accrued interest on mezzanine loan stock were £nil for PBM, £2,096,000 for SHPL and £2,045,000 for THPL.

For the reasons set out below, the Board decided in September 2011 to record full write-downs of the remaining balances of the investments in SHPL and THPL, including the interest accrued on the mezzanine loan stock. The effect of the further write-downs of SHPL and THPL is to reduce the Company's NAV by

£4,141,000, or 16.87 pence per share.

The financial statements of the Company for the year ended 28 February 2011 outlined the key factors impacting on the valuation of SHPL and THPL and stated that the valuations were subject to a high degree of uncertainty. The financial statements also stated that the validity of the valuation assumptions was dependent on the completion of renegotiation of contracts and debt finance terms with third parties which were in progress at the date of preparation of the financial statements.

Bioflame Limited ("Bioflame"), the technology provider and contractor for the biomass power plants owned by PBM, SHPL and THPL, became insolvent and stopped trading in September 2011 as a result of withdrawal of support of its principal backer. Bioflame entered liquidation on 4 October 2011. The financial, technical and operational stability of Bioflame was an important factor supporting the Company's valuations of SHPL and THPL as at 28 February 2011. Bioflame's ceasing to trade also resulted in a suspension of the contract renegotiations referenced above.

The Company's investment manager, Temporis Capital LLP ("Temporis"), is continuing to work with PBM, SHPL and THPL, as well as with the lending banks to these investee companies and with external engineering consultants, with a view to developing a plan for bringing the biomass power plants forward to sustainable operation. At the present time, the likely outcome of these efforts is uncertain.

The write-downs of the investments in PBM, SHPL and THPL do not affect the Company's "C" shares.

### **Effective Recovery of £530,000 Loaned to PBM – Ordinary Shares**

The Company disclosed in its financial statements for the year ended 28 February 2011 that an unsecured loan of £530,000 was made to PBM to fund its operating expenses. This loan was not approved by the Ventus Investment Committee of Climate Change Capital Limited (the investment manager at the time) and was recognised as a realised capital loss in the financial statements for the year ended 28 February 2011.

Since the period end, Temporis has agreed to waive investment management fees amounting to £530,000 in relation to the ordinary share fund. Also, in order to reinforce the Company's financial position, Temporis has agreed to advance a £530,000 interest-free loan to the Company's ordinary share fund, to be repaid by the Company over the period of time that the waived investment management fees would otherwise have been charged.

### **Net Asset Value and Results and Dividend – "C" Shares**

At the period end, the net asset value per "C" share of the Company stood at £10,510,000 or 92.8p per "C" share. The revenue profit attributable to "C" shareholders for the period was £101,000 or 0.89p per "C" share. The capital loss attributable to "C" shareholders for the period was £59,000 or 0.52p per "C" share, resulting in a net profit attributable to "C" shareholders for the six months ended 31 August 2011 of £42,000 or 0.37p per "C" share (six months ended 31 August 2011: loss of £45,000 or 0.43p per "C" share; year ended 28 February 2011; net loss of £75,000 or 0.68p per "C" share).

The value of investments held at 31 August 2011 by 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. Total income attributable to the "C" share fund for the six months to 31 August 2011 was £210,000 (six months ended 31 August 2011: £95,000). The increase in income was primarily attributable to the increase in loan stock interest as the "C" share fund has made further investments.

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 new "C" share capital that has been raised. The investments made constitute the important events of the period.

## Group 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	264	1.08	101	0.89	365
Capital loss attributable to equity shareholders	(4,034)	(16.44)	(59)	(0.52)	(4,093)
Net loss attributable to equity shareholders	(3,770)	(15.36)	42	0.37	(3,728)
Dividends paid during the period	(245)	1.00	-	-	(245)
Total movement in equity shareholders' funds	(4,015)	(14.36)	42	0.37	(3,973)
		%		%	%
Total expense ratio <sup>2</sup>		4.78%		3.41%	4.21%

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	14,616	59.6	10,510	92.8	25,126
Total shareholder return <sup>4</sup>	16,168	70.5	10,510	92.8	26,678

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 Company's total operating expenditure during the period (excluding irrecoverable VAT, merger costs and investment costs) as a percentage of the net asset value of the Company at period end, as determined in the Investment Management Agreement.

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 Group attributable to equity holders at period end plus the cumulative dividends paid since incorporation.

The performance of the Group is reviewed in the Investment Manager's Report, including the Company's compliance with HM Revenue & Customs ("HMRC") VCT regulations. The Group'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 17 companies including two subsidiaries, with a total value of £13.33 million. The "C" share fund held investments in 8 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. All investments are structured so as to be treated as qualifying holdings for the purposes of Venture Capital Trust ("VCT") regulations, unless otherwise stated.

## 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.*

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## 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 and financial position of the Company and Group and the loss of the Group 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.

**Alan Moore OBE**

Chairman

27 October 2011

Temporis Capital LLP (the "Investment Manager") presents 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 during the six months ended 31 August 2011 is given below.

**Ordinary Shares**

		Voting rights as at 31 August 2011 %	Shares as at 31 August 2011 £000	Loans as at 31 August 2011 £000	Investment value Total as at 31 August 2011 £000	Shares as at 31 August 2011 £000	Loans as at 31 August 2011 £000	Investment cost Total as at 31 August 2011 £000	Unrealised and realised gains/ (losses) 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
<b>Operational: Wind</b>											
Craig Wind Farm Limited*	Q	12.50%	655	343	998	497	341	838	54	944	838
Achairn Energy Limited*	Q	40.40%	1,950	1,332	3,282	1,226	1,289	2,515	129	3,153	2,515
A7 Lochhead Limited*	Q	20.00%	556	122	678	569	121	690	32	646	690
Greenfield Wind Farm Limited*	PQ	16.65%	666	1,332	1,998	666	1,332	1,998	-	1,998	1,998
<b>Operational companies in the wind sector</b>											
Broadview Energy Limited*	Q	2.22%	500	1,800	2,300	200	1,800	2,000	-	2,300	2,000
Firefly Energy Limited*	Q	50.00%	196	200	396	200	200	400	96	300	400
<b>Operational: Landfill gas</b>											
Redimo LFG Limited*	Q	50.00%	-	-	-	1,000	-	1,000	-	-	1,000
Renewable Power Systems (Dargan Road) Limited	Q	50.00%	615	1,164	1,779	780	1,120	1,900	77	1,702	1,900
<b>Waste wood biomass</b>											
PBM Power Limited	Q	25.00%	-	-	-	574	-	574	-	-	574
Sandsfield Heat & Power Limited	Q	44.90%	-	-	-	1,796	1,000	2,796	(2,096)	2,096	2,796
Twinwoods Heat & Power Limited	Q	50.00%	-	-	-	2,000	400	2,400	(2,045)	2,045	2,400
<b>Development and pre-planning</b>											
Osspower Limited		50.00%	300	55	355	300	55	355	-	355	355
The Small Hydro Company Limited		22.50%	115	534	649	115	534	649	-	579	579
Redeven Energy Limited ** *		60.00%	167	367	534	-	534	534	-	534	534
Spurlens Rig Wind Limited *** *		60.00%	174	45	219	174	45	219	-	198	198
Wind Power Renewables Limited*	Q	48.00%	20	120	140	252	120	372	(116)	256	372
Olgrinmore Limited*		17.60%	-	-	-	68	-	68	-	-	68
<b>Total</b>			<b>5,914</b>	<b>7,414</b>	<b>13,328</b>	<b>10,417</b>	<b>8,891</b>	<b>19,308</b>	<b>(3,869)</b>	<b>17,106</b>	<b>19,217</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 VCT plc's ordinary share fund has also invested. The Company and Ventus 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). On the Company's Statement of Financial Position the value attributed to Redeven Energy Limited is apportioned between investments, in respect of the investment rights attached to the development funding agreements and investments in subsidiaries in respect of the Company's holding in Redeven Energy Limited.

\*\*\* Spurlens Rig Wind Limited is accounted for within investments in subsidiaries on the Company Statement of Financial Position.

**Summary of Investments – Ordinary Share Portfolio**

*Operational wind farms*

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

	Wind farm capacity (megawatts)	Operational since	Location
Craig Wind Farm Limited	10.0	October 2007	Scottish Borders
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	South 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.

