Ventus 2 VCT plc

Annual Report & Financial Statements

for the year ended 28 February 2011


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

Registered No: 5667210

Cover and back cover:
Greenfield Wind Farm Limited in West Lothian.
(Photograph: José Vega-Lozano)

I present the Annual Report and Financial Statements of Ventus 2 VCT plc (the "Company") for the year ended 28 February 2011.

Overview

This has been a challenging year for the ordinary share fund, principally as a result of technical problems which have arisen during commissioning of waste wood biomass fuelled projects in some of our investee companies. This is covered in more detail on page 2. Issues have also arisen involving internal control which are being addressed by the Board together with the Investment Manager. Despite these difficulties, the UK renewable market remains attractive and the Company's investment portfolio and pipeline offer promise for the future.

Merger with Ventus 3 VCT plc

As explained in the Half-yearly Report, on 6 May 2010 the Company completed a scheme of reconstruction with Ventus 3 VCT plc (the "Scheme" or "Merger"). The terms of the Scheme were set out in a circular issued by the Company on 8 February 2010. The Scheme was effected by Ventus 3 VCT plc transferring its assets and liabilities to the Company, in consideration for which the Company issued 12,250,311 new ordinary shares to the shareholders of Ventus 3 VCT plc. Further details in respect of the Merger are presented in the Directors' Report on pages 15 to 19.

In acquiring the assets of Ventus 3 VCT plc, the Company now 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 and therefore these companies are subsidiaries of the Company. The consolidated financial statements of the Company and its subsidiaries (the "Group") are presented in this report.

Group Net Asset Value and Results

At the year end, the net asset value of the Group attributable to equity shareholders stood at £29,099,000. The Group was formed during the year as a result of the Company acquiring a controlling interest in two investee companies subsequent to the Merger. The net loss of the Group for the year ended 28 February 2011 was £1,729,000 and was wholly attributable to the Company's shareholders.

Net Asset Value, Results and Dividends – Ordinary Shares

At the year end, the net asset value of the ordinary share fund of the Company stood at £18,629,000 or 75.9p per ordinary share (2010: £10,356,000 or 84.3p per ordinary share). The revenue profit attributable to ordinary shareholders for the year was £734,000 or 3.29p per ordinary share. The capital loss attributable to ordinary shareholders for the year was £2,388,000 or 10.70p per ordinary share, resulting in a net loss to ordinary shareholders for the year of £1,654,000 or 7.41p per ordinary share (2010: net loss of £798,000 or 7.08p per ordinary share).

The value of investments and investments in subsidiaries held by the ordinary share fund of the Company at 28 February 2011 was £17,106,000 compared to £8,434,000 at 28 February 2010. The Investment Manager's Report gives details of investments made during the year, together with information about the valuation of all investee company holdings within the portfolio.

The income generated in the ordinary share fund of the Company during the year comprised dividend income and interest earned on loan stock and cash deposits. Total income for the year to 28 February 2011 was £1,127,000 compared to £376,000 for the year ended 28 February 2010. The increased income was primarily attributable to loan interest income and dividend income from investments, including those acquired from Ventus 3 VCT plc.

The Company has declared a final dividend of 1.00p per ordinary share to be paid on 10 August 2011 to all ordinary shareholders on the register as at the close of business on 15 July 2011. An interim dividend of 1.50p per ordinary share was paid on 12 January 2011. Therefore, the total annual dividend is 2.50p per ordinary share.

Net Asset Value and Results – "C" Shares

As reported in the Half-yearly Report, on 8 February 2010 the Company launched a second joint "C" share offer with Ventus VCT plc. The offer closed on 31 May 2010, the Company having allotted 4,404,421 "C" shares, resulting in net proceeds of £4,162,000 after issue costs.

At the year end, the net asset value of the "C" share fund of the Company stood at £10,468,000 or 92.4p per "C" share. The revenue profit attributable to "C" shareholders for the year was £91,000 or 0.84p per "C" share. The capital loss attributable to "C" shareholders for the year was £166,000 or 1.52p per "C" share, resulting in a net loss to "C" shareholders for the year of £75,000 or 0.68p per "C" share (2010: net loss of £163,000 or 2.67p per "C" share).

The value of investments held by the "C" share fund of the Company at 28 February 2011 was £3,960,000 (2010: £325,000). The Investment Manager's Report gives details of investments made during the year, together with information about the valuation of all investee company holdings within the portfolio.

The income generated in the "C" share fund of the Company during the year comprised interest earned on loan stock, UK treasury bills and cash deposits. Total income for the period to 28 February 2011 was £262,000, of which £227,000 was derived from loan stock. This compares with income generated by the "C" share fund of £31,000 in the year ended 28 February 2010. The primary reason for the increase in income is the progress made in making investments over the year (as described in more detail below) which has allowed the share fund to accrue interest income from its loan stock investments.

The Company has not declared a dividend in respect of the "C" shares because, although the share fund has made a net revenue profit for the year, it has yet to accumulate sufficient revenue reserves from which to make a significant distribution.

Investments

The Company's Investment Manager, Climate Change Capital Limited, continues to be actively engaged in managing the portfolio and in identifying and negotiating potential investment opportunities to invest the remaining "C" share capital that has been raised. The investments made, dividends paid and capital raised constitute the important events of the year.

As at 28 February 2011, the ordinary share fund of the Company held investments in 17 companies (2010: 18 companies) with a total value of £17.1 million (2010: £8.4 million). During the year the Company acquired investments from Ventus 3 VCT plc with a fair value of £9.4 million. As at 28 February 2011, the "C" share fund held an investment in seven companies (2010: one company) with a value of £4.0 million (2010: £0.3 million).

The Investment Manager's Report provides details of the investments held as at 28 February 2011 and as at the date of this report. All investments are structured so as to be treated as qualifying holdings for the purposes of Venture Capital Trust ("VCT") regulations, unless otherwise stated.

Investments in PBM Power Limited ("PBM"), Sandsfield Heat & Power Limited ("Sandsfield") and Twinwoods Heat & Power Limited ("Twinwoods")

On 6 June 2011 Ventus 2 VCT plc (the "Company") issued an announcement reporting the unaudited revaluations of its investments in PBM, Sandsfield and Twinwoods as at 28 February 2011. That announcement does not affect the Company's "C" share portfolio.

PBM was the first of the three companies to construct its waste wood biomass plant and commence generation. The plant at PBM has experienced technical issues which have led to unplanned outages and expenditure beyond budget. These issues have led the Company and the Investment Manager to re-assess the electricity generation expectations and operational expenditure requirements of the plant. The Company has an investment in the ordinary shares of PBM of £574,000 and is owed £530,000 by PBM in respect of amounts that have been advanced to fund PBM's operating expenses. Your Board resolved that it was appropriate at this stage to record write-downs of the full balances of both the investment in the ordinary shares of PBM and the amount receivable relating to PBM's operating expenses. The write-down related to PBM is therefore £1,104,000. Further detail in respect of the impairment charge against the amount receivable from PBM is presented in note 4 of the financial statements. The Board is satisfying itself concerning the precise circumstances surrounding the advances to PBM and is pursuing possible avenues to recover the amount owed.

The issues experienced at PBM have led the Board to consider the valuations of the investments in Sandsfield and Twinwoods. The waste wood biomass power plant at Sandsfield is operational, but has already experienced unexpected outages and an increase in expenditure beyond budget. Whilst remedial works are being carried out at Sandsfield the Board felt it appropriate to recognise the shift in long term expectations from the project and so resolved to record an unrealised write-down of £700,000 in the value of the Company's investment. The waste wood biomass power plant at Twinwoods is not yet operational but it is right to reassess the expectations of the project in light of the issues encountered at the other two plants and as such the Board has decided to record an unrealised write-down of £355,000 in respect of the Company's investment in Twinwoods. The Company now therefore values its investments in Sandsfield and Twinwoods at £2,096,000 and £2,045,000 respectively. The carrying value of these assets includes accrued interest income on mezzanine loan stock with these companies of £250,000 and £45,000 respectively, which has not been recognised as revenue in the Statement of Comprehensive Income as the timing of receipt of these amounts is uncertain.

It is important that the Board makes you aware of the basis on which the valuations were determined for those investments. There are a number of key assumptions behind each valuation, the most important being the availability of the plant, the generating capacity, operating expenses, the regime for sourcing waste wood as fuel for the sites, the discount rate applied to the projected cash flows and the price received for power and associated benefits. The inputs for these variables were determined by considering and applying the data available at the time in respect of the level of performance the plant may reasonably achieve. Those input assumptions may be refined over time as progress is made in resolving the issues behind underperformance and as negotiations progress with third parties. Whilst those figures are considered reasonable and fair at the date of this Report, there is inherent uncertainty in the assumptions. Also, the validity of these assumptions is dependent on the renegotiation of contracts and debt finance terms with third parties, including the lending bank, which are underway. Sensitivity analyses which show the potential effect on valuation of the selected changes in these assumptions – both positive and negative –

are given in note 11 of the financial statements on page 47. Significant efforts are being made to resolve the operational issues and the Investment Manager continues to work with each of the investee companies, the key contractors, the joint venture partners and the lending banks to address the performance of these assets.

Corporate Governance

The Board has been made aware by the Investment Manager of a breach of internal control within the Investment Manager relating to the Company. This relates to the £530,000 advanced to fund PBM's operating expenses. The Investment Manager is currently investigating the background to this matter, has confirmed to the Board that no similar events have occurred in the past, and has made proposals to implement remedial actions for the future. The Board is taking steps to satisfy itself in respect of this matter, which is discussed further on pages 22 to 24 in the Corporate Governance Statement.

Investment Manager

The lead investment manager for the Company has recently tendered his resignation to Climate Change Capital Limited, the Investment Manager for the Company. This, together with the poor performance of parts of the investment portfolio, have led your Board and the Board of Ventus VCT plc to enter discussions with Climate Change Capital Limited on the scale and nature of the staffing resources needed for the future. As at the time of this Report it is not possible to forecast the outcome of these discussions.

VCT Qualifying Status

The Company retains PricewaterhouseCoopers LLP to review its compliance with VCT regulations. The Directors are satisfied that the Company continues to fulfil the conditions for maintaining VCT status.

Outlook

The UK renewable energy market continues to be an attractive sector in which to make investments and the Company remains well positioned to support small to medium sized companies at a time when access to capital continues to be a challenge. The Investment Manager's Report provides further comment on the wider market outlook and the opportunities open to the Company.

The Company has substantially invested the ordinary share capital raised and the Investment Manager is progressing several opportunities for new investments to be made from the "C" share fund.

Within the ordinary share fund emphasis will be on delivering the operating performance expected of the waste wood biomass and landfill gas assets. For both the ordinary and "C" share funds, the wind assets offer considerable promise for the future.

The Board of Directors would like to express its appreciation of the hard work demonstrated by the Investment Manager and all the Company's service providers throughout the year.

Shareholder Communications

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 on the Company website at www.ventusvct.com. Any shareholder who wishes to receive notification of reports by either email or post may request this by contacting the Registrar.

The Board

In order to deal with certain changes to the Listing Rules regarding the independence of directors who are also directors of other companies managed by the same investment manager, during the year David Pinckney stood down as a Director of the Company. The Board wishes to express its appreciation to David Pinckney in respect of his service to the Company over the period during which he was in office as Director and Chairman of the Company. Alan Moore was appointed Chairman of the Company following David Pinckney's resignation. David Pinckney will continue to serve as a director of Ventus VCT plc.

Alan Moore
Chairman

21 June 2011

Climate Change Capital Limited, the Company's Investment Manager, presents its annual reivew of the Company's investments.

The Company's results for the year are significantly impacted by unrealised losses on investment in respect of the write down in value of the waste wood biomass assets amounting to £1.63 million. In addition, the ordinary share fund has incurred an impairment charge in relation to the amounts advanced to PBM Power Limited of £530,000, which is recognised as a realised capital loss in the Statement of Comprehensive Income. Notwithstanding the impairment provision, the Company is continuing to take steps to try to recover the amount. The write down in value of the waste wood biomass investments and the impairment of the amount receivable from PBM Power Limited have not impacted the "C" share fund as these investments are held by the ordinary share fund.

The Company's pre-tax revenue profit for the year of £939,000 contrasts with negative net cash flow from operations of £529,000, partly due to the advance to PBM Power Limited noted above and higher accrued income from investments. During the year, the net cash outflow from investing activities of the Company's ordinary share fund was £782,000. The net cash inflow from financing activities of the Company's "C" share fund was £3,718,000 from shares issued during the year and its net cash outflow from investing activities was £3,635,000.

In addition to the issues that have been identified with the waste wood biomass investments, it has been widely recognised that 2010 was a year of unusually low wind speeds across the UK. This has had an impact on the revenue generated by the Company's operational wind assets. Further details on this, as well as the process of reassessing the energy yield projections for some of the Company's wind investments, is set out in detail below.

Ordinary Share portfolio

A summary of the valuations and unrealised gains and losses in the Company's ordinary share investments held during the year is given below.

		Voting rights as at 28 February 2011 %	Investment Value Shares as at 28 February 2011 £000	Investment Value Loans as at 28 February 2011 £000	Investment Value Total as at 28 February 2011 £000	Investment cost Shares as at 28 February 2011 £000	Investment cost Loans as at 28 February 2011 £000	Investment cost Total as at 28 February 2011 £000	Valuation gain/ (loss) in the year to 28 February 2011 £000	Investments acquired from Ventus 3 VCT plc Total on 6 May 2010 £000	Investment value Total as at 28 February 2010 £000	Investment cost Total as at 28 February 2010 £000
Operational: Wind												
Craig Wind Farm Limited*	Q	12.50%	601	343	944	497	341	838	(33)	489	489	349
Achairn Energy Limited*	Q	40.40%	1,819	1,334	3,153	1,226	1,289	2,515	360	1,396	1,396	1,118
A7 Lochhead Limited*	Q	20.00%	524	122	646	569	121	690	(68)	357	357	333
Greenfield Wind Farm Limited*	PQ	16.65%	666	1,332	1,998	666	1,332	1,998	-	997	-	-
Operational companies in the wind sector												
Broadview Energy Limited*	Q	2.22%	500	1,800	2,300	200	1,800	2,000	300	1,000	1,000	1,000
Firefly Energy Limited*	Q	50.00%	100	200	300	200	200	400	(100)	200	200	200
Operational: Landfill gas												
Redimo LFG Limited*	Q	50.00%	-	-	-	1,000	-	1,000	-	-	-	1,000
Renewable Power Systems (Dargan Road) Limited**	Q	50.00%	536	1,166	1,702	780	1,120	1,900	(198)	950	950	950
Waste wood biomass												
PBM Power Limited	Q	25.00%	-	-	-	574	-	574	(574)	287	287	287
Sandsfield Heat & Power Limited	Q	44.90%	846	1,250	2,096	1,796	1,000	2,796	(700)	1,398	1,398	1,398
Twinwoods Heat & Power Limited	Q	50.00%	1,600	445	2,045	2,000	400	2,400	(355)	1,000	1,000	1,000
Development and pre-planning												
Osspower Limited		50.00%	300	55	355	300	55	355	-	176	164	164
The Small Hydro Company Limited		22.50%	115	464	579	115	464	579	-	248	248	248
Redeven Energy Limited*** *		60.00%	-	534	534	-	534	534	-	237	237	237
Spurlens Rig Wind Limited*** *		60.00%	174	24	198	174	24	198	-	99	99	99
Wind Power Renewables Limited*	Q	48.00%	136	120	256	252	120	372	(116)	150	150	150
Olgrinmore Limited*		17.60%	-	-	-	68	-	68	(68)	34	34	34
Kettering East Energy Limited		0.00%	-	-	-	-	-	-	-	125	125	125
EcoGen Limited*		0.00%	-	-	-	-	-	-	-	300	300	300
Total			**7,917**	**9,189**	**17,106**	**10,417**	**8,800**	**19,217**	**(1,552)**	**9,443**	**8,434**	**8,992**

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 Climate Change Capital Limited.

** – In the Half-yearly Report for the six month period ended 31 August 2010, the Company recognised an unrealised gain in value in respect of Renewable Power Systems (Dargan Road) Limited of £70,000. In the six month period to 28 February 2011 a realised loss of £268,000 has been recognised. Therefore, the net change in value over the year ended 28 February 2011 was £198,000. Further details in respect of this investment are presented below.

*** – These investments are accounted for as subsidiaries within the Group balance sheet and their assets are reported as development wind assets.

Investments in PBM Power Limited, Sandsfield Heat & Power Limited and Twinwoods Heat & Power Limited

On 6 June 2011 the Company issued an RNS announcement reporting the unaudited revaluations of its investments in PBM Power Limited ("PBM"), Sandsfield Heat & Power Limited ("Sandsfield") and Twinwoods Heat & Power Limited ("Twinwoods"). Further detail is given in the Chairman's Statement on pages 1 to 3.

Reassessment of energy yield projections for Craig Wind Farm Limited and A7 Lochhead Limited

Projected energy yield is the key driver of the valuation of the Company's operational wind assets. The Company has adopted a policy of reassessing the wind yield projections for each of its operational sites after a period of three years of operation. The collection of operational data over a sufficient period usually allows a more accurate analysis of the projected energy yield. The Company will also re-evaluate energy yield assumptions where it becomes aware of any possible errors inherent in the methodology prevalent at the time that previous wind yield analyses were prepared.