*Operational 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 four-turbine wind project in Leicestershire
- > financial close and commencement of construction on Seamer, a five-turbine wind project in Teesside
- > receipt of planning consent on Westnewton, a 3-turbine wind project in Cumbria

In total, Broadview's portfolio includes seven turbines (15.20 megawatts) in operation, five turbines (10.25 megawatts) in construction and three 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 provide power purchase agreements and to roll out its strategy to provide 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 from the power purchase agreement business 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.

**Renewable Power Systems (Dargan Road) Limited**

Renewable Power Systems (Dargan Road) Limited continues to perform in line with expectations. The increase in valuation of the Company's investment is due to expected cash flows now being discounted over a shorter

period.

*Waste wood biomass investments*

**PBM Power Limited, Sandsfield Heat & Power Limited, Twinwoods Heat & Power Limited**

As discussed in the Chairman's Statement, the Company's investments in PBM Power Limited, Sandsfield Heat & Power Limited and Twinwoods Heat & Power Limited have been written down to nil value. The Investment Manager is continuing to work with the three companies, as well as with the lending banks to the companies and with external engineering consultants, with a view to developing a plan for bringing the businesses forward to sustainable operation. At the present time, the likely outcome of these efforts is uncertain.

*Development and pre-planning investments*

**Osspower Limited**

Osspower Limited has begun construction of its first small hydro scheme (Allt Fionn Ghlinne) in Scotland, having secured £6.45 million of bank financing in May 2011. Ventus 2 VCT plc has entered into a cost overrun guarantee with the lending bank on behalf of Osspower Limited in the amount of £750,000. The guarantee is in the form of a loan to be drawn down in the event of the construction costs of this scheme exceeding £7.5 million. As at the date of this report, the Investment Manager considers the probability of the guarantee being drawn down to be very low and the value of the liability associated with the guarantee is considered to be insignificant at 31 August 2011. Further details are presented in note 19 of the financial statements. The value of the Company's investment is held at cost of investment as at 31 August 2011.

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### **The Small Hydro Company Limited**

The Small Hydro Company Limited holds planning permission on five low head run of river hydro electric projects in England and is currently assessing the strategic options for raising further finance to construct and operate the projects. The schemes are expected to be eligible under the Feed-In Tariff regime. The Feed-In Tariff regime is expected to be subject to further government consultation in the coming months and this is likely to have implications for the way forward for the current schemes and the longer term strategy of The Small Hydro Company Limited.

The Company has a 22.5% equity share in The Small Hydro Company Limited and has also provided a shareholder loan facility of £534,000.

### **Redeven Energy Limited**

Through a development funding agreement 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 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.

### **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.

# INVESTMENT MANAGER'S REPORT

Continued

## “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			Investment value Total as at 28 February 2011	Investment cost Total as at 28 February 2011	
		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
<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 VCT plc's “C” share fund has also invested. The Company and Ventus 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 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 Craiggannet, 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 plants. 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 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 will be 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 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 details).

#### **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 a 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 £1million for 25% of the ordinary share capital, and has provided a mezzanine loan facility of £672,500. The “C” share fund of Ventus 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 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 and investments in subsidiaries 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 company’s generating assets are expected to

produce and operating costs.

The fair value of the Company's investments in 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. Details of the valuations are shown in the table above.

## 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 Group for any purpose, the Directors shall restrict the borrowings of the Group. The aggregate principal amount at any time outstanding in respect of money borrowed by the Group 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 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 (FIT) 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. The outcome of the comprehensive FIT review could be relevant to the Company's investments Osspower Limited and The Small Hydro Company. Further consultation on the comprehensive review of the FIT 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 farms 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

27 October 2011

## DIRECTORS AND ADVISERS

### Directors

Alan Moore (Chairman)  
Paul Thomas  
Colin Wood

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### Company Secretary

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### Auditor

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### Principal Banker

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### Registrar & Registered Office

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The Registry  
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### Broker

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### VCT Taxation Adviser

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### Solicitors

Berwin Leighton Paisner LLP  
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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 comprise the group statement of comprehensive income, the group and company statements of financial position, the group and company statements of changes in equity, the group and company statements 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

27 October 2011

# GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2011 (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 unrealised loss on investments	8	-	(3,126)	(3,126)	-	-	-	-	(3,126)	(3,126)
Realised loss on investments	8	-	(576)	(576)	-	-	-	-	(576)	(576)
Income	2	505	-	505	210	-	210	715	-	715
Investment management fees	3	(63)	(189)	(252)	(33)	(98)	(131)	(96)	(287)	(383)
Other expenses	4	(130)	(293)	(423)	(51)	(4)	(55)	(181)	(297)	(478)
<b>(Loss)/profit before taxation</b>		312	(4,184)	(3,872)	126	(102)	24	438	(4,286)	(3,848)
Taxation	6	(56)	38	(18)	(25)	43	18	(81)	81	-
<b>(Loss)/profit and total comprehensive income for the period</b>		256	(4,146)	(3,890)	101	(59)	42	357	(4,205)	(3,848)
<b>Attributable to:</b>										
<b>The Company's equity shareholders</b>		264	(4,034)	(3,770)	101	(59)	42	365	(4,093)	(3,728)
<b>Minority interest</b>		(8)	(112)	(120)	-	-	-	(8)	(112)	(120)
<b>(Loss)/profit and total comprehensive income for the period</b>		256	(4,146)	(3,890)	101	(59)	42	357	(4,205)	(3,848)
<b>Return per share</b>										
Basic and diluted return per share (p)	7	<b>1.08</b>	<b>(16.44)</b>	<b>(15.36)</b>	<b>0.89</b>	<b>(0.52)</b>	<b>0.37</b>			

The Group has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Group'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 27 to 44 form an integral part of these financial statements.

# GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2010 (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 unrealised gain on investments	8	-	534	534	-	-	-	-	534	534
Income	2	635	-	635	95	-	95	730	-	730
Investment management fees	3	(52)	(156)	(208)	(31)	(92)	(123)	(83)	(248)	(331)
Merger costs		(30)	-	(30)	-	-	-	(30)	-	(30)
Other expenses	4	(67)	-	(67)	(39)	-	(39)	(106)	-	(106)
<b>Profit/(loss) before taxation</b>		486	378	864	25	(92)	(67)	511	286	797
Taxation	6	(54)	32	(22)	(5)	27	22	(59)	59	-
<b>Profit/(loss) and total comprehensive income attributable to equity shareholders</b>		432	410	842	20	(65)	(45)	452	345	797

## Return per share

Basic and diluted return per share (p)	7	<b>2.14</b>	<b>2.04</b>	<b>4.18</b>	<b>0.19</b>	<b>(0.62)</b>	<b>(0.43)</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 Group'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 27 to 44 form an integral part of these financial statements.

# GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2011 (audited)

	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 unrealised loss on investments	8	-	(1,284)	(1,284)	-	-	-	-	(1,284)	(1,284)
Realised loss on investments	8	-	(268)	(268)	-	-	-	-	(268)	(268)
Income	2	1,127	-	1,127	262	-	262	1,389	-	1,389
Investment management fees	3	(118)	(354)	(472)	(64)	(190)	(254)	(182)	(544)	(726)
Impairment charge		-	(530)	(530)	-	-	-	-	(530)	(530)
Merger costs		(31)	-	(31)	-	-	-	(31)	-	(31)
Other expenses	4	(154)	(42)	(196)	(83)	-	(83)	(237)	(42)	(279)
<b>(Loss)/profit before taxation</b>		824	(2,478)	(1,654)	115	(190)	(75)	939	(2,668)	(1,729)
Taxation	6	(90)	90	-	(24)	24	-	(114)	114	-
<b>(Loss)/profit and total comprehensive income attributable to equity shareholders</b>		734	(2,388)	(1,654)	91	(166)	(75)	825	(2,554)	(1,729)

## Return per share

Basic and diluted return per share (p)	7	<b>3.29</b>	<b>(10.70)</b>	<b>(7.41)</b>	<b>0.84</b>	<b>(1.52)</b>	<b>(0.68)</b>
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The Group has only one class of business and derives its income from investments made in the UK.

The total column of this statement represents the Group'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 27 to 44 form an integral part of these financial statements.

# GROUP 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 Reclassified* (unaudited)		Ordinary Shares £000	As at 28 February 2011 Reclassified* (audited)		
		"C" Shares £000	Total £000		"C" Shares £000	Total £000		"C" Shares £000	Total £000	
<b>Non-current assets</b>										
Investments	8	12,742	5,533	18,275	19,158	1,850	21,008	16,374	3,960	20,334
Development wind assets	10	331	-	331	271	-	271	293	-	293
Trade and other receivables	11	1,372	164	1,536	1,078	62	1,140	1,373	103	1,476
		14,445	5,697	20,142	20,507	1,912	22,419	18,040	4,063	22,103
<b>Current assets</b>										
Trade and other receivables	11	392	263	655	1,090	67	1,157	614	175	789
Cash and cash equivalents	12	346	4,579	4,925	535	8,547	9,082	664	6,254	6,918
		738	4,842	5,580	1,625	8,614	10,239	1,278	6,429	7,707
<b>Total assets</b>		15,183	10,539	25,722	22,132	10,526	32,658	19,318	10,492	29,810
<b>Current liabilities</b>										
Trade and other payables	13	(183)	(29)	(212)	(147)	(28)	(175)	(197)	(24)	(221)
<b>Net current assets</b>		555	4,813	5,368	1,478	8,586	10,064	1,081	6,405	7,486
Financial liabilities	14	(386)	-	(386)	(372)	-	(372)	(372)	-	(372)
<b>Net assets</b>		14,614	10,510	25,124	21,613	10,498	32,111	18,749	10,468	29,217
Share capital	15	6,134	2,832	8,966	6,134	2,832	8,966	6,134	2,832	8,966
Share premium		7,890	7,874	15,764	7,890	7,874	15,764	7,890	7,874	15,764
Special reserve		7,803	-	7,803	7,803	-	7,803	7,803	-	7,803
Capital reserve – realised		(2,663)	(329)	(2,992)	(775)	(169)	(944)	(1,755)	(270)	(2,025)
Capital reserve – unrealised		(4,968)	-	(4,968)	(24)	-	(24)	(1,842)	-	(1,842)
Revenue reserve		420	133	553	467	(39)	428	401	32	433
<b>Equity attributable to equity holders</b>		14,616	10,510	25,126	21,495	10,498	31,993	18,631	10,468	29,099
Minority interests		(2)	-	(2)	118	-	118	118	-	118
<b>Total equity</b>		14,614	10,510	25,124	21,613	10,498	32,111	18,749	10,468	29,217
<b>Basic and diluted net asset value per share (p)</b>										
	16	59.6	92.8		87.6	92.7		75.9	92.4	

\* The Group Statements of Financial Position as at 31 August 2010 and 28 February 2011 have been adjusted to reflect the reclassification of development wind assets to trade and other receivables. These adjustments are further explained in notes 10 and 11 of the financial statements

Approved by the Board and authorised for issue on 27 October 2011.

**Paul Thomas**

Director

Ventus 2 VCT plc. Registered No: 05667210

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# COMPANY 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	12,742	5,533	18,275	19,158	1,850	21,008	16,374	3,960	20,334
Investments in subsidiaries	9	586	-	586	732	-	732	732	-	732
Trade and other receivables	11	750	164	914	301	62	363	570	103	673
		14,078	5,697	19,775	20,191	1,912	22,103	17,676	4,063	21,739
<b>Current assets</b>										
Trade and other receivables	11	340	263	603	1,002	67	1,069	510	175	685
Cash and cash equivalents	12	325	4,579	4,904	442	8,547	8,989	630	6,254	6,884
		665	4,842	5,507	1,444	8,614	10,058	1,140	6,429	7,569
<b>Total assets</b>		14,743	10,539	25,282	21,635	10,526	32,161	18,816	10,492	29,308
<b>Current liabilities</b>										
Trade and other payables	13	(119)	(29)	(148)	(142)	(28)	(170)	(187)	(24)	(211)
<b>Net current assets</b>		546	4,813	5,359	1,302	8,586	9,888	953	6,405	7,358
<b>Net assets</b>		14,624	10,510	25,134	21,493	10,498	31,991	18,629	10,468	29,097
<b>Equity attributable to equity holders</b>										
Share capital	15	6,134	2,832	8,966	6,134	2,832	8,966	6,134	2,832	8,966
Share premium		7,890	7,874	15,764	7,890	7,874	15,764	7,890	7,874	15,764
Special reserve		7,803	-	7,803	7,803	-	7,803	7,803	-	7,803
Capital reserve – realised		(2,663)	(329)	(2,992)	(775)	(169)	(944)	(1,755)	(270)	(2,025)
Capital reserve – unrealised		(4,968)	-	(4,968)	(24)	-	(24)	(1,842)	-	(1,842)
Revenue reserve		428	133	561	465	(39)	426	399	32	431
<b>Total equity</b>		14,624	10,510	25,134	21,493	10,498	31,991	18,629	10,468	29,097
<b>Basic and diluted net asset value per share (p)</b>	16	<b>59.6</b>	<b>92.8</b>		<b>87.6</b>	<b>92.7</b>		<b>75.9</b>	<b>92.4</b>	

Approved by the Board and authorised for issue on 27 October 2011.

**Paul Thomas**

Director

Ventus 2 VCT plc. Registered No: 05667210

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# GROUP 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	Minority interests £000	Total £000
<b>At 1 March 2011</b>	6,134	7,890	7,803	(1,755)	(1,842)	401	118	18,749
Loss and total comprehensive income for the period	-	-	-	(908)	(3,126)	264	(120)	(3,890)
Dividends paid in the period	-	-	-	-	-	(245)	-	(245)
<b>At 31 August 2011</b>	6,134	7,890	7,803	(2,663)	(4,968)	420	(2)	14,614

"C" Shares	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Minority interests £000	Total £000
<b>At 1 March 2011</b>	2,832	7,874	-	(270)	-	32	-	10,468
Profit and total comprehensive income for the period	-	-	-	(59)	-	101	-	42
<b>At 31 August 2011</b>	2,832	7,874	-	(329)	-	133	-	10,510

Total	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Minority interests £000	Total £000
<b>At 1 March 2011</b>	8,966	15,764	7,803	(2,025)	(1,842)	433	118	29,217
Loss and total comprehensive income for the period	-	-	-	(967)	(3,126)	365	(120)	(3,848)
Dividends paid in the period	-	-	-	-	-	(245)	-	(245)
<b>At 31 August 2011</b>	8,966	15,764	7,803	(2,992)	(4,968)	553	(2)	25,124

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# GROUP STATEMENT OF CHANGES IN EQUITY

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

	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Minority interests £000	Total £000
<b>Ordinary Shares</b>								
<b>At 1 March 2010</b>	3,071	658	7,803	(651)	(558)	33	-	10,356
Shares issued in the period	3,063	7,232	-	-	-	-	-	10,295
Changes in equity arising from acquisition of subsidiaries	-	-	-	-	-	2	118	120
Profit and total comprehensive income for the period	-	-	-	(124)	534	432	-	842
<b>At 31 August 2010</b>	6,134	7,890	7,803	(775)	(24)	467	118	21,613

	Share capital £000	Share premium £000		Capital reserve realised £000		Revenue reserve £000		Total £000
<b>"C" Shares</b>								
<b>At 1 March 2010</b>	1,731	4,813		(104)		(59)		6,381
Shares issued in the period	1,101	3,303		-		-		4,404
Issue costs	-	(242)		-		-		(242)
Loss and total comprehensive income for the period	-	-		(65)		20		(45)
<b>At 31 August 2010</b>	2,832	7,874		(169)		(39)		10,498

	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Minority interests £000	Total £000
<b>Total</b>								
<b>At 1 March 2010</b>	4,802	5,471	7,803	(755)	(558)	(26)	-	16,737
Shares issued in the period	4,164	10,535	-	-	-	-	-	14,699
Issue costs	-	(242)	-	-	-	-	-	(242)
Changes in equity arising from acquisition of subsidiaries	-	-	-	-	-	2	118	120
Profit and total comprehensive income for the period	-	-	-	(189)	534	452	-	797
<b>At 31 August 2010</b>	8,966	15,764	7,803	(944)	(24)	428	118	32,111