The Company has identified that there was a potential issue in the original wind yield assessments for the two investee companies listed above and in line with its policy, determined that it was appropriate to carry out new wind yield analyses for these sites using operational data. It is an industry wide issue and is not specific to the projects in which the Company has invested. It is not a matter that was discoverable through due diligence; consideration of the impact of the data from the years in question was not part of the methodology prevalent in the industry at the time that the original energy yield reports were prepared.

It is now widely understood that the inclusion of historic data from 1990 to 1995 in the long term modelling of future wind yield may lead to an overstatement of the projected long term wind speed. Where those years form a significant part of the data set used, this may result in the long term wind speed projection being overstated. We have identified that the correlation exercises in the wind yield reports for the projects listed above included data from this period and so it was appropriate to correct for this issue. It should be noted that the issue is not relevant to the wind yield assessments carried out for Greenfield Wind Farm Limited and Achairn Energy Limited as data from 1990 to 1995 was not included in the reference dataset. Neither of the sites has been operational for three years and so it is not thought appropriate to reassess the energy yield projections at these sites.

Firefly Energy derives a significant part of its revenues from power purchase agreements that it holds with a number of operational wind farms. Craig Wind Farm Limited is a counterparty to Firefly Energy Limited power purchase agreements and the fall in expected energy yield from the schemes operated by these companies has impacted the projected revenues to Firefly Energy Limited from the power purchase agreements.

The results of that review have led to a drop in projected long term energy yields compared to previous assumptions. The impact of the changes in value of these investments on the Company's ordinary share fund net asset value since 31 August 2010 is presented below:

Company	Change in value since 31 August 2010 (p per ordinary share)
A7 Lochhead Limited	-0.38p
Craig Wind Farm Limited	-0.30p
Firefly Energy Limited	-0.41p
Total	**-1.09p**

The Company's investments in these projects are valued by discounting the expected returns from the equity and debt instruments that it holds in each investee company and expected returns are directly linked to projected electricity generation levels. The drop in projected energy yield has therefore had an impact on the Company's valuation of its holdings in these projects as set out in the table above and other projects with which it holds power purchase agreements.

Wind conditions in 2010

Wind speeds across the United Kingdom in 2010 were significantly lower than the long term average. Wind speeds naturally vary from year to year but the past year represented a significant departure from the long term mean.

Low wind speeds equate to lower revenues from operational wind assets. In a typical project finance model a drop in revenues results in a levered fall in the cash available to pay dividends. This period of unusually low wind speeds has had a significant impact on budgeted cash receipts from the operational wind farm investments in the Company's portfolio. The same is true of Firefly Energy Limited, as its revenues in part depend on the number of megawatt hours generated by the companies with which it holds power purchase agreements. This has impacted the final dividend that the Company is able to pay to its shareholders for the financial year ended 28 February 2011. One year of unusually low wind speeds does not however indicate that there is a fundamental shift in the UK's wind climate. Reports of the performance of the Company's wind farms against projections for 2011 will be given in the Company's Half-yearly Report.

Dividend Objective

The stated dividend objective of the Company is to pay its ordinary shareholders an annual dividend of between 6p and 10p per ordinary share when the companies in which it invests are fully operational. The impact of the fall in projected receipts from Redimo LFG Limited, as well as the recent reassessment of the investments in PBM Power Limited, Sandsfield Heat & Power Limited and Twinwoods Heat & Power Limited have necessarily negatively impacted the expected returns to the Company and, therefore, the near term dividend that it is able to pay its ordinary shareholders.

On the basis of projected cash flows from the assets which are presently cash generative the target dividend will not be achievable in the short term without modest success from assets which are currently not cash generative, such as the Company's development investments, or a rebalancing of the portfolio with a bias towards cash yielding investments. At present, only 45% of the portfolio (by cost of investment) is cash yielding.

Valuation of Investments

It is the accounting policy of the Company to hold its investments at fair value. In this report, the Company's investments in investee companies which operate an asset and have passed an initial satisfactory operational period are valued using a discounted cash flow methodology. The key assumptions that have a significant impact on discounted cash flow valuations for these assets are the discount rate used, the price at which the power and associated benefits can be sold, the amount of electricity the investee 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 on page 5.

Summary of Investments

Operational wind farms

Set out below is a brief summary of the performance of the Company's operational wind assets. The general theme is that the projects are achieving sound availability figures, and so are making good use of the wind resource available to them. The comparisons of actual generation versus budgeted generation for Craig Wind Farm Limited and A7 Lochhead Limited are given against budget figures revised to take account of the recent wind yield analyses.

Craig Wind Farm Limited

In the year ended 28 February 2011 the project exceeded its target availability but, despite the improvement in availability against previous years, it generated 12% less electricity than its revised target due to unusually low speeds throughout 2010. The company continues to pursue the possibility of adding further turbines to the site.

The Company received dividends and mezzanine interest cash payments totalling £59,000 from Craig Wind Farm Limited in the year ended 28 February 2011, representing a 8.5% cash yield on the original investment.

Achairn Energy Limited

The project experienced some technical difficulties with part of the grid connection system in late 2010 and was unable to export electricity for almost four weeks whilst a faulty component was removed and a temporary solution installed to allow the wind farm to generate and export. The component was successfully repaired and replaced during December 2010 and the wind farm restored to its normal configuration. This, in addition to lower than expected wind speeds, meant that generation was 29% below budget in the year ended 28 February 2011.

The Company received dividends and mezzanine interest cash payments totalling £227,000 from Achairn Energy Limited in the year ended 28 February 2011, representing a 10.1% cash yield on the original investment.

The carrying value of the Company's investment in Achairn Energy Limited increased by £360,000 during the year ended 28 February 2011. This was due to increases in the forecast power prices assumed in the discounted cash flow analysis used to value the investment. The past performance issues experienced by the company are not relevant to its carrying value as the valuation is determined by the projected future cash flows.

A7 Lochhead Limited

The project again met its availability expectations during the year ended 28 February 2011. Low wind speeds meant that generation was 20% below the revised budget.

The Company received dividends and mezzanine interest cash payments totalling £58,000 from A7 Lochhead Limited in the year ended 28 February 2011, representing an 8.7% cash yield on the original investment.

Greenfield Wind Farm Limited (parent company of Muirhall Windfarm Limited)

Construction of this 12.3MW wind farm was substantially completed in February 2011 around five weeks later than expected and the project has begun to export electricity at levels within the range of expectations. The Company will report in more detail on operations at this site in the Half-yearly Report.

Operational companies in the wind sector

Broadview Energy Limited

Broadview Energy Limited continues to expand its portfolio of wind farm sites and now has one fully operational three turbine site in Aberdeenshire. A four turbine site in Leicestershire is due to become fully operational this summer. It holds consent on two further projects which together have approval to erect eight turbines. It also has a portfolio of seven other sites at various stages in the planning process.

Broadview Energy Limited undertook a further capital raising round in June 2010, raising a further £880,000 by issuing 352,000 new ordinary shares at £2.50 per share. The Company did not participate in this funding round but it has adopted the price of this subscription to value its shareholding in Broadview Energy Limited.

Firefly Energy Limited

The value of the Company's investment in Firefly Energy Limited has fallen by £100,000 during the year ended 28 February 2011 because, as explained above, the fall in expected energy yields from the projects with which it has power purchase agreements has impacted the company's projected revenues.

The Company received loan interest cash payments totalling £43,000 from Firefly Energy Limited in the year ended 28 February 2011, representing a 10.7% cash yield on the original investment.

Firefly Energy Limited has had success in the past year rolling out the provision of power purchase agreement and management accounting services to renewable energy project operators. The management team will look to build on the achievements of the past year by generating further new business.

Other operational investee companies

Redimo LFG Limited

The operating environment for the Redimo LFG Limited landfill gas generation portfolio continues to be challenging and whilst a great deal of effort has been made over the last two years to stabilise operational performance, the levels of contamination in the gas continue to cause problems for the generators at the two largest sites. This continues to impact the amount of power being generated. The investee company retains the support of its lending bank and has recently renewed its energy offtake agreements on marginally better terms. Rising forward projections for power prices give some scope for improved financial performance, but the outlook for the company remains uncertain. That being the case it has been resolved to maintain the carrying value of the Company's investment at zero. The Company did not receive cash proceeds from Redimo LFG Limited during the year.

Renewable Power Systems (Dargan Road) Limited

The project performed in line with expectations over the twelve months to 28 February 2011. The Company received dividends and mezzanine interest payments totalling £546,000 from RPS (Dargan Road) Limited in the financial year ended 28 February 2011, representing a 28.7% cash yield on the original investment.

Shareholders will note that even though the investment has performed in accordance with expectations its value has fallen in the six months since 31 August 2010. The investment is valued by applying a discount rate to the revenues the Company expects to receive from the project. The revenue streams are finite and so, all other things being equal, this will mean that the holding value will fall over time as the projected revenues are realised and paid over to the Company.

Waste wood biomass investments

A summary of the performance of the Company's waste wood biomass investments is presented in the Chairman's Statement on pages 1 to 3.

Development and pre-planning investments

Osspower Limited

Osspower Limited holds planning permission on a portfolio of four hydro electric schemes in Scotland. Finance to construct the first scheme, Allt Fionn Ghlinne, has been secured from The Co-operative Bank plc by way of a £6.45 million loan facility. Allt Fionn is expected to become operational in late summer 2012 and work is ongoing to finalise the strategy for the remaining three sites within the portfolio.

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 second half of 2011 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. In addition, recently announced changes to the rules governing VCTs investing in companies which derive the majority of their income from the Feed-in Tariff regime may also have a bearing on how future development is funded.

The Company has a 22.5% equity share in The Small Hydro Company Limited and has also provided a shareholder loan facility which was increased to £534,000 in November 2010 to provide further working capital. As at 28 February 2011 the Company had advanced £464,000 of the facility, the balance of the facility was drawn down by The Small Hydro Company Limited after the year end.

Redeven Energy Limited

Redeven Energy Limited continues to work on the development of its portfolio of wind farm sites in East Anglia. Planning permission is held on two schemes totalling seven turbines. Progress on the larger of these two schemes, which has permission to erect five turbines, has been delayed as a result of the need to vary one of the planning conditions to remove an unhelpful restriction on turbine features. The third planning application for a two turbine project was refused in January 2011 and it is likely that an appeal will be lodged. Given that an appeal on the third site is feasible, and that the total cost of the investment represents fair value for the achievement of two consented sites, the holding value of this investment has been maintained.

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 by the end of September 2011.

Wind Power Renewables Limited

Planning determinations are expected shortly on a pair of two turbine schemes in the East Anglia region. An application for a third site was refused in December 2010 and is not being appealed. The company has three further sites secured under option but these will not be taken forward until, at the earliest, the time at which planning determinations have been made on the other two sites.

Given that progress with the sites for which applications have not been submitted is uncertain, and that one of the three submissions has been refused and will not be appealed, it is considered appropriate to reflect these matters in the value attributed to this investment. Accordingly it was resolved to write-down the enterprise value of the company by one third, with resultant write down in value of £116,000 of the equity held by the Company.

Olgrinmore Limited

A planning application for two wind turbines at Olgrinmore Moss, near Scotscalder in Caithness was submitted in December 2009 and subsequently refused planning permission in May 2010. A 'Notice of Review' appeal was filed with the Council in August 2010 to appeal against this decision, which was narrowly dismissed by three votes to two in December 2010. The 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. The viability of the project is uncertain however and so it was felt appropriate to write-down the value of the Company's holding from £68,000 to zero.

EcoGen Limited

Subsequent to the Merger on 6 May 2010, the Company held £400,000 in ordinary shares in EcoGen Limited and £200,000 of convertible loan notes. EcoGen Limited carried out a capital restructuring exercise in late 2010 through which the Company's shares were redeemed at face value and the convertible loan facility repaid in full together with the interest accrued on the loan of £18,000.

Kettering East Energy Limited

The Company had made a loan facility of £250,000 available to Kettering East Energy Limited in respect of the development of a wind farm in Northamptonshire. The Company decided not to proceed any further with investment in the project and the loan facility was repaid in full to the Company in October 2010.

"C" Share portfolio

A summary of the investments held by the Company's "C" share fund is given below. There were no valuation movements recognised during the year in these investments.

"C" Shares		Voting rights as at 28 February 2011 %	Investment value: Shares as at 28 February 2011 £000	Investment value: Loans as at 28 February 2011 £000	Investment value: Total as at 28 February 2011 £000	Investment cost: Shares as at 28 February 2011 £000	Investment cost: Loans as at 28 February 2011 £000	Investment cost: Total as at 28 February 2011 £000	Investment value Total as at 28 February 2010 £000	Investment cost Total as at 28 February 2010 £000
Operational: Wind										
Greenfield Wind Farm Limited*	**PQ**	12.50%	500	1,000	1,500	500	1,000	1,500	-	-
Development, developers and pre-planning										
Iceni Renewables Limited*		50.00%	400	-	400	400	-	400	-	-
Renewable Power Systems Limited*		0.00%	-	350	350	-	350	350	-	-
Muirhall Windfarm Limited*		0.00%	-	-	-	-	-	-	325	325
BEGL 2 Limited*		0.00%	-	500	500	-	500	500	-	-
BEGL 3 Limited*		0.00%	-	500	500	-	500	500	-	-
Osspower Limited*		0.00%	-	300	300	-	300	300	-	-
EcoGen Limited*		0.00%	-	410	410	-	410	410	-	-
Total			**900**	**3,060**	**3,960**	**900**	**3,060**	**3,960**	**325**	**325**

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 Climate Change Capital Limited.

The Investment Manager continues to source, appraise and progress suitable investment opportunities in which to deploy the balance of the "C" share funds. The Investment Manager has secured exclusivity to invest in two consented wind farm developments which together would comprise 24 MW of generating capacity. It is expected that long term investments will be made into those projects in the next few months. The Investment Manager expects the "C" share funds to be substantially invested by the end of 2012.

The near term strategy is to generate income from short term loan investments in development and operational companies whilst investments into suitable longer term opportunities are finalised. Those investments are typically secured over the investee's assets. The interest received or accrued on these loans helps to defray the "C" share fund's allocation of the Company's running costs. Other than short term loans, the remaining funds not yet deployed in long term investments have been held in government treasuries and cash deposits in line with the Company's stated policy for managing such funds. But with interest rates on cash at historic lows it has not been possible to generate sufficient income to support the payment of a dividend.

Summary of Investments

Operational wind farms

Greenfield Wind Farm Limited (parent company of Muirhall Windfarm Limited)

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

Development, developers and pre-planning investments

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

Iceni Renewables Limited

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

Renewable Power Systems Limited

The Company's "C" share fund has provided a loan facility of £350,000 to Renewable Power Systems Limited, a company which specialises in the development and operation of energy from waste generating plants.

This facility is structured as a short term investment to provide Renewable Power Systems with development capital and is scheduled to be repaid by 30 June 2011.

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 a fully consented four turbine wind farm in Teesside and BEGL 3 Limited is the development company for a fully consented five turbine wind farm in Leicestershire. The BEGL 3 Limited site is due to complete construction in summer 2011 and the BEGL 2 Limited site will commence construction in the second half of 2011 and is expected to become operational in the first half of 2012.

In each case the loans have been secured against the relevant development 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

To support the development of Allt Fionn Ghlinne, the first of Osspower Limited's schemes to begin construction, the Company provided Osspower Limited with a £300,000 short term loan facility from the "C" share fund which was extended to £900,000 in April 2011. Of the facility £300,000 was drawn before the year end and a further draw down of £350,000 was made in April 2011. Osspower Limited secured debt finance facilities of £6.45 million from The Co-operative Bank plc in May 2011 and repaid £650,000 to the Company, being the total principal of the loan drawn down on the facility at that time, and paid the interest of £17,000 which had accrued to the date of repayment. The facility has now been cancelled.

EcoGen Limited

The Company has provided a medium term loan facility of £410,000 to EcoGen Limited.

The facility has been used to provide EcoGen Limited with working capital and to repay a loan note facility to certain lenders, including the Company through its ordinary share fund. The facility has also been used by EcoGen Limited to reorganise its share capital structure, including the repurchase of shares held in EcoGen Limited by the Company's ordinary share fund.

The loan, together with accrued interest, is to be repaid in full no later than 31 December 2012. It is secured against EcoGen's one third shareholding in Fenpower Limited, a company which owns and operates a fully operational 10 MW wind farm in Cambridgeshire and in which the ordinary share fund of Ventus VCT plc is an investor.

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. The Company has secured exclusivity to make a long term investment in the project. This investment was made subsequent to 28 February 2011 and so does not appear in the table above.