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2011 (audited)

	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Minority interests £000	Total £000
<b>Ordinary Shares</b>								
<b>At 1 March 2010</b>	3,071	658	7,803	(651)	(558)	33	-	10,356
Share issued in the year	3,063	7,232	-	-	-	-	-	10,295
Changes in equity arising from acquisition of subsidiaries	-	-	-	-	-	2	118	120
Loss and total comprehensive income for the year	-	-	-	(1,104)	(1,284)	734	-	(1,654)
Dividends paid in the year	-	-	-	-	-	(368)	-	(368)
<b>At 28 February 2011</b>	6,134	7,890	7,803	(1,755)	(1,842)	401	118	18,749

	Share capital £000	Share premium £000		Capital reserve realised £000		Revenue reserve £000		Total £000
<b>"C" Shares</b>								
<b>At 1 March 2010</b>	1,731	4,813		(104)		(59)		6,381
Shares issued in the year	1,101	3,303		-		-		4,404
Issue costs	-	(242)		-		-		(242)
Loss and total comprehensive income for the year	-	-		(166)		91		(75)
<b>At 28 February 2011</b>	2,832	7,874		(270)		32		10,468

	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Minority interests £000	Total £000
<b>Total</b>								
<b>At 1 March 2010</b>	4,802	5,471	7,803	(755)	(558)	(26)	-	16,737
Shares issued in the year	4,164	10,535	-	-	-	-	-	14,699
Issue costs	-	(242)	-	-	-	-	-	(242)
Changes in equity arising from acquisition of subsidiaries	-	-	-	-	-	2	118	120
Loss and total comprehensive income for the year	-	-	-	(1,270)	(1,284)	825	-	(1,729)
Dividends paid in the year	-	-	-	-	-	(368)	-	(368)
<b>At 28 February 2011</b>	8,966	15,764	7,803	(2,025)	(1,842)	433	118	29,217

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# COMPANY 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>	6,134	7,890	7,803	(1,755)	(1,842)	399	18,629
Loss and total comprehensive income for the period	-	-	-	(908)	(3,126)	274	(3,760)
Dividends paid in the period	-	-	-	-	-	(245)	(245)
<b>At 31 August 2011</b>	6,134	7,890	7,803	(2,663)	(4,968)	428	14,624

"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		(270)		32	10,468
Profit and total comprehensive income for the period	-	-		(59)		101	42
<b>At 31 August 2011</b>	2,832	7,874		(329)		133	10,510

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>	8,966	15,764	7,803	(2,025)	(1,842)	431	29,097
Loss and total comprehensive income for the period	-	-	-	(967)	(3,126)	375	(3,718)
Dividends paid in the period	-	-	-	-	-	(245)	(245)
<b>At 31 August 2011</b>	8,966	15,764	7,803	(2,992)	(4,968)	561	25,134

All amounts presented in the Company 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 if it is considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# COMPANY 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>	3,071	658	7,803	(651)	(558)	33	10,356
Shares issued in the period	3,063	7,232	-	-	-	-	10,295
Profit and total comprehensive income for the period	-	-	-	(124)	534	432	842
<b>At 31 August 2010</b>	6,134	7,890	7,803	(775)	(24)	465	21,493

"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		(104)		(59)	6,381
Shares issued in the period	1,101	3,303		-		-	4,404
Issue costs	-	(242)		-		-	(242)
Loss and total comprehensive income for the period	-	-		(65)		20	(45)
<b>At 31 August 2010</b>	2,832	7,874		(169)		(39)	10,498

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>	4,802	5,471	7,803	(755)	(558)	(26)	16,737
Shares issued in the period	4,164	10,535	-	-	-	-	14,699
Issue costs	-	(242)	-	-	-	-	(242)
Profit and total comprehensive income for the period	-	-	-	(189)	534	452	797
<b>At 31 August 2010</b>	8,966	15,764	7,803	(944)	(24)	426	31,991

All amounts presented in the Company 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 if it is considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2011 (audited)

	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>Ordinary Shares</b>							
<b>At 1 March 2010</b>	3,071	658	7,803	(651)	(558)	33	10,356
Share issued in the year	3,063	7,232	-	-	-	-	10,295
Loss and total comprehensive income for the year	-	-	-	(1,104)	(1,284)	734	(1,654)
Dividends paid in the year	-	-	-	-	-	(368)	(368)
<b>At 28 February 2011</b>	6,134	7,890	7,803	(1,755)	(1,842)	399	18,629

	Share capital £000	Share premium £000		Capital reserve realised £000		Revenue reserve £000	Total £000
<b>"C" Shares</b>							
<b>At 1 March 2010</b>	1,731	4,813		(104)		(59)	6,381
Shares issued in the year	1,101	3,303		-		-	4,404
Issue costs	-	(242)		-		-	(242)
Loss and total comprehensive income for the year	-	-		(166)		91	(75)
<b>At 28 February 2011</b>	2,832	7,874		(270)		32	10,468

	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>Total</b>							
<b>At 1 March 2010</b>	4,802	5,471	7,803	(755)	(558)	(26)	16,737
Shares issued in the year	4,164	10,535	-	-	-	-	14,699
Issue costs	-	(242)	-	-	-	-	(242)
Loss and total comprehensive income for the year	-	-	-	(1,270)	(1,284)	825	(1,729)
Dividends paid in the year	-	-	-	-	-	(368)	(368)
<b>At 28 February 2011</b>	8,966	15,764	7,803	(2,025)	(1,842)	431	29,097

All amounts presented in the Company 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 if it is considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# GROUP 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 Reclassified* (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	488	70	558	351	14	365	751	14	765
Deposit interest received	1	14	15	1	16	17	2	34	36
Investment management fees paid	(252)	(131)	(383)	(179)	(123)	(302)	(443)	(254)	(697)
Other cash payments	(241)	(55)	(296)	(207)	(48)	(255)	(482)	(118)	(600)
<b>Net cash outflow from operating activities</b>	(4)	(102)	(106)	(34)	(141)	(175)	(172)	(324)	(496)
<b>Cash flows from investing activities</b>									
Purchases of development wind assets	-	-	-	-	-	-	(33)	-	(33)
Purchases of investments	(91)	(1,873)	(1,964)	(1,420)	(1,900)	(3,320)	(1,572)	(4,010)	(5,582)
Proceeds from investments	-	300	300	-	375	375	850	375	1,225
<b>Net cash outflow from investing activities</b>	(91)	(1,573)	(1,664)	(1,420)	(1,525)	(2,945)	(755)	(3,635)	(4,390)
<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	(245)	-	(245)	-	-	-	(368)	-	(368)
Cash received on acquisition of net assets from Ventus 3 VCT plc	-	-	-	639	-	639	639	-	639
Stamp duty on shares issued to acquire net assets of Ventus 3 VCT plc	-	-	-	(22)	-	(22)	(22)	-	(22)
Payments to meet Ventus 3 VCT plc costs	(13)	-	(13)	(32)	-	(32)	(62)	-	(62)
Loan financing	35	-	35	40	-	40	40	-	40
<b>Net cash (outflow)/inflow from financing activities</b>	(223)	-	(223)	625	3,718	4,343	227	3,718	3,945
<b>Net (decrease)/increase in cash and cash equivalents</b>	(318)	(1,675)	(1,993)	(829)	2,052	1,223	(700)	(241)	(941)
<b>Cash and cash equivalents at the beginning of the period</b>	664	6,254	6,918	1,364	6,495	7,859	1,364	6,495	7,859
<b>Cash and cash equivalents at the end of the period</b>	346	4,579	4,925	535	8,547	9,082	664	6,254	6,918

\* The Group Statement of Cash Flows for the year ended 28 February 2011 has been adjusted to reclassify purchases of development wind assets of £57,000 to other cash payments.

The accompanying notes on pages 27 to 44 form an integral part of these financial statements.