Top Ten Investments

The details of the top ten investments held by the ordinary share fund and all the investments held by the "C" share fund at 28 February 2011, by value, are set out in the tables below:

Ordinary Share Fund

Investment						Investment information			Portfolio company information		
Company name	Value £000	Cost £000	Share-holding %	Voting rights %	Income recognised by the Company during the year £000	Basis of valuation	Proportion of Portfolio by Value %	Date of latest audited accounts	Net Assets/ (liabilities) £000	Turnover £000	Profit/(loss) before tax £000
Achairn Energy Limited	3,153	2,515	40.40%	40.40%	184	DCFU	18.43%	30/11/2009	1,293	620	111
Broadview Energy Limited	2,300	2,000	2.22%	2.22%	226	PRI	13.45%	31/12/2009	2,122	900	196
Sandsfield Heat & Power Limited	2,096	2,796	44.90%	44.90%	-	PRI	12.25%	31/12/2010	1,748	288	7
Twinwoods Heat & Power Limited	2,045	2,400	50.00%	50.00%	-	PRI	11.95%	UNAUDITED ABB 31/01/2011	1,930	n/a	n/a
Greenfield Wind Farm Limited*	1,998	1,998	16.65%	16.65%	165	PRI	11.68%	n/a	n/a	n/a	n/a
Renewable Power Systems (Dargan Road) Limited	1,702	1,900	50.00%	50.00%	546	DCFU	9.95%	31/07/2010	1,193	2,220	1,026
Craig Wind Farm Limited	944	838	12.50%	12.50%	49	DCFU	5.52%	31/08/2010	2,190	1,529	119
A7 Lochhead Limited	646	690	20.00%	20.00%	43	DCFU	3.78%	ABB 31/03/2010	1,470	1,090	256
The Small Hydro Company Limited	579	579	22.50%	22.50%	18	PRI	3.38%	UNAUDITED ABB 31/03/2010	(72)	n/a	n/a
Redeven Energy Limited	534	534	60.00%	60.00%	-	PRI	3.12%	UNAUDITED ABB 31/03/2010	2	n/a	n/a
"C" Share Fund											
Greenfield Wind Farm Limited*	1,500	1,500	12.50%	12.50%	126	PRI	37.88%	n/a	n/a	n/a	n/a
BEGL 2 Limited	500	500	0.00%	0.00%	24	PRI	12.63%	31/12/2010	(331)	n/a	(332)
BEGL 3 Limited**	500	500	0.00%	0.00%	24	PRI	12.63%	n/a	n/a	n/a	n/a
EcoGen Limited	410	410	0.00%	0.00%	9	PRI	10.35%	UNAUDITED ABB 30/09/2010	2,010	n/a	(263)
Iceni Renewables Limited	400	400	50.00%	50.00%	-	PRI	10.10%	31/07/2010	(22)	n/a	(6)
Renewable Power Systems Limited	350	350	0.00%	0.00%	38	PRI	8.84%	UNAUDITED ABB 31/07/10	1,348	n/a	n/a
Osspower Limited	300	300	0.00%	0.00%	6	PRI	7.58%	UNAUDITED 31/03/2010	576	-	(5)

ABB – Abbreviated accounts

Basis of valuation

DCFU – Discounted future cash flows from the underlying business excluding interest earned to date

PRI – Price of recent investment reviewed for impairment

* The ordinary share fund and "C" share fund have shareholdings in Greenfield Wind Farm Limited of 16.65% and 12.50% respectively, therefore the Company's aggregate shareholding is 29.15%. Greenfield Wind Farm Limited was incorporated on 14 December 2009. The accounts for Greenfield Wind Farm Limited's first accounting period have not been prepared as yet.

** BEGL 3 Limited was incorporated on 30 April 2010. The accounts for BEGL 3 Limited's first accounting period have not been prepared as yet.

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 seeks, primarily, 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 HM Revenue & Customs 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 HM Revenue & Customs 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

In May 2011, the UK Government agreed to adopt some of the most ambitious carbon reduction targets in the world by setting a carbon budget of halving greenhouse gas emissions from 1990 levels by 2025. However, a series of Government policy announcements and initiatives over the last year have left the UK green energy market in a state of uncertainty as to the shape of its future. While the Government continues to confirm its commitment to the green agenda, its recent actions, perhaps only in the short term, led to a degree of investment hiatus.

The most significant test for the sector remains Government's Electricity Market Reform ("EMR") proposals, which aim to provide a framework for decarbonisation, renewable energy, security of supply and affordability. The consultation document was wide in its scope and set challenging timescales that the market remains doubtful can be achieved. The intention is to support the green energy sector while providing best value, market based support for the consumer. At the date of this report the mechanisms that will support such an idea remain uncertain and consequently it cannot be determined exactly how this will support the renewable energy market. However, while the EMR framework is clearly an attempt to bring nuclear power into the subsidy mix, the industry does not feel that the intention is to limit the role that renewables can make in the future.

Initial consultation rounds for the EMR indicate that the Renewables Obligation will be grandfathered in a form that will sustain existing accredited generating plant, although there is a possibility that a rump market could develop. How grandfathering will work remains uncertain but early indications are that new projects will be eligible for accreditation until at least 2017 with grandfathering for project lives of 20 years.

The Localism Bill continues its passage through the Parliamentary process in an attempt to provide more control over housing and planning decisions at a local level. Clearly there is potential for local decisions to be made without regard to broader national policies and a consequent fall in the number of successful renewable energy planning applications. It is inevitable there will be a refocus on local community engagement from developers. While it would be easy to be negative about the Bill, the alternative view could be that certain communities would welcome the installation of renewable energy assets, given they can provide a valuable local source of funding for communities struggling during difficult economic times.

The April 2011 budget announcement was mixed from the standpoint of the VCT industry. A proposed increase in the gross asset limit for qualifying investments to £15 million and the limit on the amount that an investee company can receive from a VCT to £10 million were well received. But at the same time the ability of VCTs to invest in Feed-in Tariff ("FiT") projects has been hampered by the announcement that investment in companies which derive a substantial part of their income from FiTs will not be classified as a qualifying investment for the purposes of the VCT regulations. This will not completely prohibit investment in FiT schemes but any such opportunity will have to be considered carefully against the requirement that at least 70% of the Company's investments are qualifying for the purposes of the VCT regulations.

The banking market for renewable energy projects can generally be described as relatively stable. No new entrants have been seen over the last year and lending margins and leverage packages remain consistent with the preceding couple of years. Although turbine prices continue to decline, fluctuations in the Sterling / Euro exchange rate make the timing of purchasing decisions challenging. On a more positive note, wholesale electricity prices have begun to rise for near term delivery and longer term projections are showing positive signs.

Climate Change Capital Limited
Investment Manager

21 June 2011

The Directors present their Annual Report and the audited Financial Statements for the year ended 28 February 2011.

Business review

The business review has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and best practice. The purpose of the review is to provide shareholders with a summary of the business objectives of the Company, the board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators (KPIs) used to measure performance.

The Company's business objectives are set out in the Investment Policy on page 13 of the Investment Manager's Report.

Principal activities and status

The Company is an investment company, as defined in Section 833 of the Companies Act 2006, and received approval as a Venture Capital Trust from HM Revenue & Customs for the year ended 28 February 2010. The Directors consider that the Company has conducted its affairs in a manner to enable it to continue to comply with Section 274 of the Income Tax Act 2007. The Company is a public limited company, incorporated in England and listed on the London Stock Exchange. The registered address of the Company is The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

The Company has no employees other than the Directors.

The Company's business during the year and future developments are reviewed in the Chairman's Statement and the Investment Manager's Report.

Companies Act 2006 disclosures: environmental matters

The Board recognises the requirement under Section 417(5) of the Companies Act 2006 to detail information about environmental matters (including the impact of the Company's business on the environment). It is the specific purpose of the Company to invest in companies that develop and operate assets which generate energy from renewable sources. Through its investment policy, the Company is committed to mitigating the impact of climate change by contributing to the transition to a low carbon economy and a cleaner environment.

Key performance indicators of the Company

Results and dividends

For the year ended 28 February 2011	Ordinary Shares £000	Ordinary Shares Pence per share[1]	"C" Shares £000	"C" Shares Pence per share[1]	Total £000
Revenue profit attributable to equity shareholders	734	3.29	91	0.84	825
Capital loss attributable to equity shareholders	(2,388)	(10.70)	(166)	(1.52)	(2,554)
Net loss attributable to equity shareholders	(1,654)	(7.41)	(75)	(0.68)	(1,729)
Dividends paid during the year	(368)	(1.50)	-	-	(368)
Total movement in equity shareholders' funds	(2,022)	(8.91)	(75)	(0.68)	(2,097)
Total expense ratio [2]		3.27%		3.14%	3.22%

As at 28 February 2011	Ordinary Shares £000	Ordinary Shares Pence per share[3]	"C" Shares £000	"C" Shares Pence per share[3]	Total £000
Net asset value	18,629	75.9	10,468	92.4	29,097
Total shareholder return [4]	19,936	85.8	10,468	92.4	30,404

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

2 The total expense ratio represents the total operating expenditure during the year (excluding irrecoverable VAT, merger costs and investment costs) as a percentage of the net asset value of the Company at year end.

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

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

The performance of the Company is reviewed in the Investment Manager's Report, including the Company's compliance with HM Revenue & Customs VCT regulations. The Company's prospects are considered in the Outlook section of the Chairman's Statement.

Principal 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:

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

  The Board mitigates this risk by regularly reviewing investment management activity with appropriately qualified advisers and by obtaining pre-approval from HM Revenue & Customs 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. See the Corporate Governance Statement on pages 22 to 24 for discussion of a breach of internal control within the Investment Manager relating to the

Company. The Board is currently reviewing the internal control procedures of the Investment Manager.

- Non-compliance with the Listing Rules of the Financial Services Authority, Companies Act Legislation, HM Revenue & Customs VCT regulations and other applicable regulations.

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

Going concern

The Company's major cash outflows are within the Company's control (namely investments and dividends) or are reasonably predictable (namely the operating expenses). The Company is able to forecast cash inflows comprising proceeds from investments to a reasonable degree. The Board has a reasonable expectation that the Company is able to continue in operational existence for a period of at least twelve months from the date of this report. The Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the accounts.

The liquidity risks and details of the Company's policy for managing its financial risks are shown in note 22. The Company's investment activities are described in the Investment Manager's Report and its performance is reviewed in the Directors' Report.

Merger with Ventus 3 VCT plc

On 6 May 2010, the Company completed a scheme of reconstruction with Ventus 3 VCT plc (the "Scheme" or "Merger"). The terms of the Scheme were set out in a circular issued by the Company on 8 February 2010. The Scheme was effected by Ventus 3 VCT plc transferring its assets and liabilities to the Company, in consideration for which the Company issued 12,250,311 new ordinary shares to the shareholders of Ventus 3 VCT plc. Under the Scheme, Ventus 3 VCT plc was placed into members' voluntary liquidation. The number of new shares issued by the Company to the shareholders of Ventus 3 VCT plc was determined on the basis of the relevant net assets of Ventus 3 VCT plc and the Company's ordinary share fund on the date prior to the Merger, adjusted in accordance with the terms of the Scheme. The new ordinary shares rank pari passu in all respects and form a single class with the existing ordinary shares.

The creation of a single, larger company is expected to bring significant advantages to shareholders, primarily through a reduction in the annual running costs of the enlarged company when compared to the combined running costs of each separate company. This should increase dividends in the future.

The costs of the Scheme were allocated to the ordinary share fund of the Company and Ventus 3 VCT plc in accordance with the terms of the Scheme. The aggregate cost of the Merger was £278,000 of which £134,000 was borne by the Company's ordinary share fund and £144,000 by Ventus 3 VCT plc. Excluding investment management fees and Merger costs, the revenue expenses of the ordinary share fund of the enlarged Company for the year ended 28 February 2011 amounted to £154,000 compared to the aggregate revenue expenses of the ordinary share fund of the Company and Ventus 3 VCT plc for the year ended 28 February 2010, which amounted to £219,000. This represents a reduction in revenue expenditure of £65,000.

In acquiring the assets of Ventus 3 VCT plc, the Company now 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 and therefore these companies are subsidiaries of the Company. The consolidated financial statements of the Company and its subsidiaries (i.e. the Group) are presented in this report.

Share capital

At a general meeting held on 2 March 2009, the Company passed several resolutions concerning the Company's share capital:

Authorised share capital

The authorised share capital was increased from £7,500,000 to £12,500,000 by the creation of 20,000,000 "C" shares of 25p each. At 28 February 2011, the Company had authorised share capital of £12,500,000 in total which was represented by 30 million ordinary shares of 25p each and 20 million "C" shares of 25p each being 60% and 40% of the Company's authorised share capital respectively.

Allotted, called and fully paid up shares

As at 28 February 2011, the Company had allotted, called and fully paid up shares in two share funds, of which 24,537,560 shares were ordinary shares of 25p each and 11,329,107 were "C" shares of 25p each. These shares represented 68% and 32% of the Company's issued share capital respectively.

Authority to allot

The Directors are authorised to allot relevant securities (within the meaning of section 551 of the Companies Act 2006) up to a maximum aggregate nominal amount of £5,931,111. This authority expires on 1 March 2014.

Disapplication of pre-emption rights

The Directors are empowered to allot equity securities for cash (further to the authority referred to above) without first offering such securities to existing shareholders in proportion to their shareholdings – such power being limited to the allotment of securities only in certain, defined circumstances. This power expires on 1 March 2014.

Authority to repurchase shares

At the Annual General Meeting ("AGM") held on 13 July 2010 the Company renewed its authority to repurchase up to 14.99% of its own issued ordinary share capital and up to 14.99% of its own issued "C" share capital.

Issued share capital

During the year ended 28 February 2011 12,250,311 ordinary shares and 4,404,421 "C" shares were allotted.

Rights and restrictions attaching to shares and powers of the Board of Directors

As set out in the Company's Articles of Association, subject to the provisions of the Companies Act 2006 and to any special rights conferred to the holders of any other shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed so far as the resolution does not make specific provision, as the Board may decide. The business of the Company shall be managed by the Board of Directors which may exercise all the powers of the Company, subject to the provisions of the Companies Act 2006, the Memorandum of Association of the Company, the Company's Articles of Association and any special resolution of the Company. Copies of the Articles of Association can be obtained by Companies House in the UK or by writing to the Company Secretary.

CREST

The Company's ordinary shares are available for trading in CREST, the settlement system for uncertified stocks and shares.

Dividends

The dividend for the half-year to 31 August 2010 of 1.50p per ordinary share was paid on 12 January 2011 to ordinary shareholders on the register on 10 December 2010. The Directors recommend a final dividend of 1.00p per ordinary share to be paid on 10 August 2011 to ordinary shareholders on the register on 15 July 2011. The total dividend for the year is therefore 2.50p per ordinary share. Note 9 of the Financial Statements gives details of the dividends declared and paid in the current year and prior year. No dividends have been declared or paid to "C" shareholders.

Directors and their interests

The Directors who held office during the year and their interests in the Company were as follows:

	28 February 2011 Ordinary Shares	28 February 2011 "C" Shares	28 February 2010 Ordinary Shares	28 February 2010 "C" Shares
A Moore (Chairman)	16,061	10,400	8,043	5,200
P Thomas	10,284	5,200	5,150	5,200
C Wood	10,284	5,200	5,150	5,200
D Pinckney*	n/a	n/a	5,150	2,600

* David Pinckney resigned following the AGM held on 13 July 2010.

All the Directors are non-executives and all are independent, except Paul Thomas who is Chairman of the Investment Committee of the Investment Manager.

In accordance with Listing Rule 15.2.12A the Company should not have a majority of directors who are also a director of another company managed by the Manager. On 13 July 2010 Mr David Pinckney resigned from the Board of Directors and Mr Alan Moore was appointed Chairman of the Company.

In accordance with the Company's Articles of Association and the Financial Reporting Council's (FRC) 2008 Combined Code and the Listing Rules of the Financial Services Authority, Paul Thomas and Alan Moore will retire at the AGM and being eligible, will offer themselves for re-election. As both Mr Thomas and Mr Moore have acted in the interests of the Company throughout the period of their appointment and demonstrated commitment to their roles, the Board recommends they be re-elected at the AGM.

Biographical information on the Directors is shown on page 25. The terms of the Directors' appointment and replacement are set out in the Corporate Governance Statement.

Substantial interests

As at 28 February 2011 and the date of this report, the Company was aware that Pershing Nominees and Heartwood Nominees held 3.43% and 4.82%, respectively, of the shareholding and voting rights of the Company's ordinary share capital. The Company was not aware of any other individual shareholding exceeding 3% or more of the voting rights attached to the Company's ordinary or "C" share capital.

Investment management, administration and performance fees

Climate Change Capital Limited, whose ultimate parent undertaking is Climate Change Capital Group Limited, is the Investment Manager of the Company and provides management and other administrative services. Climate Change Capital Limited also provided similar services to Ventus VCT plc during the financial year. The principal terms of the investment management agreement are set out in note 3 of the Financial Statements.

Investment Manager

As noted in the Chairman's Statement, in light of the recent resignation of the lead investment manager and the poor performance of parts of the investment portfolio, the Board is in discussions with the Investment Manager on the scale and nature of future staffing resources. The Board is also in the process of investigating the background to, and implications of, the breach of internal control within the Investment Manager. As at the date of this Report, the Board's deliberations on these matters are at an early stage. Therefore, the Board is unable at the present time to express a view as to whether the continuing appointment of the Investment Manager, with the current resourcing and on the terms agreed, is in the best interests of the shareholders. A further announcement will be made in due course; in the meantime, the Investment Manager will continue to manage the Company's investment programme.

Company Secretary

The City Partnership (UK) Limited has been appointed to provide company secretarial services to the Company as set out in the company secretarial services agreement. For these services the Company Secretary receives an annual fee of £15,000 plus VAT. The company secretarial services agreement is for an initial period of three years from 1 February 2009, terminable thereafter by either party giving not less than six months notice in writing.

VCT monitoring status

The Company retains PricewaterhouseCoopers LLP to advise on its compliance with the taxation requirements relating to VCTs.

Financial instruments

The Company's financial instruments comprise investments in unquoted companies, government securities, cash, trade and other receivables and trade and other payables. Further details are set out in note 22 of the Financial Statements.

Supplier payment policy

The Company's payment policy is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. During the year, all suppliers were paid within the terms agreed. The creditor days as at 28 February 2011 were 6 days (2010: nil).

Directors' statement as to disclosure of information to the Auditor

The Directors who were in office on the date of approval of these Financial Statements have confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

Auditor

A resolution to re-appoint PKF (UK) LLP as the Auditor of the Company will be proposed at the forthcoming AGM.

Details of the non-audit services provided to the Company by the Auditor are set out in note 6 of the Financial Statements on page 42.

Annual General Meeting

Enclosed with this Annual Report and Financial Statements is the Notice of Annual General Meeting ("AGM") of the Company (or any adjournment thereof) to be convened for Wednesday, 27 July 2011 at 12.30pm. A copy of the Notice is set out on page 60 of this document (the "Notice"). A Form of Proxy for use in connection with the AGM has been issued with this document.

The business of the meeting is outlined below:

Resolution 1 – Annual Report and Financial Statements

The Directors are required to present to the AGM the Annual Report and Financial Statements for the financial year ended 28 February 2011.

Resolution 2 – To declare a final dividend

The final dividend cannot exceed the amount recommended by the Directors and can only be paid after the members at a general meeting have approved it. The Directors recommend a final dividend of 1.00p per ordinary share payable on 10 August 2011 to holders of ordinary shares registered at the close of business on 15 July 2011, which will bring the total dividend for the year to 2.50p per share.

Resolution 3 - Directors' Remuneration Report

Under Regulation 11 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company is required to produce a Directors' Remuneration Report for each relevant financial year and to seek shareholder approval for that report at the AGM. The Directors' Remuneration Report is on pages 20 and 21 of the Annual Report and Financial Statements.

Resolution 4 – Re-election of Director

Mr Paul Thomas retires in accordance with Listing Rule 15.2.13A and, being eligible, offers himself for re-election.

Resolution 5 – Re-election of Director

Mr Alan Moore retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

Resolution 6 – Re-appointment of Auditor

This resolution proposes that PKF (UK) LLP be re-appointed as Auditor of the Company.

Resolution 7 – Remuneration of the Auditor

This resolution proposes that the Directors be authorised to set the Auditor's remuneration.

Resolution 8 – Purchase of shares by the Company

This resolution, which will be proposed as a special resolution, will, if passed, authorise the Company to purchase in the market up to 3,678,180 ordinary shares and 1,698,233 "C" shares, representing 14.99% of the current issued share capital of each class, at a minimum price of 25p per share, exclusive of any expenses, of not more than an amount equal to the higher of (a) 105% of the average of the middle market prices shown in the quotations for a share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003. This authority will be effective until the earlier of the date of the AGM of the Company to be held in 2012 and the date which is 18 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting). The Board believes that it is beneficial to the Company for it to continue to have the flexibility to purchase in the market its own shares. However, the Board considers it in the best interests of all shareholders if the Directors use their authority to make share buy-backs sparingly. This resolution seeks authority from the shareholders for the Company to be authorised to do so when considered appropriate by the Directors. This resolution would renew the authority granted to the Directors at the last AGM of the Company. The minimum and maximum prices to be paid for the shares are stated in the Notice. Repurchases of shares will be made at the discretion of the Board and will only be made in the market at prices below the prevailing net asset value ("NAV") per share as and when market conditions are appropriate. Any shares which are repurchased in this way may be cancelled or held as treasury shares, which may then be cancelled or sold for cash, as determined by the Board. The Directors consider that this authority is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares. The Directors are aware that the secondary market for the shares of VCT companies can be illiquid and that shares may trade at a discount to their NAV. The Company has established a special reserve out of which it may fund share buy-backs.

Action to be taken

Shareholders have been issued with a Form of Proxy for use in connection with the AGM. Shareholders are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's Registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the AGM (excluding any time which is not part of a working day). Completion and return of a Form of Proxy will not preclude shareholders from attending and voting at the AGM in person should they subsequently decide to do so.

Recommendation

The Directors believe that all of the resolutions are in the best interests of the Company and its shareholders as a whole and, accordingly, unanimously recommend that you vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares.

By order of the Board

The City Partnership (UK) Limited
Secretary

21 June 2011

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Company and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution to approve the report will be proposed at the AGM to be held on Wednesday, 27 July 2011.

Remuneration policy

The Board comprises three Directors, all of whom are non-executive. The Board does not have a separate remuneration committee, as the Company has no employees, other than the non-executive Directors.

The Board considers that Directors' fees should reflect the time commitment required and the high level of responsibility borne by Directors and should be broadly comparable to those paid by similar companies. It is not considered appropriate that Directors' remuneration should be performance-related, and none of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. The total remuneration of non-executive Directors has not exceeded the £100,000 per annum limit set in the Articles of Association of the Company.

No Director has a contract of service with the Company. All of the Directors have been provided with letters of appointment. The Articles of Association provide that Directors shall retire and offer themselves for re-election at the first AGM after their appointment and at least every three years thereafter. A Director's appointment will continue unless terminated by the Company by giving three months written notice; it may also be terminated in certain other circumstances. No Director has been granted any options to acquire shares in the Company.

Directors' fees (audited information)

The following fees were paid to individual Directors in respect of the year ended 28 February 2011 with comparative figures for the year ended 28 February 2010:

	28 February 2011 £	28 February 2010 £
A Moore (Chairman)	19,805	7,500
P Thomas	16,647	7,500
C Wood	16,647	7,500
D Pinckney*	5,349	10,000
Aggregate emoluments	58,448	32,500

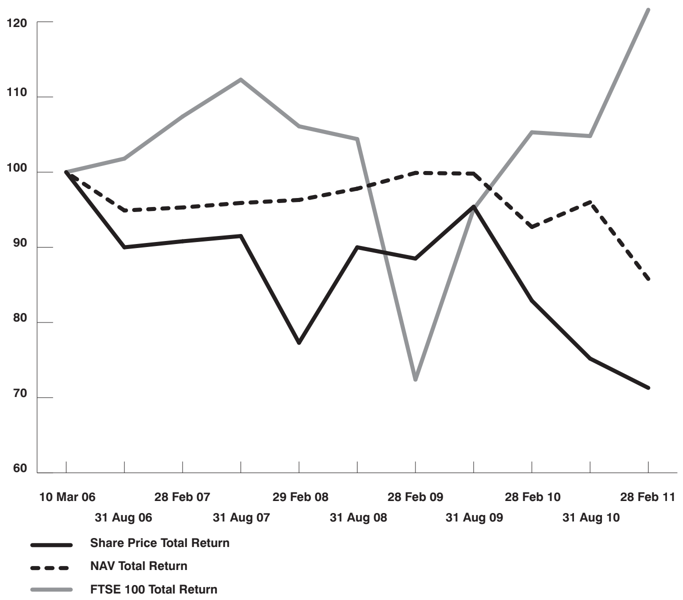
* David Pinckney resigned on 13 July 2010.

None of the Directors received any other remuneration during the year. The current Directors were each directors of Ventus 3 VCT plc prior to it merging with the Company on 6 May 2010. Ventus 3 VCT plc had invested in parallel with the Company prior to the Merger. Subsequent to the Merger the directors' fees were increased to reflect the service of the Directors to the single enlarged Company. Ventus 3 VCT plc was placed into members' voluntary liquidation.

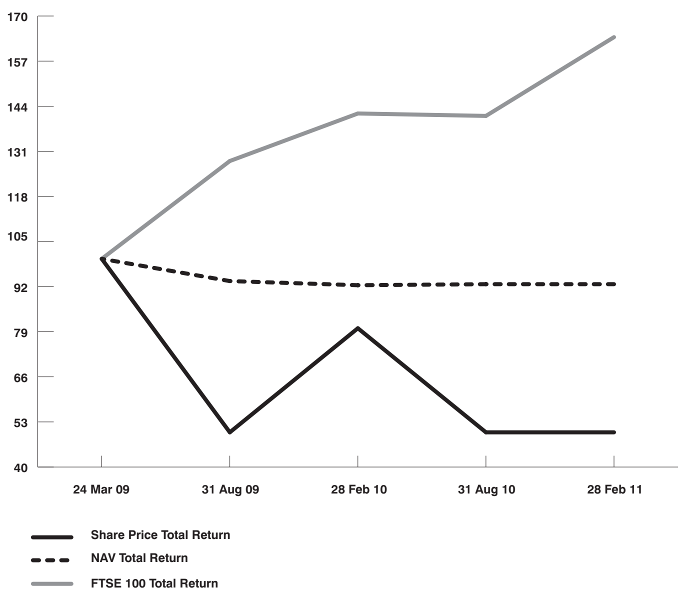
Company performance

Due to the positioning of the Company in the market as a specialist VCT investing in companies that will develop, construct and operate small on-shore UK renewable energy projects, the Directors consider that, currently, there is no suitable company or index that can be identified for comparison. However, in order to comply with Directors' Remuneration Report Regulations 2002, the FTSE 100 Index has been used as a comparative.

Total shareholder return on ordinary shares



Total shareholder return on "C" shares



The graph demonstrates the change in value, in terms of Share Price Total Return[1] and NAV Total Return[2], based on £100 invested in ordinary shares on the date they were listed on the London Stock Exchange (10 March 2006) over the period to 28 February 2011 compared with the total return attributable to £100 invested in companies comprising the FTSE 100 Index over the same period. The graph shows there had been a reduction in shareholder value during the year in respect of the total shareholder return based on NAV, which is representative of the net downward revaluation of investments as detailed in the Investment Manager's Report. The graph also demonstrates the discount to NAV of the share price of the ordinary shares as the total shareholder return based on share price is lower than that based on NAV.

The graph demonstrates the change in value, in terms of Share Price Total Return[1] and NAV Total Return[2], based on £100 invested in "C" shares on the date they were listed on the London Stock Exchange (24 March 2009) over the period to 28 February 2011 compared with the total return attributable to £100 invested in companies comprising the FTSE 100 Index over the same period. There was slight increase in shareholder value during the year in respect of the total shareholder return based on NAV, which is attributable to the costs of the "C" share fund being shared over a larger capital base following the second "C" share offer. . The graph also demonstrates the discount to NAV of the share price of the "C" shares as the total shareholder return based on share price is lower than that based on NAV.

1 Share Price Total Return is the return attributable to the share price of the shares held assuming that dividends paid in respect of those shares were immediately reinvested in shares at the market price as at the date the dividends were paid.

2 NAV Total Return is the net asset value of the shares held plus the cumulative dividends paid to those shares over the period in which they were held.

By order of the Board

The City Partnership (UK) Limited
Secretary

21 June 2011

The Board of Ventus 2 VCT plc has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to member companies of the AIC.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers the first two provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of the first two provisions. However, in the light of the breach in internal controls within the Investment Manager the third provision is currently under review by the Board.

Board of Directors

For most of the year ended 28 February 2011 the Board consisted of three Directors, all of whom are non-executive. The Board ensures that it has the appropriate balance of skills, experience, length of service and knowledge of the Company amongst its Directors. Biographical information on the Directors, is shown on page 25.

Independence

In accordance with the Listing Rules of the Financial Services Authority, the Board has reviewed the independence of each Director and of the Board as a whole. Directors withdrew from discussions concerning their individual status.

Mr Thomas is also the Chairman of the Ventus funds' Investment Committee of the Investment Manager and is therefore not considered to be independent. In the last year all Board members have served as directors of Ventus VCT plc and Ventus 3 VCT plc. Ventus 3 VCT plc merged with the Company under a scheme of reconstruction on 6 May 2010 and was placed into members' voluntary liquidation. Climate Change Capital Limited is also the Investment Manager of Ventus VCT plc. In accordance with changes to the Listing Rules the Directors no longer serve on the board of another company managed by the Investment Manager. The Board believes that each Director, with the exception of Mr Thomas, has demonstrated that he is independent in character and judgement and independent of the Investment Manager and therefore, that Mr Moore and Mr Wood are each considered independent.

Directors' responsibilities

The Board meets at least quarterly and is in regular contact with the Investment Manager between these meetings. There were a number of ad-hoc meetings, including meetings related to the approval of the Half-yearly Report and the Interim Management Statements. The number of meetings of the Board and the Audit Committee held during the year and the attendance of the Directors is shown in the table below:

	Board Meeting Attendance	Audit Committee Attendance
A Moore (Chairman)	5 (5)	1 (1)
P Thomas	7 (7)	2 (2)
C Wood	8 (9)	2 (2)
D Pinckney*	8 (8)	1 (1)

* David Pinckney resigned on 13 July 2010.

Alan Moore was appointed Chairman of the Company and became a member of the Audit Committee on 13 July 2010.

The figure in brackets indicates the total number of meetings at which the Director was expected to attend.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

The AIC Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. The schedule of matters reserved to it includes the general investment strategy of the Company and the performance of the Company. The terms and conditions of appointment of non-executive Directors are available upon written application to the Company Secretary.

All Directors have direct access to the Company Secretary and independent advisers at the Company's expense provided prior clearance has been obtained from the Board. The Company Secretary is responsible to the Board for ensuring that Board and Committee procedures are followed and for compliance with applicable rules and regulations. The Company Secretary is also responsible to the Board for ensuring the timely delivery of information and reports and that the statutory obligations of the Company are met.

When Directors have concerns that cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns is encouraged to provide a written statement to the Chairman, for circulation to the Board.

Directors appointed by the Board to fill a vacancy are required to submit to election at the next annual general meeting. At each AGM of the Company one third of the Directors shall retire from office and being eligible, be proposed for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or reappointed on the same day, will be (unless they otherwise agree) determined by lot. The Company may by ordinary resolution remove any Director before his period of office has expired. In addition, as Mr Thomas is the Chairman of the Ventus funds' Investment Committee of the Investment Manager, he is subject to re-election under Listing Rule 15.2.13A, and will therefore offer himself for re-election at the AGM and annually thereafter.

In accordance with the AIC Code, the Company has in place directors' and officers' liability insurance.

Upon joining the Board, new Directors will receive a full, formal and tailored induction. As the Company has no major shareholders, it is considered unnecessary to provide shareholders with the opportunity to meet new non-executive Directors at a specific meeting other than the AGM.

The performance of the Board, Audit Committee and individual Directors has been evaluated through an assessment process led by the Chairman who also considered the independence of the Directors and concluded that it considered all Directors, with the exception of Paul Thomas, for reasons mentioned above, to be independent.

The Directors seek to ensure that the Board has an appropriate balance of skills, experience and length of service. The biographies of the Directors shown on page 25 demonstrate the range of investment, commercial and professional experience that they contribute. The size and composition of the Board and Audit Committee is considered adequate for the effective governance of the Company.

Audit Committee

The Audit Committee comprises Colin Wood, Alan Moore and Paul Thomas. Colin Wood is Chairman of the Audit Committee. Alan Moore, Chairman of the Company, has been appointed to the Audit Committee in view of the small size of the Board. The Committee meets twice a year to review the Half-yearly Report and Annual Financial Statements before submission to the Board. The roles and responsibilities of the Audit Committee, including reviewing the Company's internal controls, risk management systems and monitoring auditor independence, are set out in written terms of reference. These are available upon written application to the Company Secretary. The Audit Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external Auditor.

The Audit Committee reviews the nature and extent of non audit services provided by the Company's external Auditor and ensures that the Auditor's independence and objectivity is safeguarded.

The re-appointment of PKF (UK) LLP as the Company's Auditor was approved by shareholders at the AGM held on 13 July 2010. The Board recommended the services of PKF (UK) LLP to the shareholders in view of the firm's extensive experience in auditing Venture Capital Trusts.

During the year under review, the Company's external Auditor also provided tax compliance services and a review of the risk management reporting. The Board believes that the appointment of the Auditors to supply these services was in the interest of the Company due to their knowledge of the Company and the VCT sector. The Auditor was, therefore, in a position to provide a greater efficiency of service compared to other potential providers of these services. The Board is satisfied that the fees charged and work undertaken did not affect the Auditor's objectivity as the proportion of the fees earned from the Company for other services was relatively small in relation to the audit fees. Also, the other services were undertaken by partners other than the audit partner and did not involve undertaking any internal review or management role nor did these services create any self review conflict over the preparation of the information reported in the accounts.