# COMPANY 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	488	70	558	351	14	365	751	14	765
Deposit interest received	1	14	15	1	16	17	2	34	36
Investment management fees paid	(252)	(131)	(383)	(179)	(123)	(302)	(443)	(254)	(697)
Other cash payments	(193)	(55)	(248)	(200)	(48)	(248)	(449)	(118)	(567)
<b>Net cash (outflow)/inflow from operating activities</b>	44	(102)	(58)	(27)	(141)	(168)	(139)	(324)	(463)
<b>Cash flows from investing activities</b>									
Purchases of investments	(91)	(1,873)	(1,964)	(1,480)	(1,900)	(3,380)	(1,632)	(4,010)	(5,642)
Proceeds from investments	-	300	300	-	375	375	850	375	1,225
<b>Net cash outflow from investing activities</b>	(91)	(1,573)	(1,664)	(1,480)	(1,525)	(3,005)	(782)	(3,635)	(4,417)
<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	(245)	-	(245)	-	-	-	(368)	-	(368)
Cash received on acquisition of net assets from Ventus 3 VCT plc	-	-	-	639	-	639	639	-	639
Stamp duty on shares issued to acquire net assets of Ventus 3 VCT plc	-	-	-	(22)	-	(22)	(22)	-	(22)
Payments to meet Merger costs	(13)	-	(13)	(32)	-	(32)	(62)	-	(62)
<b>Net cash (outflow)/inflow from financing activities</b>	(258)	-	(258)	585	3,718	4,303	187	3,718	3,905
<b>Net (decrease)/increase in cash and cash equivalents</b>	(305)	(1,675)	(1,980)	(922)	2,052	1,130	(734)	(241)	(975)
<b>Cash and cash equivalents at the beginning of the period</b>	630	6,254	6,884	1,364	6,495	7,859	1,364	6,495	7,859
<b>Cash and cash equivalents at the end of the period</b>	325	4,579	4,904	442	8,547	8,989	630	6,254	6,884

The accompanying notes on pages 27 to 44 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 Group and 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 presentation and 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, with the exception of the reclassification of the Group Statement of Financial Position explained further in notes 10 and 11, 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 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis which is compliant with the guidance.

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 included a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report. The auditor's report did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries (the companies over which it exercises control) made up to the end of the financial period. The Company is deemed to have control where it has the power to govern the financial and operating policies of an investee company so as to obtain benefits from its activities. In the Company's financial statements investments in subsidiaries are accounted for as "fair value through profit or loss" investments in accordance with the Company's valuation policy. The Company's shareholding in its subsidiaries is held by the ordinary share fund.

### Business combinations

Newly acquired or newly established businesses are recognised in the Group Financial Statements from the date of acquisition, which is the date that the Company achieved control over the business acquired and are subsequently de-recognised from the date that control ceases.

The Company accounts for business combinations using the acquisition method of accounting, with the identifiable assets and liabilities of acquired entities measured at their fair value at the time of acquisition. Identifiable intangible assets are recognised where they can be separated or arise from a contractual right, and their fair value can be reliably measured.

The difference between the fair value of the cost of the business acquired and the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and whenever impairment indicators require. Negative goodwill is recognised immediately in the Statement of Comprehensive Income.

### Impairment testing

The carrying amount of the Group's and the Company's assets, other than those assets held at fair value through profit and loss, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is evidence of impairment, the recoverable amount, being the higher of the fair value less costs to sell and the value in use of the asset, is estimated to determine the extent of any such impairment. For goodwill and other intangible assets with an indefinite life or which are not ready for use, the test for impairment is carried out annually.

### Income

Income on investments is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rates applicable.

Where contractual arrangements in loan agreements allow for interest payments to be deferred and the timing of receipt of interest income may not be determined with reasonable certainty, the accrued interest is not recognised in the Statement of Comprehensive Income but is added to the carrying value of the loan investment. 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 are allocated between the ordinary and "C" share funds on the basis of the number of shares in issue during the period, except expenses which 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 year. 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## Development wind assets

Costs incurred in the pre-planning consent phase of the development of a wind farm scheme are capitalised as intangible assets and recognised as development wind assets. Costs associated with the pre-planning phase of the wind farm development include options over land leases, planning application costs and environmental impact studies. These costs may be incurred directly or comprise part of the fair value attributed to a controlling interest in a business acquired. The capitalised costs are not amortised until the asset is substantially complete and available for its intended use, until which time the asset is subject to an annual impairment test.

When a consented wind farm scheme begins construction, the carrying value of the project is transferred to property, plant and equipment as assets under construction.

## 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 each 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 flows 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.

### *Loans, 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, including investments in subsidiaries, 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 and equity based derivatives 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. With the exception of the changes to the estimates of the waste wood biomass investments explained in the Investment Manager's Report, the uncertainties surrounding the estimates and assumptions adopted in these financial statements 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.

## 2. Income

Group	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	449	196	645
Dividends	55	-	55
	504	196	700
<b>Other income</b>			
UK treasury bill income	-	6	6
Bank deposit interest	1	8	9
	505	210	715
<hr/>			
Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2010 (unaudited)</b>			
<b>Income from investments</b>			
Loan stock interest	463	79	542
Dividends	170	-	170
	633	79	712
<b>Other income</b>			
UK treasury bill income	-	12	12
Bank deposit interest	2	4	6
	635	95	730
<hr/>			
Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Year ended 28 February 2011 (audited)</b>			
<b>Income from investments</b>			
Loan stock interest	696	227	923
Dividends	428	-	428
	1,124	227	1,351
<b>Other income</b>			
UK treasury bill income	-	24	24
Bank deposit interest	3	11	14
	1,127	262	1,389

The income recognised by the Group was wholly derived from the Company's activities.

## 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 £252,000 (six months ended 31 August 2010: £208,000; year ended 28 February 2011: £472,000). 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; year ended 28 February 2011: £254,000).

# NOTES TO THE FINANCIAL STATEMENTS

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## 4. Other expenses

Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2011 (unaudited)</b>			
<i>Revenue expenses:</i>			
Directors' remuneration	22	10	32
Fees payable to the Company's Auditor for:			
- <i>Audit of the Company's Annual Financial Statements</i>	18	8	26
- <i>The auditing of accounts of associates of the Company pursuant to legislation</i>	17	-	17
- <i>Other services pursuant to legislation</i>	6	3	9
- <i>Other services relating to taxation</i>	1	-	1
Legal and professional fees	18	8	26
Other expenses	48	22	70
	130	51	181
<i>Capital expenses:</i>			
Development funding costs	279	-	279
Investment costs	2	4	6
Other expenses	12	-	12
	423	55	478
<hr/>			
Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2010 (unaudited)</b>			
Directors' remuneration	16	10	26
Fees payable to the Company's Auditor for:			
- <i>Audit of the Company's Annual Financial Statements</i>	9	6	15
- <i>Other services pursuant to legislation</i>	6	3	9
- <i>Other services relating to taxation</i>	1	-	1
Legal and professional fees	2	1	3
Other expenses	33	19	52
	67	39	106
<hr/>			
Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Year ended 28 February 2011 (audited)</b>			
<i>Revenue expenses:</i>			
Directors' remuneration	38	20	58
Fees payable to the Company's Auditor for:			
- <i>Audit of the Company's Annual Financial Statements</i>	17	10	27
- <i>Other services pursuant to legislation</i>	5	3	8
- <i>Other services relating to taxation</i>	2	1	3
Legal and professional fees	13	6	19
Other expenses	79	43	122
	154	83	237
<i>Capital expenses:</i>			
Investment costs	42	-	42
	196	83	279

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

## 5. Directors' remuneration

Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2011 (unaudited)</b>			
A Moore	8	4	12
P Thomas	7	3	10
C Wood	7	3	10
Aggregate emoluments	22	10	32

Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Six months ended 31 August 2010 (unaudited)</b>			
D Pinckney	3	2	5
A Moore	5	4	9
P Thomas	4	2	6
C Wood	4	2	6
Aggregate emoluments	16	10	26

Group	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Year ended 28 February 2011 (audited)</b>			
D Pinckney	3	2	5
A Moore	13	7	20
P Thomas	11	6	17
C Wood	11	5	16
Aggregate emoluments	38	20	58

The Directors did not receive any other remuneration during the period except for that which is disclosed in the table above.