Nomination and Remuneration Committees

To date, no Nomination or Remuneration Committees have been established. The establishment of a Nomination Committee is not considered necessary as the appointment of new Directors and recommendations for the re-election of Directors are matters considered by the Board. Matters relating to remuneration of Directors, all of whom are non-executive, are considered by the Board and any Director is excluded from meetings whose purpose is the setting of his own remuneration.

Internal control

In accordance with the AIC Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company which accords with the Turnbull guidance. The Board acknowledges that it is responsible for the Company's system of internal control and financial reporting. Internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has delegated, contractually to third parties, the investment management, the custodial services (which include safeguarding the Company's assets), the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the period under review and up to the date of approval of the accounts. This process is regularly reviewed by the Board. The Board is currently reviewing the need for an internal audit function. The Board will continue to monitor and review the risk management process on a regular basis.

The Company has a clearly defined investment policy and process. Investment decisions are made by the Investment Manager, after approval has been received from the Ventus funds' Investment Committee of the Investment Manager. In certain circumstances investment decisions are referred to the Board for approval after due consideration of the recommendations of the Ventus funds' Investment Committee of the Investment Manager The Board performs regular reviews of the Company's performance in respect of the investments and other assets, liabilities, revenue and expenditure.

The Audit Committee reviews each of the Company's half-yearly and annual reports, interim management statements and associated announcements. The Audit Committee regularly reviews management accounts information to make comparisons to budget. The Audit Committee also regularly reviews the internal controls adopted and implements appropriate policies to deal with operational risks. The findings of the external Auditor in respect of internal controls and financial reporting are discussed at Audit Committee meetings and appropriate recommendations are made to the Board.

The principal features of the internal control systems which the Company has in place in respect of financial reporting include:

- authorisation limits over expenditure incurred by the Company;
- segregation of duties between the analysis of investment valuations, review of the

assumptions made in valuing investments and the recording of these valuations in the accounting records;

- bank reconciliations are carried out on a regular basis; and
- review by the Audit Committee of financial information prior to its publication.

Performance of the Investment Manager

The primary focus of regular Board meetings is to review the investment performance against the Company's stated investment policy and objectives. In doing so, the Board assesses the performance of the Investment Manager and considers whether the arrangements made between the Company and the Investment Manager are appropriate and in the interests of shareholders.

As noted in the Chairman's Statement, the Board has been made aware by the Investment Manager of a breach of internal control within the Investment Manager relating to the Company. An unsecured loan to PBM Power Limited, an investee company, totalling £530,000 was approved by the Investment Manager without the knowledge of the Ventus funds' Investment Committee of the Investment Manager. The Investment Manager is currently investigating the background to this matter, has confirmed to the Board that no similar events have occurred in the past, and has made proposals to implement remedial actions for the future. The Board is taking steps to satisfy itself in respect of this matter.

Going concern

The Directors are required to consider the going concern status of the Company and prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. The going concern status of the Company is discussed in the Directors' Report.

Listing Rules disclosures: DTR 7.2.6

The Company has two classes of shares, ordinary and "C" shares, which carry no right to fixed income. Details of the Company's share capital, including the number of shares authorised and allotted, are set out in the Directors' Report.

At a general meeting of the Company, on a show of hands, every member who is present in person and entitled to vote shall have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share held.

Any profits of each share fund which the Company may determine to distribute in respect of any financial year shall be distributed among the shareholders pro rata according to the amounts paid up or credited as paid up on the shares held.

The capital and assets of the Company on a winding-up or other return of capital shall be applied in repaying to the shareholders the amounts paid up or credited as paid up on such shares and subject thereto shall belong to and be distributed according to the number of such shares held.

The identity of each of the shareholders with a significant holding as at the year end and the date of this report, including details of the size and nature of their holding, is disclosed in the Substantial Interests section of the Directors' Report.

As at the year end and date of this report the Company had no immediate or ultimate controlling parties and there were no shares in issue carrying special rights with regard to control of the Company.

In accordance with the Company's Articles of Association, subject to the provisions of the Companies Act 2006 and to any special rights conferred on the holders of any other shares, any shares may be issued with or have attached to them such rights and restrictions as the Company may by ordinary resolutions decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide.

There are no shares in issue which hold special rights.

The Company may by ordinary resolution appoint any person who is willing to act as a Director, either to fill a vacancy or as an additional Director. Each Director is to be appointed by separate resolution.

The Company may by special resolution make amendment to the Company's Articles of Association.

The powers of the Company's Directors in relation to the Company issuing or buying back its own shares are set out in the Director's Report.

Relations with shareholders

The Company communicates with shareholders and solicits their views where it is appropriate to do so. All shareholders are welcome at the AGM, which provides a forum for shareholders to ask questions of the Directors and to discuss with them issues affecting the Company. The Board as a whole approves the Chairman's Statement which forms part of the Annual and Half-yearly Reports to shareholders in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects. Notice of the AGM accompanies this Annual Report, which is sent to shareholders a minimum of 20 working days before the meeting.

A separate resolution is proposed at the AGM on each substantially separate issue. The Registrar collates the proxy votes, and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the Combined Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these Financial Statements. A proxy form in respect of this meeting has been issued to shareholders separately.

For and on behalf of the Board

Alan Moore
Chairman

21 June 2011

The Company's Board comprises three Directors, two of whom are independent of the Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Directors have wide experience of investment in both smaller growing companies and larger quoted companies. Information about the Directors is presented below:

Alan Moore OBE, CEng FIMechE - Chairman

Alan Moore has more than 40 years' experience in the UK electricity industry, beginning his career with the Central Electricity Generating Board. From 1998 to 2004, he was the Managing Director of National Wind Power (now RWE Innogy), at the time one of the largest developers and owners of renewable power assets in the UK. Until 2010, for eight years he was Co-Chairman of the UK Government's Renewables Advisory Board. He is a past Chairman of the British Wind Energy Association (now called RenewableUK). He is Chairman of Cowrie Limited, a fund which invests in offshore environmental research projects, and he is also a non-executive director of Partnerships for Renewables Limited. He has been a member of the Board since January 2006.

Paul Thomas ACA

Paul Thomas is Managing Director of Private Investor Capital Limited, the London-based independent private equity firm that invests in transactions of up to £5 million in growing, unquoted UK businesses. He has over 25 years of private equity experience, including 19 years with ECI Partners LLP, the London based midmarket buy-out house, where he was Managing Director until retiring in 2003. During his time with ECI, the firm made over 100 equity investments in transactions ranging in size from £500,000 to £25 million, deploying capital of more than £200 million. Previously, he was with Price Waterhouse for 6 years, latterly in corporate finance. He is a physics graduate and a Chartered Accountant. He is Chairman of the Ventus funds' Investment Committee of the Investment Manager and has been a member of the Board since January 2006.

Colin Wood

Colin Wood spent 27 years as a civil servant in the Scottish Office before retiring from a senior position in the Scottish Executive in 2001. He is an economics graduate and from 1993 to 1998, he was Senior Economic Adviser and Head of the Economics and Statistics Unit at the Scottish Office Industry Department, where he was responsible for providing economic advice on a range of issues including energy markets and the environment. He is a Director of The Century Building Society in Edinburgh. He has been a member of the Board since January 2006.

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and have elected to prepare the Parent Company Financial Statements in accordance with those standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Group Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation and the Parent Company Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm, to the best of their knowledge that:

- the Group Financial Statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the management report included within the Chairman's Statement, Investment Manager's Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of all the Directors are stated on page 25.

For and on behalf of the Board

Alan Moore
Chairman

21 June 2011

Directors

Alan Moore OBE, CEng FIMechE
Paul Thomas ACA
Colin Wood

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

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

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

Registrars and Registered Office
Capita Registrars
The Registry
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Beckenham
Kent
BR3 4TU

Principal Banker
HSBC Bank plc
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London
EC4N 4TR

VCT Taxation Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Broker
Matrix Corporate Capital LLP
One Vine Street
London
W1J 0AH

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

We have audited the financial statements of Ventus 2 VCT PLC for the year ended 28 February 2011 which comprise the Group's Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 28 February 2011 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter – valuation of investments

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the inherent uncertainty of the assumptions used in the valuation of waste wood biomass investments.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the information given in the Corporate Governance Statement set out on pages 22 to 24 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 16, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to the shareholders by the board on directors' remuneration.

Rosemary Clarke (Senior statutory auditor)
for and on behalf of PKF (UK) LLP,
Statutory auditor
London, UK

21 June 2011

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2011

		Ordinary Shares			"C" Shares			Total		
	Note	**Revenue £000**	**Capital £000**	**Total £000**	**Revenue £000**	**Capital £000**	**Total £000**	**Revenue £000**	**Capital £000**	**Total £000**
Net unrealised loss on investments	11	-	(1,284)	(1,284)	-	-	-	-	(1,284)	(1,284)
Realised loss on investments	11	-	(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	4	-	(530)	(530)	-	-	-	-	(530)	(530)
Merger costs	5	(31)	-	(31)	-	-	-	(31)	-	(31)
Other expenses	6	(154)	(42)	(196)	(83)	-	(83)	(237)	(42)	(279)
Loss before taxation		824	(2,478)	(1,654)	115	(190)	(75)	939	(2,668)	(1,729)
Taxation	8	(90)	90	-	(24)	24	-	(114)	114	-
Loss and total comprehensive income for the year attributable to equity shareholders		734	(2,388)	(1,654)	91	(166)	(75)	825	(2,554)	(1,729)
Return per share										
Basic and diluted return per share (p)	10	**3.29**	**(10.70)**	**(7.41)**	**0.84**	**(1.52)**	**(0.68)**			

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 loss and total comprehensive income for the year is wholly attributable to the owners of the Company.

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

for the year ended 28 February 2010

		Ordinary Shares			"C" Shares			Total		
	Note	**Revenue £000**	**Capital £000**	**Total £000**	**Revenue £000**	**Capital £000**	**Total £000**	**Revenue £000**	**Capital £000**	**Total £000**
Net unrealised loss on investments	**11**	-	(711)	(711)	-	-	-	-	(711)	(711)
Income	**2**	376	-	376	31	-	31	407	-	407
Investment management fees	**3**	(66)	(199)	(265)	(36)	(106)	(142)	(102)	(305)	(407)
Merger costs	**5**	(103)	-	(103)	-	-	-	(103)	-	(103)
Other expenses	**6**	(91)	-	(91)	(56)	-	(56)	(147)	-	(147)
Loss before taxation		116	(910)	(794)	(61)	(106)	(167)	55	(1,016)	(961)
Taxation	**8**	(46)	42	(4)	2	2	4	(44)	44	-
Loss and total comprehensive income for the year attributable to equity shareholders		70	(868)	(798)	(59)	(104)	(163)	11	(972)	(961)
Return per share										
Basic and diluted return per share (p)	**10**	**0.62**	**(7.70)**	**(7.08)**	**(0.97)**	**(1.70)**	**(2.67)**			

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 38 to 59 form an integral part of these Financial Statements.

GROUP BALANCE SHEET

as at 28 February 2011

	Note	As at 28 February 2011 Ordinary Shares £000	"C" Shares £000	Total £000	As at 28 February 2010 Ordinary Shares £000	"C" Shares £000	Total £000
Non-current assets							
Investments	11	16,374	3,960	20,334	8,434	325	8,759
Development wind assets	13	1,096	-	1,096	-	-	-
Trade and other receivables	14	570	103	673	126	-	126
		18,040	4,063	22,103	8,560	325	8,885
Current assets							
Trade and other receivables	14	614	175	789	508	28	536
Cash and cash equivalents	15	664	6,254	6,918	1,364	6,495	7,859
		1,278	6,429	7,707	1,872	6,523	8,395
Total assets		19,318	10,492	29,810	10,432	6,848	17,280
Current liabilities							
Trade and other payables	16	(197)	(24)	(221)	(76)	(467)	(543)
Net current assets		1,081	6,405	7,486	1,796	6,056	7,852
Financial liabilities	17	(372)	-	(372)	-	-	-
Net assets		18,749	10,468	29,217	10,356	6,381	16,737
Share capital	18	6,134	2,832	8,966	3,071	1,731	4,802
Share premium		7,890	7,874	15,764	658	4,813	5,471
Special reserve		7,803	-	7,803	7,803	-	7,803
Capital reserve – realised		(1,755)	(270)	(2,025)	(651)	(104)	(755)
Capital reserve – unrealised		(1,842)	-	(1,842)	(558)	-	(558)
Revenue reserve		401	32	433	33	(59)	(26)
Equity attributable to equity holders		18,631	10,468	29,099	10,356	6,381	16,737
Minority interests		118	-	118	-	-	-
Total equity		18,749	10,468	29,217	10,356	6,381	16,737
Basic and diluted net asset value per share (p)	19	**75.9**	**92.4**		**84.3**	**92.1**	

Approved by the Board and authorised for issue on 21 June 2011.

Alan Moore
Chairman

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

Ventus 2 VCT plc. Registered No: 05667210

Company	Note	As at 28 February 2011 Ordinary Shares £000	"C" Shares £000	Total £000	As at 28 February 2010 Ordinary Shares £000	"C" Shares £000	Total £000
Non-current assets							
Investments	11	16,374	3,960	20,334	8,434	325	8,759
Investments in subsidiaries	12	732	-	732	-	-	-
Trade and other receivables	14	570	103	673	126	-	126
		17,676	4,063	21,739	8,560	325	8,885
Current assets							
Trade and other receivables	14	510	175	685	508	28	536
Cash and cash equivalents	15	630	6,254	6,884	1,364	6,495	7,859
		1,140	6,429	7,569	1,872	6,523	8,395
Total assets		18,816	10,492	29,308	10,432	6,848	17,280
Current liabilities							
Trade and other payables	16	(187)	(24)	(211)	(76)	(467)	(543)
Net current assets		953	6,405	7,358	1,796	6,056	7,852
Net assets		18,629	10,468	29,097	10,356	6,381	16,737
Equity attributable to equity holders							
Share capital	18	6,134	2,832	8,966	3,071	1,731	4,802
Share premium		7,890	7,874	15,764	658	4,813	5,471
Special reserve		7,803	-	7,803	7,803	-	7,803
Capital reserve – realised		(1,755)	(270)	(2,025)	(651)	(104)	(755)
Capital reserve – unrealised		(1,842)	-	(1,842)	(558)	-	(558)
Revenue reserve		399	32	431	33	(59)	(26)
Total equity		18,629	10,468	29,097	10,356	6,381	16,737
Basic and diluted net asset value per share (p)	19	**75.9**	**92.4**		**84.3**	**92.1**	

Approved by the Board and authorised for issue on 21 June 2011.

Alan Moore
Chairman

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

Ventus 2 VCT plc. Registered No: 05667210

GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2011

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
At 1 March 2010	3,071	658	7,803	(651)	(558)	33	-	10,356
Shares issued in the year	3,063	7,232	-	-	-	-	-	10,295
Change 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)
At 28 February 2011	6,134	7,890	7,803	(1,755)	(1,842)	401	118	18,749

"C" Shares	Share capital £000	Share premium £000	Capital reserve realised £000	Revenue reserve £000	Total £000
At 1 March 2010	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)
At 28 February 2011	2,832	7,874	(270)	32	10,468

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
At 1 March 2010	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)
Change 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)
At 28 February 2011	8,966	15,764	7,803	(2,025)	(1,842)	433	118	29,217

The Company did not have subsidiary undertakings in the prior year therefore comparative movements and balances for the Group have not been presented in respect of the prior year.

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2011

Ordinary Shares	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 March 2010	3,071	658	7,803	(651)	(558)	33	10,356
Shares 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)
At 28 February 2011	6,134	7,890	7,803	(1,755)	(1,842)	399	18,629

"C" Shares	Share capital £000	Share premium £000	Capital reserve realised £000	Revenue reserve £000	Total £000
At 1 March 2010	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)
At 28 February 2011	2,832	7,874	(270)	32	10,468

Total	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 March 2010	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)
At 28 February 2011	8,966	15,764	7,803	(2,025)	(1,842)	431	29,097

All amounts presented in the Statement of Changes in Equity are attributable to equity holders.

The reserves available for distribution comprise the revenue reserve. 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.

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2010

Ordinary Shares	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 March 2009	2,793	-	7,803	(494)	153	298	10,553
Share issued in the year	278	713	-	-	-	-	991
Issue costs	-	(55)	-	-	-	-	(55)
Loss and total comprehensive income for the year	-	-	-	(157)	(711)	70	(798)
Dividends paid in the year	-	-	-	-	-	(335)	(335)
At 28 February 2010	3,071	658	7,803	(651)	(558)	33	10,356

"C" Shares	Share capital £000	Share premium £000	Capital reserve realised £000	Revenue reserve £000	Total £000
At 1 March 2009	-	-	-	-	-
Share issued in the year	1,731	5,194	-	-	6,925
Issue costs	-	(381)	-	-	(381)
Loss and total comprehensive income for the year	-	-	(104)	(59)	(163)
At 28 February 2010	1,731	4,813	(104)	(59)	6,381

Total	Share capital £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 March 2009	2,793	-	7,803	(494)	153	298	10,553
Share issued in the year	2,009	5,907	-	-	-	-	7,916
Issue costs	-	(436)	-	-	-	-	(436)
Loss and total comprehensive income for the year	-	-	-	(261)	(711)	11	(961)
Dividends paid in the year	-	-	-	-	-	(335)	(335)
At 28 February 2010	4,802	5,471	7,803	(755)	(558)	(26)	16,737

All amounts presented in the Statement of Changes in Equity are attributable to equity holders. The reserves available for distribution comprise the revenue reserve. 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.