## 6. Taxation

The half-yearly tax charge of £18,000 in the ordinary share fund (six months ended 31 August 2010: tax charge £22,000; year ended 28 February 2011: £nil) offsets a tax credit of £18,000 in the "C" share fund (six months ended 31 August 2010: tax credit £22,000; year ended 28 February 2011: £nil). The charge and credit have been accrued assuming an effective tax rate of 20%.

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

The Group's net loss attributable to the ordinary shareholders of 15.36p per ordinary share (six months ended 31 August 2010: net profit of 4.18p per ordinary share; year ended 28 February 2011: net loss of 7.41 per ordinary share) is based on the net loss for the period of £3,770,000 (six months ended 31 August 2010: net profit of £842,000; year ended 28 February 2011: net loss of £1,654,000) and the weighted average number of ordinary shares in issue during the period of 24,537,560 (six months ended 31 August 2010: 20,143,427; year ended 28 February 2011: 22,322,435).

The Group's basic revenue return to the ordinary shareholders of 1.08p per ordinary share (six months ended 31 August 2010: 2.14p; year ended 28 February 2011: 3.29p) is based on the basic revenue return for the period of £264,000 (six months ended 31 August 2010: £432,000; year ended 28 February 2011: £734,000) and the weighted average number of ordinary shares in issue during the period of 24,537,560 (six months ended 31 August 2010: 20,143,427; year ended 28 February 2011: 22,322,435).

The Group's net capital loss to the ordinary shareholders of 16.44p per ordinary share (six months ended 31 August 2010: gain of 2.04p; year ended 28 February 2011: loss of 10.70p) is based on the net capital loss for the period of £4,034,000 (six months ended 31 August 2010: gain of £410,000; year ended 28 February 2011: loss of £2,388,000) and the weighted average number of ordinary shares in issue during the period of 24,537,560 (six months ended 31 August 2010: 20,143,427; year ended 28 February 2011: 22,322,435).

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

The Group's net profit per "C" share of 0.37p (six months ended 31 August 2010: net loss of 0.43p per "C" share; year ended 28 February 2011: net loss of 0.68p per "C" share) is based on the net profit for the period of £42,000 (six months ended 31 August 2010: net loss of £45,000; year ended 28 February 2011: net loss of £75,000) 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 Group's basic revenue return per "C" share of 0.89p (six months ended 31 August 2010: 0.19p; year ended 28 February 2011: 0.84p) is based on the basic revenue return for the period of £101,000 (six months ended 31 August 2010: £20,000; year ended 28 February 2011: £91,000) 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 Group's net capital loss per "C" share of 0.52p (six months ended 31 August 2010: 0.62p; year ended 28 February 2011: 1.52p) is based on the net capital loss for the period of £59,000 (six months ended 31 August 2010: £65,000; year ended 28 February 2011: £166,000) 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.

## 8. Investments

Six months ended 31 August 2011 (unaudited)	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>Group and Company</b>									
<b>Opening position</b>									
Opening cost	10,242	8,242	18,484	900	3,060	3,960	11,142	11,302	22,444
Opening unrealised (losses)/gains	(2,233)	391	(1,842)	-	-	-	(2,233)	391	(1,842)
Opening realised losses	(266)	(2)	(268)	-	-	-	(266)	(2)	(268)
Opening fair value	7,743	8,631	16,374	900	3,060	3,960	8,643	11,691	20,334
<b>During the period</b>									
Purchases at cost	-	70	70	1,000	873	1,873	1,000	943	1,943
Disposal proceeds	-	-	-	-	(300)	(300)	-	(300)	(300)
Unrealised losses	(1,429)	(1,697)	(3,126)	-	-	-	(1,429)	(1,697)	(3,126)
Realised losses	(574)	(2)	(576)	-	-	-	(574)	(2)	(576)
Closing fair value	5,740	7,002	12,742	1,900	3,633	5,533	7,640	10,635	18,275
<b>Closing position</b>									
Closing cost	10,242	8,312	18,554	1,900	3,633	5,533	12,142	11,945	24,087
Closing unrealised losses	(3,662)	(1,306)	(4,968)	-	-	-	(3,662)	(1,306)	(4,968)
Closing realised losses	(840)	(4)	(844)	-	-	-	(840)	(4)	(844)
Closing fair value	5,740	7,002	12,742	1,900	3,633	5,533	7,640	10,635	18,275
<b>Group and Company</b>									
<b>Opening position</b>									
Opening cost	5,345	3,647	8,992	-	325	325	5,345	3,972	9,317
Opening unrealised (losses)/gains	(611)	53	(558)	-	-	-	(611)	53	(558)
Opening fair value	4,734	3,700	8,434	-	325	325	4,734	4,025	8,759
<b>During the period</b>									
Investments transferred from Ventus 3 VCT plc	4,891	3,879	8,770	-	-	-	4,891	3,879	8,770
Purchases at cost	334	1,086	1,420	500	1,350	1,850	834	2,436	3,270
Disposal proceeds	-	-	-	-	(325)	(325)	-	(325)	(325)
Unrealised gains	489	45	534	-	-	-	489	45	534
Closing fair value	10,448	8,710	19,158	500	1,350	1,850	10,948	10,060	21,008
<b>Closing position</b>									
Closing cost	10,570	8,612	19,182	500	1,350	1,850	11,070	9,962	21,032
Closing unrealised (losses)/ gains	(122)	98	(24)	-	-	-	(122)	98	(24)
Closing fair value	10,448	8,710	19,158	500	1,350	1,850	10,948	10,060	21,008

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 8. Investments (continued)

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>Group and Company</b>									
<b>Opening position</b>									
Opening cost	5,345	3,647	8,992	-	325	325	5,345	3,972	9,317
Opening unrealised (losses)/ gains	(611)	53	(558)	-	-	-	(611)	53	(558)
Opening fair value	4,734	3,700	8,434	-	325	325	4,734	4,025	8,759
<b>During the year</b>									
Investments transferred from Ventus 3 VCT plc	4,891	3,879	8,770	-	-	-	4,891	3,879	8,770
Purchases at cost	406	1,166	1,572	900	3,110	4,010	1,306	4,276	5,582
Disposal proceeds	(400)	(450)	(850)	-	(375)	(375)	(400)	(825)	(1,225)
Unrealised (losses)/gains	(1,622)	338	(1,284)	-	-	-	(1,622)	338	(1,284)
Realised losses	(266)	(2)	(268)	-	-	-	(266)	(2)	(268)
Closing fair value	7,743	8,631	16,374	900	3,060	3,960	8,643	11,691	20,334
<b>Closing position</b>									
Closing cost	10,242	8,242	18,484	900	3,060	3,960	11,142	11,302	22,444
Closing unrealised (losses)/ gains	(2,233)	391	(1,842)	-	-	-	(2,233)	391	(1,842)
Closing realised losses	(266)	(2)	(268)	-	-	-	(266)	(2)	(268)
Closing fair value	7,743	8,631	16,374	900	3,060	3,960	8,643	11,691	20,334

The shares held by the Company represent equity holdings in unquoted UK companies and equity based derivatives. The Investment Manager's Report on pages 5 to 11 provides details in respect of the Company's shareholding in each investment.

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 value attributed to the investment rights attached to this development funding agreement is recognised in the fair value of the investments held on the Group and Company Statement of Financial Position.

The investments acquired and disposed of during the period are detailed in the Investment Manager's Report.