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

	Year ended 28 February 2011			Year ended 28 February 2010		
	Ordinary Shares £000	"C" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	Total £000
Cash flows from operating activities						
Investment income received	751	14	765	103	-	103
Deposit interest received	2	34	36	18	20	38
Investment management fees paid	(443)	(254)	(697)	(199)	(142)	(341)
Other cash payments	(425)	(118)	(543)	(355)	(46)	(401)
Net cash used in operations	(115)	(324)	(439)	(433)	(168)	(601)
Taxes paid	-	-	-	(17)	-	(17)
Net cash outflow from operating activities	(115)	(324)	(439)	(450)	(168)	(618)
Cash flows from investing activities						
Purchases of development wind assets	(90)	-	(90)	-	-	-
Purchases of investments	(1,572)	(4,010)	(5,582)	(1,045)	(325)	(1,370)
Proceeds from investments	850	375	1,225	-	-	-
Net cash outflow from investing activities	(812)	(3,635)	(4,447)	(1,045)	(325)	(1,370)
Cash flows from financing activities						
"C" shares issued	-	3,960	3,960	(194)	6,925	6,731
"C" share issue costs	-	(242)	(242)	-	(381)	(381)
"C" shares to be issued	-	-	-	-	444	444
Ordinary shares issued	-	-	-	991	-	991
Ordinary share issue costs	-	-	-	(55)	-	(55)
Dividends paid	(368)	-	(368)	(335)	-	(335)
Cash received on acquisition of net assets from Ventus 3 VCT plc	639	-	639	-	-	-
Stamp duty on shares issued to acquire net assets of Ventus 3 VCT plc	(22)	-	(22)	-	-	-
Payments to meet Ventus 3 VCT plc costs	(62)	-	(62)	-	-	-
Loan financing	40	-	40	-	-	-
Net cash inflow from financing activities	227	3,718	3,945	407	6,988	7,395
Net (decrease)/increase in cash and cash equivalents	(700)	(241)	(941)	(1,088)	6,495	5,407
Cash and cash equivalents at the beginning of the year	1,364	6,495	7,859	2,452	-	2,452
Cash and cash equivalents at the end of the year	664	6,254	6,918	1,364	6,495	7,859

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS
for the year ended 28 February 2011

	Year ended 28 February 2011			Year ended 28 February 2010		
	Ordinary Shares £000	"C" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	Total £000
Cash flows from operating activities						
Investment income received	751	14	765	103	-	103
Deposit interest received	2	34	36	18	20	38
Investment management fees paid	(443)	(254)	(697)	(199)	(142)	(341)
Other cash payments	(449)	(118)	(567)	(355)	(46)	(401)
Net cash used in operations	(139)	(324)	(463)	(433)	(168)	(601)
Taxes paid	-	-	-	(17)	-	(17)
Net cash outflow from operating activities	(139)	(324)	(463)	(450)	(168)	(618)
Cash flows from investing activities						
Purchases of investments	(1,632)	(4,010)	(5,642)	(1,045)	(325)	(1,370)
Proceeds from investments	850	375	1,225	-	-	-
Net cash outflow from investing activities	(782)	(3,635)	(4,417)	(1,045)	(325)	(1,370)
Cash flows from financing activities						
"C" shares issued	-	3,960	3,960	(194)	6,925	6,731
"C" share issue costs	-	(242)	(242)	-	(381)	(381)
"C" shares to be issued	-	-	-	-	444	444
Ordinary shares issued	-	-	-	991	-	991
Ordinary share issue costs	-	-	-	(55)	-	(55)
Dividends paid	(368)	-	(368)	(335)	-	(335)
Cash received on acquisition of net assets from Ventus 3 VCT plc	639	-	639	-	-	-
Stamp duty on shares issued to acquire net assets of Ventus 3 VCT plc	(22)	-	(22)	-	-	-
Payments to meet Merger costs	(62)	-	(62)	-	-	-
Net cash inflow from financing activities	187	3,718	3,905	407	6,988	7,395
Net (decrease)/increase in cash and cash equivalents	(734)	(241)	(975)	(1,088)	6,495	5,407
Cash and cash equivalents at the beginning of the year	1,364	6,495	7,859	2,452	-	2,452
Cash and cash equivalents at the end of the year	630	6,254	6,884	1,364	6,495	7,859

The accompanying notes on pages 38 to 59 form an integral part of these Financial Statements.

1. Accounting policies

Accounting convention

The Financial Statements of the Company and the Group 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 Financial Statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2009 ("SORP") is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

On publishing the Company Financial Statements here together with the Group Financial Statements the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form part of these approved financial statements.

Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year.

Standards and interpretations have been issued which will be effective for future reporting periods but have not been early adopted in these Financial Statements. These include IFRS 7 (Revised), IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 24, IFRS 1, IFRIC 14 and IFRIC 19. These changes are not expected to have a material impact on transactions and balances reported in the financial statements.

Acquisition of assets from Ventus 3 VCT plc

On 6 May 2010 Ventus 2 VCT plc (the "Company") acquired the assets and liabilities of Ventus 3 VCT plc under a scheme of reconstruction (the "Merger") and Ventus 3 VCT plc was placed into members' voluntary liquidation. The Company has accounted for this transaction as a business combination in accordance with IFRS 3, it being the acquisition of the investment portfolio held by Ventus 3 VCT plc, and issue of new shares to the shareholders of Ventus 3 VCT plc in consideration for the assets acquired. In these Financial Statements, the results for the period prior to 6 May 2010 reflect the activities of the Company before the Merger. The results for the period from 6 May 2010 to 28 February 2011 reflect the activities of the enlarged entity following the Merger.

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.

No comparative notes to the financial statements are presented for the Group as there were no subsidiaries requiring consolidation in the prior year.

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 stated 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 balance sheet date.

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet 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.

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

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

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

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

Key assumptions and key sources of estimation uncertainty

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of assets which are designated as "fair value through profit or loss".

The key assumptions that have a significant impact on fair value in the discounted cash flow valuations are the discount factor used, the price at which the power and associated benefits can be sold and the amount of electricity the investee companies' generating assets are expected to produce. The discount factor applied to the cash flows is regularly reviewed by the Investment Committee of the Investment Manager to ensure it is set at the appropriate level. The Investment Committee and the Board will also give consideration to the specific performance characteristics of the particular type of generating technology being used. The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and government subsidies. The selling price is often fixed in the medium term under power purchase agreements. For periods outside the term of these agreements the assumed future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. Specifically commissioned external consultant reports are also used to estimate the expected electrical output from the investee company's generating assets taking into account their type and location. All of these key assumptions are reviewed regularly by the Investment Committee of the Investment Manager and the Board.

In addition to the assumptions on discount factors and the price of power and associated benefits described above, there are key assumptions specific to determining the valuation of the waste wood biomass investments, which are valued at £4,141,000 in the ordinary share fund, and are subject to a higher degree of uncertainty.

The assumptions that are specific to the waste wood biomass investments and have a significant impact on their valuations are the level of generating hours available, the gate fees (for receiving waste wood) net of processing costs, the plant operating costs and the economic life span of the plant.

The level of generating hours available has been estimated based on advice from the engineers working at the sites based on their assessment of the technical capability of the projects, rather than the current performance of operational sites. However increases or decreases in this assumption would have a very significant impact on the valuation and, without having data from a reasonable period of stable operating performance for the investments, the achievability of the assumed performance must be considered to be uncertain.

Also, the validity of the assumptions is dependent on the completion of renegotiation of contracts and debt finance terms with third parties, including the lending bank, which are in progress.

The sensitivity of these investments to reasonable alternative assumptions is presented in note 11 of the Financial Statements.

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 and Company

Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
Income from investments			
Loan stock interest	696	227	923
Dividend income	428	-	428
	1,124	227	1,351
Other income			
UK treasury bill income	-	24	24
Bank deposit interest	3	11	14
	1,127	262	1,389

Group and Company

Year ended 28 February 2010	Ordinary Shares £000	"C" Shares £000	Total £000
Income from investments			
Loan stock interest	371	12	383
	371	12	383
Other income			
UK treasury bill income	3	15	18
Bank deposit interest	2	4	6
	376	31	407

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

3. Investment management fees

Group and Company

Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
Investment management fees	472	254	726

Group and Company

Year ended 28 February 2010	Ordinary Shares £000	"C" Shares £000	Total £000
Investment management fees	265	142	407

The Investment Manager is entitled to an annual fee equal to 2.5% of the Company's net asset value ("NAV"). This fee is exclusive of VAT and is paid quarterly in advance. The fee covers the provision by the Investment Manager of investment management services as well as all accounting and administrative services together with the additional annual trail commission payable to authorised financial intermediaries. Total annual running costs are in aggregate capped at 3.6% of NAV (excluding the Investment Manager's performance-related incentive fee, any irrecoverable VAT, Merger costs and investment costs), with any excess being borne by the Investment Manager.

The Investment Manager will receive a performance-related incentive fee subject to the Company achieving certain defined targets. No incentive fee will be payable until the Company has provided a cumulative return to investors in the form of growth in NAV plus payment of dividends ("the Return") of 60p per share. Thereafter, the incentive fee, which is payable in cash, is calculated as 20% of the amount by which the Return in any accounting period exceeds 7p per share. The incentive fee is exclusive of VAT.

The management agreement may be terminated on 12 months' notice, given at any time after 12 February 2013.

4. Impairment charge

The Company's ordinary share fund has paid amounts totalling £530,000 in respect of the operating expenses of its investee company, PBM Power Limited. The Company has an unsecured claim against PBM Power Limited for this amount. However, due to the poor performance of this investee company the carrying value of the amount receivable is considered to be fully impaired and has been recognised as a realised capital loss.

5. Merger costs

The Merger costs of £31,000 incurred by the Company during the year were in respect of the Merger with Ventus 3 VCT plc which took place on 6 May 2010 and represent those costs which were contingent on the Merger taking place. The non-contingent costs which amounted to £103,000 had been accrued and charged to the Statement of Comprehensive Income during the year ended 28 February 2010. The Merger costs borne by Ventus 3 VCT plc totalled £144,000.

6. Other expenses

Group and Company

Year ended 28 February 2011	**Ordinary Shares £000**	**"C" Shares £000**	**Total £000**
Revenue expenses:			
Directors' remuneration	38	20	58
Fees payable to the Company's Auditor for:			
- *Audit of the Company's Annual Financial Statements*	17	10	27
- *Other services relating to taxation*	2	1	3
- *Other services*	5	3	8
Legal and professional fees	13	6	19
Other revenue expenses	79	43	122
	154	83	237
Capital expenses:			
Investment costs	42	-	42
	196	83	279

Group and Company

Year ended 28 February 2010	**Ordinary Shares £000**	**"C" Shares £000**	**Total £000**
Directors' remuneration	20	13	33
Fees payable to the Company's Auditor for:			
- *Audit of the Company's Annual Financial Statements*	12	6	18
- *Other services relating to taxation*	1	1	2
- *Other services*	1	1	2
Other expenses	57	35	92
	91	56	147

The expenses of the Group were wholly derived from the Company's activities. Other services relating to taxation were in respect of tax services provided by the Company's Auditor relating to corporation tax compliance. Other services provided by the Company's Auditor related to the reviews of the Half-yearly Report and a review of risk management reporting.

The investment costs incurred during the year were in respect of preparing a planning application for an investment which did not proceed. These costs have been treated as a capital expense in the Statement of Comprehensive Income.

7. Directors' remuneration

Group and Company

Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
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

Group and Company

Year ended 28 February 2010	Ordinary Shares £000	"C" Shares £000	Total £000
D Pinckney	6	4	10
A Moore	5	3	8
P Thomas	4	3	7
C Wood	5	3	8
Aggregate emoluments	20	13	33

David Pinckney resigned as a Director of the Company on 13 July 2010. Further details regarding Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 20 to 21.

8. Taxation

Group and Company

Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
(a) Tax charge/ (credit) for the year			
Current UK corporation tax:			
Charged to the revenue reserve	90	24	114
Credited to capital reserve	(90)	(24)	(114)
	-	-	-
(b) Factors affecting the tax credit for the year			
Loss before taxation	(1,654)	(75)	(1,729)
Tax credit calculated on loss before taxation at the applicable rate of 21%	(347)	(16)	(363)
Effect of:			
UK dividends not subject to tax	(90)	-	(90)
Capital losses not subject to tax	325	-	325
Non-deductible impairment charge	111	-	111
Non-deductible merger costs	7	-	7
Non-deductible investment costs	9	-	9
Tax losses brought forward	(15)	(31)	(46)
Unrecognised deferred tax asset	-	47	47
	-	-	-

8. Taxation (continued)

Group and Company

Year ended 28 February 2010	Ordinary Shares £000	"C" Shares £000	Total £000
(a) Tax charge/ (credit) for the year			
Current UK corporation tax:			
Charged/ (credited) to revenue reserve	46	(2)	44
Credited to capital reserve	(42)	(2)	(44)
	4	(4)	-
(b) Factors affecting the tax credit for the year			
Loss profit before taxation	(794)	(167)	(961)
Tax credit calculated on loss before taxation at the applicable rate of 21%	(167)	(35)	(202)
Effect of:			
Capital losses not subject to tax	149	-	149
Unrecognised deferred tax asset	-	31	31
Non-deductible Merger costs	22	-	22
	4	(4)	-

No provision for deferred taxation has been made on potential capital gains due to the Company's current status as a VCT under section 274 of the ITA and the Directors' intention to maintain that status. The Company intends to continue to meet the conditions required to maintain its status as a VCT for the foreseeable future.

9. Dividends

	Year ended 28 February 2011 £000	Year ended 28 February 2010 £000
Ordinary Shares		
Amounts recognised as distributions to ordinary shareholders in the year:		
Previous year's final dividend of nil per ordinary share (2010: 1.50p)	-	168
Current year's interim dividend of 1.50p per ordinary share (2010: 1.50p)	368	167
	368	335

The Directors recommend a final dividend of 1.00p per ordinary share (2010: nil) to be paid on 10 August 2011 to all ordinary shareholders on the register as at the close of business on 15 July 2011. The proposed final dividend is subject to approval by the shareholders at the AGM and has not been included as a liability in these Financial Statements. There were no dividends paid to "C" shareholders during the year ended 28 February 2011 (2010: nil). The Directors do not propose to pay a final dividend to the "C" shareholders in respect of the year ended 28 February 2011.

Subject to approval of the final dividend, the total dividend to be paid to ordinary shareholders in respect of the financial year is set out below:

	Year ended 28 February 2011 £000	Year ended 28 February 2010 £000
Amounts paid or to be paid to ordinary shareholders in respect of the financial year:		
Interim dividend for the year ended 28 February 2011 of 1.50p per ordinary share (2010: 1.50p)	368	167
Proposed final dividend for the year ended 28 February 2011 of 1.00 per ordinary share (2010: nil)	245	-
	613	167

10. Basic and diluted return per share

The net loss per ordinary share of 7.41p for the year ended 28 February 2011 (2010: 7.08p) is based on a loss of £1,654,000 (2010: net loss of £798,000) and the weighted average number of ordinary shares in issue during the year of 22,322,435 (2010: 11,280,150).

The basic revenue return per ordinary share of 3.29p (2010: 0.62p) is based on the net revenue from ordinary activities after taxation of £734,000 (2010: £70,000) and the weighted average number of ordinary shares in issue during the year of 22,322,435 (2010: 11,280,150).

The net capital loss per ordinary share of 10.70p (2010: 7.70p) is based on the net loss from ordinary activities after taxation of £2,388,000 (2010: £868,000) and the weighted average number of shares in issue during the year of 22,322,435 (2010: 11,280,150).

There is no difference between the basic profit per ordinary share and the diluted profit per ordinary share because no dilutive financial instruments have been issued.

The net loss per "C" share of 0.68p for the year ended 28 February 2011 (2010: 2.67p) is based on a loss of £75,000 (2010: £163,000) and the weighted average number of "C" shares in issue during the year of 10,919,208 (2010: 6,089,818).

The basic revenue return per "C" share of 0.84p (2010: loss of 0.97p) is based on the net revenue from ordinary activities after taxation of £91,000 (2010: loss of £59,000) and the weighted average number of "C" shares in issue during the year of 10,919,208 (2010: 6,089,818).

The net capital loss per "C" share of 1.52p (2010: 1.70p) is based on the net loss from ordinary activities after taxation of £166,000 (2010: £104,000) and the weighted average number of shares in issue during the year of 10,919,208 (2010: 6,089,818).

There is no difference between the basic loss per "C" share and the diluted loss per "C" share because no dilutive financial instruments have been issued.