## 9. Investments in subsidiaries

The details of the Company's subsidiary undertakings are set out below both of which are held by the ordinary share fund only:

Subsidiary undertaking	Country of incorporation	Portion of voting rights As at 31 August 2011	Portion of voting rights As at 31 August 2010	Portion of voting rights As at 28 February 2011	Principal activity
Redeven Energy Limited	England & Wales	60%	60%	60%	Wind farm development funding
Spurlens Rig Wind Limited	England & Wales	60%	60%	60%	Wind farm development

## 9. Investments in subsidiaries (continued)

Ordinary Shares	Shares £000	Shareholder loans £000	Total £000
<b>Six months ended 31 August 2011 (unaudited)</b>			
<b>Opening position</b>			
Opening cost	174	558	732
Opening fair value	174	558	732
<b>During the period</b>			
Purchases at cost	-	21	21
Realised loss	-	(167)	(167)
Closing fair value	174	412	586
<b>Closing position</b>			
Closing cost	174	579	753
Closing unrealised loss	-	(167)	(167)
Closing fair value	174	412	586
<b>Ordinary Shares</b>			
<b>Six months ended 31 August 2010 (unaudited)</b>			
<b>Opening position</b>			
Opening cost	-	-	-
Opening fair value	-	-	-
<b>During the period</b>			
Investments held by the Company becoming subsidiaries by virtue of the Merger	87	249	336
Investments transferred from Ventus 3 VCT plc	87	249	336
Purchases at cost	-	60	60
Closing fair value	174	558	732
<b>Closing position</b>			
Closing cost	174	558	732
Closing fair value	174	558	732
<b>Ordinary Shares</b>			
<b>Year ended 28 February 2011 (audited)</b>			
<b>Opening position</b>			
Opening cost	-	-	-
Opening fair value	-	-	-
<b>During the year</b>			
Investments held by the Company becoming subsidiaries by virtue of the Merger	87	249	336
Investments transferred from Ventus 3 VCT plc	87	249	336
Purchases at cost	-	60	60
Closing fair value	174	558	732
<b>Closing position</b>			
Closing cost	174	558	732
Closing fair value	174	558	732

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 10. Development wind assets

The Group's development wind assets comprise capitalised costs incurred in the pre-planning phase of the development of wind farm schemes. The development wind assets are held by the Company's subsidiary undertakings which are held by the ordinary share fund only. There have been no impairments to the value of these assets during the period. However, the carrying values of the Group's development wind assets have been adjusted in respect of the prior periods to account for a reclassification to trade and other receivables in respect of recoverable development funding costs incurred by Redeven Energy Limited as this company does not hold the investment rights in projects directly (refer to note 11).

	Ordinary Shares £000
<b>Six months ended 31 August 2011 (unaudited)</b>	
<b>Opening position</b>	
Gross carrying amount	1,096
Opening value prior to reclassification	1,096
Reclassification to trade and other receivables	(803)
Opening value (reclassified)	293
<b>During the period</b>	
Purchases at cost	38
Closing value	331
<b>Closing position</b>	
Gross carrying amount	331
Closing value	331

	Ordinary Shares £000
<b>Six months ended 31 August 2010 (unaudited)</b>	
<b>Opening position</b>	
Gross carrying amount	-
Opening value	-
<b>During the period</b>	
Assets acquired or recognised through business combinations	1,006
Reclassification to trade and other receivables	(777)
Purchases at cost	42
Closing value	271
<b>Closing position</b>	
Gross carrying amount	271
Closing value (reclassified)	271

	Ordinary Shares £000
<b>Year ended 28 February 2011 (audited)</b>	
<b>Opening position</b>	
Gross carrying amount	-
Opening value	-
<b>During the year</b>	
Assets acquired or recognised through business combinations	1,006
Reclassification to trade and other receivables	(803)
Purchases at cost	90
Closing value	293
<b>Closing position</b>	
Gross carrying amount	293
Closing value (reclassified)	293

## 11. Trade and other receivables

The carrying values of the Group's trade and other receivables as at 31 August 2010 and 28 February 2011 have been adjusted to take account of a reclassification from development wind assets to other receivables in respect of development funding costs incurred by the Company's subsidiary, Redeven Energy Limited, as this company does not hold the investment rights in the projects directly (refer to note 10).

As at 31 August 2011 (unaudited)	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Group</b>			
<b>Non-current assets</b>			
Accrued interest income	750	164	914
Other receivables	622	-	622
	1,372	164	1,536
<b>Current assets</b>			
Accrued interest income	328	187	515
Other receivables	54	48	102
Corporation tax	-	23	23
Prepayments	10	5	15
	392	263	655
<b>As at 31 August 2010 (unaudited) Reclassified</b>			
<b>Group</b>			
<b>Non-current assets</b>			
Accrued interest income	301	62	363
Balance prior to reclassification	301	62	363
Other receivables reclassified from development wind assets	777	-	777
Balance as reclassified	1,078	62	1,140
<b>Current assets</b>			
Accrued interest income	669	15	684
Other receivables	408	46	454
Prepayments	13	6	19
	1,090	67	1,157
<b>As at 28 February 2011 (audited) Reclassified</b>			
<b>Group</b>			
<b>Non-current assets</b>			
Accrued interest income	570	103	673
Balance prior to reclassification	570	103	673
Other receivables reclassified from development wind assets	803	-	803
Balance as reclassified	1,373	103	1,476
<b>Current assets</b>			
Accrued interest income	493	122	615
Other receivables	111	48	159
Prepayments	10	5	15
	614	175	789

11. Trade and other receivables (continued)

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>As at 31 August 2011 (unaudited)</b>			
<b>Company</b>			
<b>Non-current assets</b>			
Accrued interest income	750	164	914
	750	164	914
<b>Current assets</b>			
Accrued interest income	328	187	515
Other receivables	2	48	50
Corporation tax	-	23	23
Prepayments	10	5	15
	340	263	603
<b>As at 31 August 2010 (unaudited)</b>			
<b>Company</b>			
<b>Non-current assets</b>			
Accrued interest income	301	62	363
	301	62	363
<b>Current assets</b>			
Accrued interest income	669	15	684
Other receivables	320	46	366
Prepayments	13	6	19
	1,002	67	1,069
<b>As at 28 February 2011 (audited)</b>			
<b>Company</b>			
<b>Non-current assets</b>			
Accrued interest income	570	103	673
	570	103	673
<b>Current assets</b>			
Accrued interest income	493	122	615
Other receivables	7	48	55
Prepayments	10	5	15
	510	175	685

As at 31 August 2011, accrued interest income on loan stock of £914,000 due to the Group and Company and other receivables due to the Group of £622,000, represent non-current assets (31 August 2010: £363,000; 28 February 2011: £673,000). The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

## 12. Cash and cash equivalents

The total cash and cash equivalents held in the Company's ordinary share fund was £325,000 at 31 August 2011 (31 August 2010: £442,000; 28 February 2011: £630,000). The reduction, over the period, in cash and cash equivalents held by the ordinary share fund was due to the purchase of investments, payment of dividends and expenses exceeding cash proceeds from investments.

The cash balances of the subsidiaries held by the Company's ordinary share fund are consolidated into the Group's financial statements. At 31 August 2011 the cash held by the subsidiaries totalled £21,000 (31 August 2011: £93,000; 28 February 2011: £34,000).

The total cash and cash equivalents held in the Company's "C" share fund was £4,579,000 at 31 August 2011 (31 August 2010: £8,547,000; 28 February 2011: £6,254,000). The decrease in cash and cash equivalents during the period was attributable to the purchase of investments and payment of investment management fees and other expenses which was offset by income received from investments, proceeds from loan investments repaid and deposit interest received.

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

## 13. Trade and other payables

As at 31 August 2011 (unaudited)	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Group</b>			
Corporation tax	23	-	23
Trade payables	48	2	50
Accruals	112	27	139
	183	29	212

As at 31 August 2010 (unaudited)	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Group</b>			
Corporation tax	26	(26)	-
Other payables	12	18	30
Accruals	109	36	145
	147	28	175

As at 28 February 2011 (audited)	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Group</b>			
Corporation tax	4	(4)	-
Trade payables	17	-	17
Other payables	10	8	18
Accruals	166	20	186
	197	24	221

As at 31 August 2011 (unaudited)	Ordinary Shares £000	"C" Shares £000	Total £000
<b>Company</b>			
Corporation tax	23	-	23
Trade payables	2	2	4
Accruals	94	27	121
	119	29	148

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 13. Trade and other payables (continued)

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>As at 31 August 2010 (unaudited)</b>			
<b>Company</b>			
Corporation tax	26	(26)	-
Other payables	7	18	25
Accruals	109	36	145
	142	28	170
<hr/>			
<b>As at 28 February 2011 (audited)</b>			
<b>Company</b>			
Corporation tax	4	(4)	-
Trade payables	17	-	17
Other payables	-	8	8
Accruals	166	20	186
	187	24	211

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

## 14. Financial liabilities

	Ordinary Shares £000
<b>As at 31 August 2011 (unaudited)</b>	
<b>Group</b>	
Shareholder loans	386
	386
<hr/>	
<b>As at 31 August 2010 (unaudited)</b>	
<b>Group</b>	
Shareholder loans	372
	372
<hr/>	
<b>As at 28 February 2011 (audited)</b>	
<b>Group</b>	
Shareholder loans	372
	372

The Group's financial liabilities consist of shareholder loans of £30,000 and £356,000 provided by Ventus VCT plc to the Company's subsidiaries, Redeven Energy Limited and Spurlens Rig Wind Limited respectively.

The Directors consider that the carrying amounts of the financial liabilities approximate to their fair value.

15. Share capital

	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	£000
<b>Authorised</b>					
<b>At 1 March 2011 (audited)</b>	30,000,000	7,500	20,000,000	5,000	50,000,000
<b>At 31 August 2011 (unaudited)</b>	30,000,000	7,500	20,000,000	5,000	50,000,000

	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	£000
<b>Allotted, called up and fully paid</b>					
<b>At 1 March 2011 (audited)</b>	24,537,560	6,134	11,329,107	2,832	35,866,667
<b>At 31 August 2011 (unaudited)</b>	24,537,560	6,134	11,329,107	2,832	35,866,667

	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	£000
<b>Authorised</b>					
<b>At 1 March 2010 (audited)</b>	30,000,000	7,500	20,000,000	5,000	50,000,000
<b>At 31 August 2010 (unaudited)</b>	30,000,000	7,500	20,000,000	5,000	50,000,000

	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	£000
<b>Allotted, called up and fully paid</b>					
<b>At 1 March 2010 (audited)</b>	12,287,249	3,071	6,924,686	1,731	19,211,935
Allotted, called up and fully paid during the period	12,250,311	3,063	4,404,421	1,101	16,654,732
<b>At 31 August 2010 (unaudited)</b>	24,537,560	6,134	11,329,107	2,832	35,866,667

	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	£000
<b>Authorised</b>					
<b>At 1 March 2010 (audited)</b>	30,000,000	7,500	20,000,000	5,000	50,000,000
<b>At 28 February 2011 (audited)</b>	30,000,000	7,500	20,000,000	5,000	50,000,000

	Ordinary Shares		"C" Shares		Total
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	£000
<b>Allotted, called up and fully paid</b>					
<b>At 1 March 2010 (audited)</b>	12,287,249	3,071	6,924,686	1,731	19,211,935
Allotted, called up and fully paid during the year	12,250,311	3,063	4,404,421	1,101	16,654,732
<b>At 28 February 2011 (audited)</b>	24,537,560	6,134	11,329,107	2,832	35,866,667

**16. Basic and diluted net asset value per share**

The calculation of the Group's net asset value per ordinary share of 59.6p as at 31 August 2011 (31 August 2010: 87.6p; 28 February 2011: 75.9p) is based on net assets attributable to equity holders of £14,616,000 (31 August 2010: £21,495,000; 28 February 2011: £18,631,000) divided by 24,537,560 ordinary shares in issue at that date (31 August 2010: 24,537,560 ordinary shares; 28 February 2011: 24,537,560 ordinary shares). The "C" share fund did not hold investments in subsidiaries at 31 August 2011.

The Company's net asset value per ordinary share of 59.6p at 31 August 2011 (31 August 2010: 87.6p; 28 February 2011: 75.9p) is based on net assets attributable to the ordinary shareholders of £14,624,000 (31 August 2010: £21,493,000; 28 February 2010: £18,629,000) and the number of shares in issue as at 31 August 2011 of 24,537,560 (31 August 2010: 24,537,560 ordinary shares; 28 February 2011: 24,537,560 ordinary shares).

The net asset value per "C" share of 92.8p at 31 August 2011 (31 August 2010: 92.7p; 28 February 2011: 92.4p) is based on net assets attributable to the "C" shareholders of £10,510,000 (31 August 2010: £10,498,000; 28 February 2011: £10,468,000) 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).

**17. Dividends**

A final dividend for the year ended 28 February 2011 of 1.00p per ordinary share was paid to ordinary shareholders on 10 August 2011.

An interim dividend of 1.00p per "C" share has been declared for the six month period ended 31 August 2011 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.

**18. 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.

Since the period end, the new investment manager, Temporis, has agreed to waive investment management fees amounting to £530,000 in relation to the ordinary share fund. Also, in order to reinforce the Company's financial position, Temporis has agreed to advance a £530,000 interest-free loan to the Company's ordinary share fund, to be repaid by the Company over the period of time that the waived investment management fees would otherwise have been charged.

**19. 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 29 July 2010, the Company registered a charge over its shares in Twinwoods Heat & Power Limited to The Co-operative Bank plc as security for a senior loan facility of £5.6 million raised by Twinwoods Heat & Power Limited to finance the construction costs of the waste wood biomass plant. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Twinwoods Heat & Power Limited.

On 17 May 2011, the Company registered a charge over its shares in Osspower Limited to The Co-operative Bank plc as security for senior loan funding of up to £6,450,000 raised by Osspower Limited to finance the construction costs of the Allt Fionn Ghlinne small hydro scheme. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Osspower Limited.

The Company has provided a cost overrun guarantee of £750,000 to the Co-operative Bank plc on behalf of Osspower Limited. Any sums called under this guarantee shall be payable by way of a loan from the Company to Osspower Ltd which may be drawn down in the event of the construction of Allt Fionn Ghlinne small hydro scheme exceeding its budget of £7.5 million. In the event of cost overrun, the loan is repayable over a term of 15 years, interest free. The Directors consider the probability of the loan being drawn down to be very low and the fair value of the liability associated with the guarantee is not considered to be significant at the period end.

On 26 July 2011, the Company registered a charge over its shares in White Mill Windfarm Limited to The Co-operative Bank plc as security for a senior loan facility of up to £15.5 million raised by White Mill Windfarm 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 Windfarm Limited.

As at 31 August 2011, the Company had 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. A further £75,000 has been drawn down since the period end.

## 20. Related party transactions

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.

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.

	Ordinary Shares £000	"C" Shares £000	Total £000
<b>As at 31 August 2011</b>			
<b>Balances as at 31 August 2011 (unaudited)</b>			
Investments - shares	4,872	1,900	6,493
Investments - loan stock	5,158	1,673	7,110
Accrued interest income	504	192	696
<b>Transactions in the six months ended 31 August 2011 (unaudited)</b>			
Loan stock interest income	304	80	384
Dividend income	48	-	48
<b>As at 31 August 2010</b>			
<b>Balances as at 31 August 2010 (unaudited)</b>			
Investments - shares	8,312	-	8,312
Investments - loan stock	4,785	-	4,785
Accrued interest income	497	-	497
Other receivables	255	-	255
<b>Transactions in the six months ended 31 August 2010 (unaudited)</b>			
Loan stock interest income	245	-	245
Dividend income	160	-	160
<b>As at 28 February 2011</b>			
<b>Balances as at 28 February 2011 (audited)</b>			
Investments - shares	6,817	900	7,717
Investments - loan stock	7,047	1,000	8,047
Accrued interest income	540	124	664
<b>Transactions in the year ended 28 February 2011 (audited)</b>			
Loan stock interest income	559	124	683
Dividend income	428	-	428

There are no differences between the Group and Company related party transactions with the exception of investments included above totalling £753,000 relating to Redeven Energy Limited and Spurlens Rig Wind Limited (31 August 2010: £732,000; 28 February 2011: £732,000) which are consolidated into the Group accounts, of which £174,000 was invested in shares (31 August 2010: £174,000; 28 February 2011: £174,000) and £300,000 in shareholder loans (31 August 2010: £558,000; 28 February 2011: £558,000).

At 31 August 2011 the Company's ordinary share fund was owed £541,000 by PBM Power Limited in respect to amounts which had been advanced to fund the investee company's operating expenses. The Company's shareholding in PBM Power Limited was 25% at the period end. The carrying value of the amount receivable is considered to be fully impaired due to the poor performance of this investment.

## **21. 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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