11. Investments

	Ordinary Shares			"C" Shares			Total		
Year ended 28 February 2011	**Shares £000**	**Loan stock £000**	**Total £000**	**Shares £000**	**Loan stock £000**	**Total £000**	**Shares £000**	**Loan stock £000**	**Total £000**
Group									
Opening position									
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
During the year									
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 loss	(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
Closing position									
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)
Realised loss	(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 Company did not have subsidiary undertakings in the prior year therefore comparative movements and balances for the Group have not been presented in respect of the prior year.

11. Investments (continued)

Year ended 28 February 2011	Ordinary Shares Shares £000	Ordinary Shares Loan stock £000	Ordinary Shares Total £000	"C" Shares Shares £000	"C" Shares Loan stock £000	"C" Shares Total £000	Total Shares £000	Total Loan stock £000	Total Total £000
Company									
Opening position									
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
During the year									
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 loss	(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
Closing position									
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)
Realised loss	(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

Year ended 28 February 2010	Ordinary Shares Shares £000	Ordinary Shares Loan stock £000	Ordinary Shares Total £000	"C" Shares Shares £000	"C" Shares Loan stock £000	"C" Shares Total £000	Total Shares £000	Total Loan stock £000	Total Total £000
Company									
Opening position									
Opening cost	5,323	2,624	7,947	-	-	-	5,323	2,624	7,947
Opening unrealised gains	153	-	153	-	-	-	153	-	153
Opening fair value	5,476	2,624	8,100	-	-	-	5,476	2,624	8,100
During the year									
Purchases at cost	22	1,023	1,045	-	325	325	22	1,348	1,370
Unrealised (losses)/gains	(764)	53	(711)	-	-	-	(764)	53	(711)
Closing fair value	4,734	3,700	8,434	-	325	325	4,734	4,025	8,759
Closing position									
Closing cost	5,345	3,647	8,992	-	325	325	5,345	3,972	9,317
Closing unrealised (losses)/gains	(611)	53	(558)	-	-	-	(611)	53	(558)
Closing fair value	4,734	3,700	8,434	-	325	325	4,734	4,025	8,759

The shares held by the Group and Company are in unquoted UK companies. The Investment Manager's Report on pages 4 to 14 provides details in respect of the Company's shareholding in each investment together with details of loans issued.

Under IFRS 7, the Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

As at 28 February 2011, each of the Company's investments held was valued using inputs which are considered to be Level 3 inputs and a reconciliation of the movements is in the table above.

The Board has considered the key assumptions which may affect the results reported in the financial statements and the Company is further required to disclose the effect of changing one or more inputs with reasonable alternative assumptions where a significant change to the fair value measurement would result.

Wind

The key assumptions that have a significant impact on the valuations of investments in companies in the wind sector that are valued using the discounted future cash flows are the discount factor used, the price at which power and associated benefits may be sold and the level of electricity the investee companies' generating assets are likely to produce.

The Board has determined that a reasonable alternative assumption may be made in respect of the discount factors applied; the sensitivity of the value of the portfolio to the application of an increase or decrease in discount factors is set out below.

The investment portfolio has been reviewed for the effect of alternative valuation inputs, namely the sensitivity of the total value of all investments to a 1% increase or decrease in the discount factors applied to the valuation models of investments in the wind sector which have been valued using the discounted future cash flows from the underlying business. The application of the upside alternative discount factor would have resulted in the total value of all investments having been £498,000 or 2.9% higher. The application of the downside alternative discount factor would have resulted in the total value of all investments having been £443,000 or 2.6% lower.

The future price at which power and associated benefits may be sold is estimated using forecasts produced by third party industry experts and, in the case of the wind energy assets, the energy yield is determined by wind yield analyses also prepared by third party industry experts. The Directors do not believe there are reasonable alternative assumptions available for these inputs at the current time.

Waste wood biomass

The valuation of the Company's waste wood biomass investments of £4,141,000 reported in the ordinary share fund has been based on a discounted cash flow analysis. There are a number key assumptions specific to determining these investments, which are the level of generating hours available, the gate fees (for receiving waste wood) net of processing costs, the plant operating costs and the economic life span of the plant. The Board has determined there are reasonable alternative assumptions which may be made in respect of the holding value of Sandsfield Heat & Power Limited and Twinwoods Heat & Power Limited. However, due to the level of additional capital expenditure required by PBM Power Limited in order for it to rectify the performance of its plant, the Board has determined that the only reasonable assumption at the current time is to conclude that this investment has a holding value of nil.

The assumptions used in the valuation of the waste wood biomass investments are considered to be subject to a higher degree of uncertainty than those used in the valuation of the wind energy assets because the investments are not currently performing as originally intended and the validity of the assumptions is dependent on the renegotiation of contracts and debt finance terms with third parties, including the lending bank.

The application of reasonable alternative assumptions to the valuation of Sandsfield Heat & Power Limited and Twinwoods Heat & Power Limited would have an impact on the valuation of the investment portfolio as described below.

Level of generating hours available

The application of the upside alternative level of generating hours available would result in the total value of all investments being £636,000 or 3.72% higher. The application of the downside alternative would result in the total value of all investments being £1,763,000 or 10.31% lower.

Net renegotiated gate fees

The application of the upside alternative net renegotiated gate fees would result in the total value of all investments being £597,000 or 3.49% higher. The application of the downside alternative would result in the total value of all investments being £572,000 or 3.34% lower.

Plant operating costs

The application of the upside alternative plant operating costs would result in the total value of all investments being £434,000 or 2.53% higher. The application of the downside alternative would have resulted in the total value of all investments being £409,000 or 2.39% lower.

Economic life span of the plant

The application of the upside alternative economic life span of the plant would result in the total value of all investments being £120,000 or 0.70% higher. The application of the downside alternative would result in the total value of all investments being £380,000 or 2.22% lower.

Bank lending

It should be noted that the application of a number of the downside alternatives is highly likely to result in the level of income falling to a level where the lending bank could choose to exercise its security rights over the investments as a result of covenant breaches. In the event that this happened, the valuation of the investments would reduce to nil.

Power prices and associated benefits

As is the case with the wind energy assets, the future price at which power and associated benefits may be sold is estimated using forecasts produced by third party industry experts. The Directors do not believe that there are reasonable alternative assumptions available for these inputs at this time.

12. 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 28 February 2011	Portion of voting rights As at 28 February 2010	Principal activity
Redeven Energy Limited	England and Wales	60%	30%	Wind farm development
Spurlens Rig Wind Limited	England and Wales	60%	30%	Wind farm development

Year ended 28 February 2011	Shares £000	Shareholder loans £000	Total £000
Ordinary Shares During the year			
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
Closing position			
Closing cost	174	558	732
Closing fair value	174	558	732

Both Redeven Energy Limited and Spurlens Rig Wind Limited have a financial year end of 31 March, which differ from the Group's. The reason for the difference in accounting period is due to the dates these subsidiaries were incorporated. There is no impact on the Group's Financial Statements resulting from the subsidiaries having a different year end to its own year end as the subsidiaries' accounts as at 31 March 2011 were not materially different to their accounts at 28 February 2011.

13. Development wind assets

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 year.

Year ended 28 February 2011	Ordinary Shares £000
Opening position	
Gross carrying amount	-
Opening value	-
During the year	
Assets acquired or recognised through business combinations	1,006
Purchases at cost	90
Closing value	1,096
Closing position	
Gross carrying amount	1,096
Closing value	1,096

14. Trade and other receivables

Group Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
Non-current assets			
Accrued interest income	570	103	673
	570	103	673
Current assets			
Accrued interest income	493	122	615
Other receivables	111	48	159
Prepayments	10	5	15
	614	175	789

Company Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
Non-current assets			
Accrued interest income	570	103	673
	570	103	673
Current assets			
Accrued interest income	493	122	615
Other receivables	7	48	55
Prepayments	10	5	15
	510	175	685

Company Year ended 28 February 2010	Ordinary Shares £000	"C" Shares £000	Total £000
Non-current assets			
Accrued interest income	126	-	126
	126	-	126
Current assets			
Accrued interest income	292	12	304
Other receivables	211	13	224
Prepayments	5	3	8
	508	28	536

Included in accrued interest income is loan stock interest totalling £673,000 (2010: £126,000) which is due after more than one year, which represents non-current assets. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

15. Cash and cash equivalents

Group	Ordinary Shares			"C" Shares			Total		
	Cash £000	Treasury Bills £000	Total £000	Cash £000	Treasury Bills £000	Total £000	Cash £000	Treasury Bills £000	Total £000
As at 1 March 2010	1,364	-	1,364	2,497	3,998	6,495	3,861	3,998	7,859
Net (decrease)/ increase	(700)	-	(700)	(1,439)	1,198	(241)	(2,139)	1,198	(941)
As at 28 February 2011	664	-	664	1,058	5,196	6,254	1,722	5,196	6,918

Company	Ordinary Shares			"C" Shares			Total		
	Cash £000	Treasury Bills £000	Total £000	Cash £000	Treasury Bills £000	Total £000	Cash £000	Treasury Bills £000	Total £000
As at 1 March 2010	1,364	-	1,364	2,497	3,998	6,495	3,861	3,998	7,859
Net (decrease)/ increase	(734)	-	(734)	(1,439)	1,198	(241)	(2,173)	1,198	(975)
As at 28 February 2011	630	-	630	1,058	5,196	6,254	1,688	5,196	6,884

Company	Ordinary Shares			"C" Shares			Total		
	Cash £000	Treasury Bills £000	Total £000	Cash £000	Treasury Bills £000	Total £000	Cash £000	Treasury Bills £000	Total £000
As at 1 March 2009	832	1,620	2,452	-	-	-	832	1,620	2,452
Net increase/ (decrease)	532	(1,620)	(1,088)	2,497	3,998	6,495	3,029	2,378	5,407
As at 28 February 2010	1,364	-	1,364	2,497	3,998	6,495	3,861	3,998	7,859

Cash and cash equivalents comprise bank balances and cash held by the Company including UK treasury bills. The carrying amount of these assets approximates to their fair value.

16. Trade and other payables

Group

Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
Corporation tax	4	(4)	-
Trade payables	17	-	17
Other payables	10	8	18
Accruals	166	20	186
	197	24	221

Company

Year ended 28 February 2011	Ordinary Shares £000	"C" Shares £000	Total £000
Corporation tax	4	(4)	-
Trade payables	17	-	17
Other payables	-	8	8
Accruals	166	20	186
	187	24	211

Company

Year ended 28 February 2010	Ordinary Shares £000	"C" Shares £000	Total £000
Corporation tax	4	(4)	-
Other payables	-	457	457
Accruals	72	14	86
	76	467	543

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

17. Financial liabilities

Group Year ended 28 February 2011	Ordinary Shares £000
Shareholder loans	372
	372

The Group's financial liabilities consist of shareholder loans of £16,000 and £356,000 provided by Ventus VCT plc to the Company's subsidiaries, Redeven Energy Limited and Spurlens Rig Wind Limited respectively.

18. Share capital

	Ordinary Shares		"C" Shares		Total	
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	Number of shares of 25p each	£000
Authorised						
At 1 March 2010	30,000,000	7,500	20,000,000	5,000	50,000,000	12,500
At 28 February 2011	30,000,000	7,500	20,000,000	5,000	50,000,000	12,500

	Ordinary Shares		"C" Shares		Total	
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	Number of shares of 25p each	£000
Allotted, called up and fully paid						
At 1 March 2010	12,287,249	3,071	6,924,686	1,731	19,211,935	4,802
Allotted, called up and fully paid during the period	12,250,311	3,063	4,404,421	1,101	16,654,732	4,164
At 28 February 2011	24,537,560	6,134	11,329,107	2,832	35,866,667	8,966

	Ordinary Shares		"C" Shares		Total	
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	Number of shares of 25p each	£000
Authorised						
At 1 March 2009	30,000,000	7,500	-	-	30,000,000	7,500
Shares authorised during the year	-	-	20,000,000	5,000	20,000,000	5,000
At 28 February 2010	30,000,000	7,500	20,000,000	5,000	50,000,000	12,500

	Ordinary Shares		"C" Shares		Total	
	Number of shares of 25p each	£000	Number of shares of 25p each	£000	Number of shares of 25p each	£000
Allotted, called up and fully paid						
At 1 March 2009	11,173,337	2,793	-	-	11,173,337	2,793
Allotted, called up and fully paid during the year	1,113,912	278	6,924,686	1,731	8,038,598	2,009
At 28 February 2010	12,287,249	3,071	6,924,686	1,731	19,211,935	4,802

At 28 February 2011, the Company had two classes of shares which carry no right to fixed income. The rights and obligations attaching to the Company's shares are set out in the Directors' Report above.

On 8 February 2010 the Company launched a second "C" share offer.

18. Share capital (continued)

During the year the following allotments of "C" shares of 25p took place at a price of 100p per share:

Date of allotment	Number of shares
24 March 2010	1,726,556
1 April 2010	1,725,652
5 April 2010	554,288
2 June 2010	397,925
Total	4,404,421

The offer for "C" shares closed on 31 May 2010 and the final allotment was made on 2 June 2010. After issue costs, £4,162,000 was raised from these share issues. Under an agreement between the Company and the Investment Manager, the Company agreed to pay the Investment Manager an offer fee of 5.5% of the gross proceeds (but net of up front commissions paid to authorised introducers by the Company). During the year, the Company paid net £123,000 to the Investment Manager pursuant to this arrangement. Issue costs were borne by the Investment Manager.

On 6 May 2010, the Company issued 12,250,311 new ordinary shares in respect of the scheme of reconstruction with Ventus 3 VCT plc.

19. Basic and diluted net asset value per share

The calculation of Group's net asset value per ordinary share of 75.9p as at 28 February 2011 is based on the net asset value attributable to equity holders of £18,631,000 divided by 24,537,560 ordinary shares in issue at that date. The "C" share fund did not hold investments in subsidiaries at 28 February 2011.

The calculation of Company's net asset value per ordinary share of 75.9p as at 28 February 2011 (2010: 84.3p) is based on net assets of £18,629,000 (2010: £10,356,000) divided by 24,537,560 (2010: 12,287,249) ordinary shares in issue at that date. The net asset value per "C" share of 92.4p as at 28 February 2011 (2010: 92.1p) is based on net assets of £10,468,000 (2010: £6,381,000) divided by 11,329,107 (2010: 6,924,686) "C" shares in issue at that date.

20. Business combinations

The table below sets out the net assets acquired by the Company from Ventus 3 VCT plc as a result of the Merger which took place on 6 May 2010:

	Book value at acquisition £000	Fair value adjustment £000	Fair value at acquisition £000
Investments	9,443	-	9,443
Non-current trade and other receivables	127	-	127
Cash and cash equivalents	639	-	639
Other net current assets	85	-	85
Net assets acquired	10,294	-	10,294

In consideration for the net assets of Ventus 3 VCT plc the Company issued 12,250,311 ordinary shares to the shareholders of Ventus 3 VCTplc.

The table below sets out the income recognised by the Company during the year ended 28 February 2011 which was derived from the assets acquired from Ventus 3 VCT plc:

	Year ended 28 February 2011 £000
Income from investments	
Loan stock interest	351
Dividend income	214
	565
Other income	
Bank deposit interest	1
	566

It is impracticable to present an analysis of the Company's profit resulting from the acquisition of Ventus 3 VCT plc's assets because the costs of the enlarged Company are not directly attributable to either the assets previously held by Ventus 3 VCT plc or the assets held by Company alone. Had the acquisition of Ventus 3 VCT plc's assets occurred at the beginning of the financial year there would be no difference to the income and net loss in comparison to the income and net loss reported in these financial statements.

By virtue of the Merger, the Company acquired a controlling interest in Redeven Energy Limited and Spurlens Rig Wind Limited. Having previously held a 30% shareholding in each of these companies, the Company's shareholding increased to 60% in each following the acquisition of Ventus 3 VCT plc's holdings. The table below sets out assets acquired in respect of these controlling interests:

	Book value at acquisition £000	Fair value adjustment £000	Fair value at acquisition £000
Non-current assets			
Development wind assets	1,006	-	1,006
Cash and cash equivalents	35	-	35
Other net current assets	83	-	83
Financial liabilities	(332)		(332)
Net assets acquired	792	-	792

21. Post balance sheet events

The "C" share fund invested a further £350,000 in Osspower Limited on 13 April 2011 by way of a short term loan, the Company having extended its commitment under the facility from £300,000 to £900,000. Osspower Limited secured debt finance facilities of £6.45 million from The Co-operative Bank plc on 17 May 2011 with which to fund the construction of a first hydro scheme (Allt Fionn Ghlinne). On 25 May 2011 Osspower Limited repaid £650,000 to the Company, being the total principal of the loan drawn down at that time, and paid the interest which had accrued to that date. The availability period of the facility provided by the Company to Osspower Limited expired on 23 May 2011. As the financial close in relation to the first hydro scheme took place after the year end its implications are not recognised in the value of the Company's ordinary share fund investment at 28 February 2011. However, there will be a reassessment of the value of the Company's investment in the next accounting period.

Since the year end the "C" share fund invested £185,000 in Allt Dearg Wind Farmers LLP, representing an initial drawdown on a two year loan facility dated 15 March 2011 under which the Company has committed to lend a total of £300,000 to Allt Dearg LLP.

On 26 May 2011 the ordinary share fund invested a further £21,000 in Spurlens Rig Wind Limited by way of a shareholder loan.

Since the year end the ordinary share fund invested a further £70,000 in The Small Hydro Company Limited in respect of shareholder loan facility of a total £534,000 which had been increased from £384,000 on 23 November 2010. The Small Hydro Company Limited had previously drawn down £464,000 of this facility, therefore the facility has now been drawdown in full.

22. Financial instruments and risk management

The Group's financial instruments comprise investments in unquoted companies, cash and cash equivalents, trade and other receivables and trade and other payables. The investments in unquoted companies and UK treasury bills are categorised as "fair value through profit or loss" and the other financial instruments are initially recognised at fair value and subsequently at amortised cost. The main purpose of these financial instruments is to generate revenue and capital appreciation.

The Group has not entered into any derivative transactions and has no financial asset or liability for which hedge accounting has been used.

The main risks arising from the Group's financial instruments are investment risk, interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks, and they are summarised below in respect of the Group and the Company. These policies have remained unchanged since the beginning of the financial year.

Interest rate risk profile of financial assets and financial liabilities

Financial assets
As at 28 February 2011

Group	Held at 28 February 2011 £000	Interest rate p.a. %	Weighted average interest rate p.a. %	Weighted average period to maturity
Ordinary Shares				
At fair value through profit or loss:				
Ordinary shares	7,743	n/a	n/a	n/a
Loan stock	8,631	0%-15%	12.55%	12.2 years
Loans and receivables:				
Cash	664	0%-0.56%	0.26%	n/a
Accrued interest income	1,063	n/a	n/a	n/a

The Group's subsidiaries are held by the ordinary share fund only. The Company did not have subsidiary undertakings in the prior year therefore comparative information for the Group has not been presented in respect to the prior year.

Company	Held at 28 February 2011 £000	Interest rate p.a. %	Weighted average interest rate p.a. %	Weighted average period to maturity
Ordinary Shares				
At fair value through profit or loss:				
Ordinary shares	7,917	n/a	n/a	n/a
Loan stock	9,189	0%-15%	11.75%	11.7 years
Loans and receivables:				
Cash	630	0%-0.56%	0.26%	n/a
Accrued interest income	1,063	n/a	n/a	n/a

	Held at 28 February 2011 £000	Interest rate p.a. %	Weighted average interest rate p.a. %	Weighted average period to maturity
"C" Shares				
At fair value through profit or loss:				
Ordinary shares	900	n/a	n/a	n/a
Loan stock	3,060	10%-13%	9.17%	5.4 years
UK treasury bills	5,196	0.50%-0.51%	0.50%	51 days
Loans and receivables:				
Cash	1,058	0%-0.56%	0.55%	n/a
Accrued interest income	225	n/a	n/a	n/a

Company As at 28 February 2010	Held at 28 February 2010 £000	Interest rate p.a. %	Weighted average interest rate p.a. %	Weighted average period to maturity
Ordinary Shares				
At fair value through profit or loss:				
Ordinary shares	4,734	n/a	n/a	n/a
Loan stock	3,700	0%-15%	11.60%	12 years
Loans and receivables:				
Cash	1,364	0.25%	0.55%	n/a
Accrued interest income	418	n/a	n/a	n/a

	Held at 28 February 2010 £000	Interest rate p.a. %	Weighted average interest rate p.a. %	Weighted average period to maturity
"C" Shares				
At fair value through profit or loss:				
Ordinary shares	-	n/a	n/a	n/a
Loan stock	325	12.50%	12.50%	1 month
UK treasury bills	3,998	0.41%	0.44%	3 months
Loans and receivables:				
Cash	2,497	0.25%	0.33%	n/a
Accrued interest income	12	n/a	n/a	n/a

The interest rates determining the weighted average interest rates in the tables above are the contractual rates.

The impact of applying a reasonable sensitivity in interest rates to cash on deposit is not significant.

Other than certain accrued interest income receivable amounts, the Company's trade and other receivables did not hold a right to interest income. Interest income is accrued on interest income receivable amounts which have been deferred for payment by investee companies.

Interest income earned from loan stock held by both the ordinary share fund and "C" share fund is not subject to movements resulting from market interest rate fluctuations as the rates are fixed, therefore this income presents a low interest rate risk profile. However, interest earned from loan stock remains exposed to fair value interest rate risk when bench-marked against market rates.

The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not exposed to market interest rate changes.

Financial liabilities

The Company has no guarantees or financial liabilities other than the accruals. The Group recognises the financial liabilities of its subsidiaries on its balance sheet, details of which are presented in note 17. All financial liabilities are categorised as other financial liabilities.

Currency exposure

All financial assets and liabilities are held in sterling, hence there is no foreign currency exchange rate exposure.

Borrowing facilities

The Company has no committed borrowing facilities as at 28 February 2011 (2010: £nil). The Group recognises the borrowings of its subsidiaries on its balance sheet, these comprise the financial liabilities detailed in note 17.

Investment risk

As a VCT, it is the Company's specific business to evaluate and control the investment risk in its portfolio of unquoted companies, the details of which are discussed in the Investment Manager's Report. The Group's subsidiaries do not hold investments.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment. The Company aims to mitigate the impact of investment price risk by adhering to its investment policy of risk diversification, as described in the Investment Manager's Report.

22. Financial instruments and risk management (continued)

The sensitivity of the ordinary share fund to a 10% increase or decrease in valuation would be an increase or decrease in the profit before tax of the share fund of £1,711,000 or 103.42% (2010: £843,000 or 106.21%) and an increase or decrease in net asset value of the same amount or 9.18% (2010: 8.19%).

The sensitivity of the “C” share fund to a 10% increase or decrease in valuation would be an increase or decrease in the profit before tax of the ordinary share fund of £396,000 or 528.00% (2010: £32,500 or 19.45%) and an increase or decrease in net asset value of the same amount or 3.78% (2010: 0.51%).

A 10% variable is considered to be a suitable factor by which to demonstrate a potential change in fair value over the course of a year. The analysis assumes no tax effect applied on the gain or loss.

Liquidity risk

Due to the nature of the Company’s investments, it is not possible to easily liquidate investments in ordinary shares and loan stock. The main cash outflows are made for investments and dividends, which are within the control of the Company, and operating expenses which are reasonably predictable. In this respect, the Company may manage its liquidity risk by making prudent forecasts in respect of realising future cash proceeds from its investments and holding sufficient cash to enable it to fund its obligations. The cash equivalents are held on deposit or in UK treasury bills and are therefore readily convertible into cash.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company or its subsidiaries. The Company and its subsidiaries are exposed to credit risk through their receivables, and through cash held on deposit with banks. The Company is also exposed to credit risk through its investments in loan stock.

The Investment Manager evaluates credit risk on loan stock prior to making investments as well as monitoring ongoing exposures. Loan stock has a fixed charge or a fixed and floating charge over the assets of the investee company in order to mitigate the gross credit risk. The Investment Manager regularly reviews management accounts from investee companies and generally appoints directors to sit on their boards in order to identify and manage the credit risk.

Cash is held on deposit with banks which are AA rated (or equivalent) financial institutions. Consequently, the Directors consider that the risk profile associated with cash deposits is low and the carrying value in the Financial Statements approximates to fair value.

The maximum credit risk of the Group is £20.1 million. The Company’s maximum credit risk is £20.5 million (2010: £12.5 million) of which the ordinary share fund is exposed to £10.9 million (2010: £5.7 million) and the “C” share fund is exposed to £9.6 million (2010: £6.8 million).

The tables below set out the amounts receivable by the Group and the Company which were past due but not individually impaired as at 28 February 2011 and the extent to which they are past due:

	Total £000	0-6 months £000	6-12 months £000	Over 12 months £000
Ordinary Shares				
Loan	2,961	2,961	-	-
Accrued interest	183	167	14	2
Receivables past due	3,144	3,128	14	2

	Total £000	0-6 months £000	6-12 months £000	Over 12 months £000
“C” Shares				
Loan	910	910	-	-
Accrued interest	16	16	-	-
Receivables past due	926	926	-	-

Of the amounts past due in respect of the Company’s ordinary share fund as at 28 February 2011, £113,000 of interest has been received since the year end in respect of loans with a carrying value of £1,677,000 as at 28 February 2011.

The carrying value of the Company’s investment in PBM Power Limited of £574,000 was written down to nil as at 28 February 2011. The write down has been applied in response to the poor performance of the waste wood biomass plant which this company operates. An amount receivable from PBM Power Limited of £530,000 comprising amounts advanced to fund the company’s operating expenses is considered to be fully impaired. An impairment charge in respect of this receivable amount has been recognised in the Statement of Comprehensive Income. Further details in respect of the investment in PBM Power Limited are presented in the Investment Manager’s Report. Note 4 of the financial statements provides details in respect of the impairment charge.

The expected timing of receipt of trade and other receivables is presented below:

Group	Total £000	Within 1 year £000	Between 1 and 2 years £000	Over 2 years £000
Ordinary Shares				
Accrued interest income	1,063	692	293	78
Other receivables	111	111	-	-
	1,174	803	293	78

Company	Total £000	Within 1 year £000	Between 1 and 2 years £000	Over 2 years £000
Ordinary Shares				
Accrued interest income	1,063	692	293	78
Other receivables	7	7	-	-
	1,070	699	293	78

Company	Total £000	Within 1 year £000	Between 1 and 2 years £000	Over 2 years £000
"C" Shares				
Accrued interest income	225	122	61	42
Other receivables	48	48	-	-
	273	170	61	42

23. Contingencies, guarantees and financial commitments

On 31 July 2006, the Company registered a charge over its shares in Craig Wind Farm Limited to Alliance & Leicester Commercial Bank plc (now Santander UK plc) as security for a senior loan facility of £7.6 million raised by Craig Wind Farm Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Craig Wind Farm Limited including those shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger.

On 2 April 2008, the Company registered a charge over its shares in Redimo LFG Limited to Alliance & Leicester Commercial Finance plc as security for a senior loan facility of £16.9 million raised by Redimo LFG Limited. The charge includes all existing and future shares that the Company owns in Redimo LFG Limited and therefore includes the 2,500 shares the Company acquired on 19 December 2008 and the further 2,000 shares the Company acquired on 18 February 2009 together with the 7,000 shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Redimo LFG Limited, which was valued at nil at 28 February 2011 for the reasons described in the Investment Manager's Report.

On 22 October 2008, the Company registered a charge over its shares in Achairn Energy Limited to Alliance & Leicester Commercial Finance plc (now Santander Asset Finance plc) as security for a senior loan facility of £6.9 million raised by Achairn Energy 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 Achairn Energy Limited including those shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger.

On 28 November 2008, the Company registered a charge over its shares in A7 Lochhead Limited to Alliance & Leicester Commercial Finance plc (now Santander Asset Finance plc) as security for a senior loan facility of £7.8 million raised by A7 Lochhead 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 A7 Lochhead Limited including those shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger.

On 28 April 2008, the Company registered a charge over its shares in PBM Power Limited to Alliance & Leicester Commercial Finance plc (now Santander Asset Finance plc) as security for a senior loan facility of £3.8 million raised by PBM Power Limited to finance the construction costs of the biomass generator. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of PBM Power Limited including those shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger.

On 15 January 2010, the Company registered a charge over its shares in Sandsfield Heat & Power Limited to The Co-operative Bank plc as security for a senior loan facility of £5 million raised by Sandsfield Heat & Power Limited to finance the construction costs of the biomass generator. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Sandsfield Heat & Power Limited including those shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger.

23. Contingencies, guarantees and financial commitments (continued)

On 15 January 2010, the Company registered a charge over its shares in Greenfield Wind Farm Limited to The Co-operative Bank plc as security for a senior loan facility of £18.3 million raised by Greenfield Wind Farm Limited to finance the construction costs of the wind farm. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Greenfield Wind Farm Limited including those shares acquired by the Company from Ventus 3 VCT plc as a result of the Merger.

On 17 May 2011, the Company registered a charge over its shares in Osspower Limited to The Co-operative Bank plc as security for a senior loan facility of £6.45 million raised by Osspower Limited to finance the construction of its first hydro scheme (Allt Fionn Ghlinne).

At the year end the Company had provided committed loan facilities to The Small Hydro Company Limited totalling £534,000 of which £464,000 had been drawn down.

The Company had no other contingencies, financial commitments or guarantees as at 28 February 2011.

24. Related party transactions

The Company retains Climate Change Capital Limited as its Investment Manager, a subsidiary of Climate Change Holdings Limited, which is a subsidiary of Climate Change Capital Group Limited. Details of the agreement with the Investment Manager are set out in note 3 of the Financial Statements. During the year the Company was charged investment management fees of £726,000 by the Investment Manager (2010: £407,000) of which £472,000 was charged to the ordinary share fund and £254,000 was charged to the "C" share fund. The increase in investment management fees was attributable to the increase in net asset value of the Company resulting from the Merger with Ventus 3 VCT plc and the additional capital raised from the second "C" share issue.

During the year ended 28 February 2011, the Investment Manger earned offer fees of £123,000 (net of up front commissions paid to authorised introducers) in respect of the second "C" share offer.

Climate Change Capital Limited was also the Investment Manager of Ventus VCT plc and Ventus 3 VCT plc during the year; Ventus 2 VCT plc held certain of its investments in common with these companies as detailed in the Investment Manager's Report. On 6 May 2010, the Company acquired the assets of Ventus 3 VCT plc under the terms of the Merger and subsequently Ventus 3 VCT plc was placed into members' voluntary liquidation. At 28 February 2011, the Company owed £556 to Ventus VCT plc.

The investee companies in which the Company has a shareholding of 20% or more, as identified in the Investment Manager's Report, are related parties. The aggregate balances at the balance sheet date and transactions with these companies during the year are summarised below.

Company **Year ended 28 February 2011**	**Ordinary Shares £000**	**"C" Shares £000**	**Total £000**
Balances			
Investments - shares	6,817	900	7,717
Investments - loan stock	7,047	1,000	8,047
Accrued interest income	540	124	664
Transactions			
Loan stock interest income	559	124	683
Dividend income	428	-	428

Company **Year ended 28 February 2010**	**Ordinary Shares £000**	**"C" Shares £000**	**Total £000**
Balances			
Investments - shares	3,352	-	3,352
Investments - loan stock	2,092	-	2,092
Accrued interest income	247	-	247
Transactions			
Loan stock interest income	229	-	229

As at 28 February 2011 the Company was owed £530,000 by PBM Power Limited in respect of amounts it had advanced to fund the investee company's operating expenses. The Company's shareholding in PBM Power Limited was 25% at the year end. The carrying value of the amount receivable is considered to be fully impaired due to the poor performance of this investment. Further details in respect of the related impairment charge are presented in note 4 of the financial statements.

There are no differences between the Group and Company related party transactions with the exception of investments included above totalling £732,000 relating to Redeven Energy Limited and Spurlens Rig Wind Limited which are consolidated into the Group accounts, of which £174,000 was invested in shares and £558,000 in shareholder loans.

25. Controlling party

In the opinion of the Directors there is no immediate or ultimate controlling party.

26. Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for shareholders.

The requirements of the Venture Capital Trust regulations and the fact that the Company has a policy of not having any borrowings, means that there is limited scope to manage the Company's capital structure. However, to the extent to which it is possible, the Company can maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, purchasing its own shares or issuing new shares.

The Board considers the Company's net assets to be its capital.

The Company does not have any externally imposed capital requirements.

There has been no change in the objectives, policies or processes for managing capital from the previous year.

Notice is hereby given that the AGM of Ventus 2 VCT plc will be held at 12.30pm on Wednesday, 27 July 2011 at Climate Change Capital's office at 3 More London Riverside, London, SE1 2AQ for the purpose of considering and, if thought fit, passing the following Resolutions (of which, Resolutions 1 to 7 will be proposed as Ordinary Resolutions and Resolution 8 will be proposed as a Special Resolution):

Ordinary Business

1. To receive the Company's audited Annual Report and Financial Statements for the year ended 28 February 2011.
2. To declare a final dividend of 1.00p per ordinary share in respect of the year ended 28 February 2011.
3. To approve the Directors' Remuneration Report for the year ended 28 February 2011.
4. To re-elect Mr Paul Thomas as a Director of the Company.
5. To re-elect Mr Alan Moore as a Director of the Company.
6. To re-appoint PKF (UK) LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
7. To authorise the Directors to determine the remuneration of the Auditor.

Special Resolution

8. That the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 25p each and "C" shares of 25p each in the capital of the Company provided that:

   (i) The maximum aggregate number of shares hereby authorised to be purchased is an amount equal to 3,678,180 ordinary shares and 1,698,233 "C" shares, representing 14.99% of the issued share capital of each class;

   (ii) The minimum price which may be paid for a share is 25p per share;

   (iii) The maximum price, exclusive of any expenses, which may be paid for a share is an amount equal to the higher of; (a) 105% of the average of the middle market prices shown in the quotations for a share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;

   (iv) The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the AGM of the Company to be held in 2012 and the date which is 18 months after the date on which this resolution is passed; and

   (v) The Company may make a contract or contracts to purchase its own shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By order of the Board

The City Partnership (UK) Limited
Secretary

21 June 2011

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

The **Ventus** Funds®
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