

# Ventus VCT plc

## Half-yearly Financial Report

for the six month period ended 31 August 2015



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

I am pleased to present the financial report of Ventus VCT plc (the "Company") for the six month period ended 31 August 2015.

The Investment Manager, Temporis Capital LLP, has continued its successful management of the portfolio with a focus on delivering predictable dividends to shareholders.

During the period, construction was completed of the wind farm owned by Bernard Matthews Green Energy Halesworth Limited, a company in which all three share funds of the Company hold an equity investment. The wind farm operates five Senvion MM82 turbines and has a generating capacity of 10.25 megawatts.

The hydroelectric schemes on the Glenfalloch Estate owned by Darroch Power Limited and Upper Falloch Power Limited are in the late stages of construction. It is expected they will be operational by the end of the year. All three share funds hold equity investments in these companies and have provided mezzanine loans.

**Investment policy**

To achieve its objectives, the Company's strategy has been to focus on investing in companies developing or operating renewable energy projects with installed capacities of 2 to 20 megawatts. The opportunity for VCTs to make further investments in renewable energy projects is limited given new investments in companies benefiting from Renewable Obligation Certificates or Feed-in Tariffs will be excluded from the VCT scheme. The current investments are not affected. The Company is focused on optimising the value of the investments it holds.

In accordance with the strategic objectives set by the Board, the Investment Manager has continued to focus the Company's activities on wind and hydroelectric investments generating stable long-term income with the objective of providing predictable dividends to shareholders. In order to improve stability of cash returns from investee companies and enhance the predictability of dividends to shareholders of the Company, more recent investments are, on average, structured with lighter leverage than earlier investments. Further information can be found in the Investment Manager's Report below.

The Investment Manager's Report provides a detailed analysis of the portfolio held by each of the ordinary, "C" and "D" share funds including a schedule which sets out the stage of investment and the renewable energy technology type of the assets held by each investee company.

**Dividend policy**

As disclosed in the annual report and financial statements for the year ended 28 February 2015, the Directors anticipate a realistic target range in the medium term beyond 28 February 2015 of 6p to 8p per ordinary share per annum and 6p to 8p per "C" share per annum. The

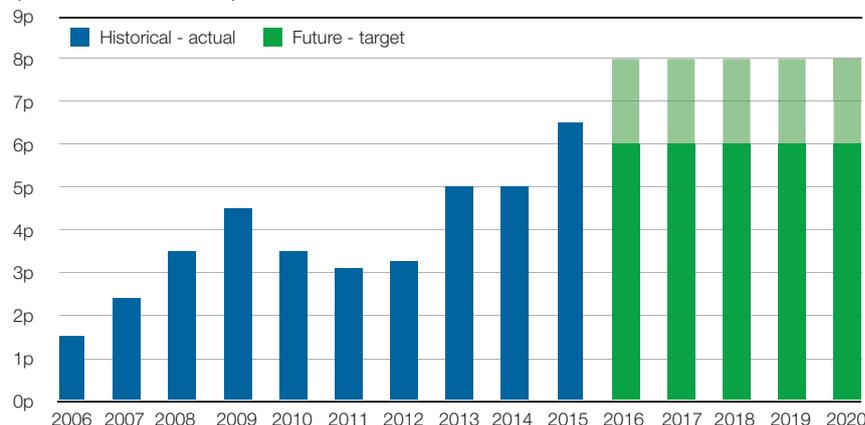
Company intends to pay a minimum of 5p per "D" share per annum starting in the year ending 29 February 2016 with a target dividend 6p to 8p per "D" share from the year ending 28 February 2019 onwards. It should be stressed that these are intentions only, and no forecasts are intended or should be inferred.

The charts below show historical annual dividends for ordinary and "C" shares, as well as target dividends for the next five years.

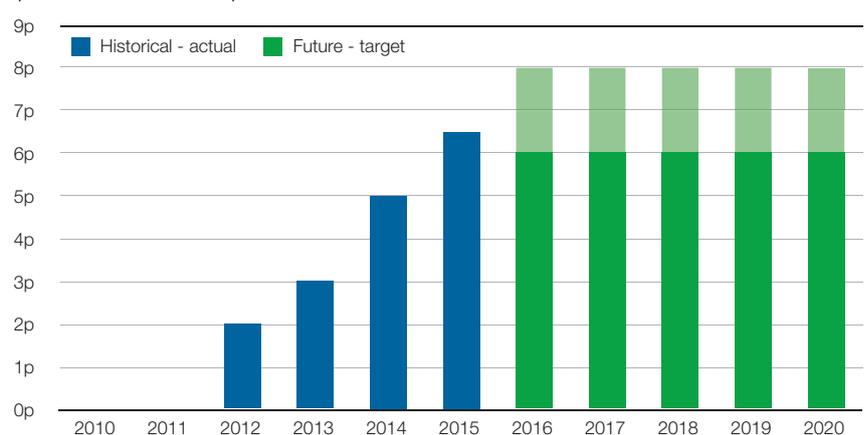
Dividend targets are intentions only. Valuation models are based on assumptions that are subject to change. No forecasts are intended or inferred.

The interim dividends for the current financial year are set out in the sections below.

**Annual Dividends Declared per Ordinary Share**  
(year ended 28 February)



**Annual Dividends Declared per "C" Share**  
(year ended 28 February)



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

At the period end, the net asset value ("NAV") of the ordinary share fund of the Company stood at £19,704,000 or 120.8p per ordinary share. The revenue profit attributable to ordinary shareholders for the period was £117,000 or 0.72p per ordinary share. The capital gain attributable to ordinary shareholders for the period was £346,000 or 2.13p per ordinary share, resulting in a net gain attributable to ordinary shareholders for the period of £463,000 or 2.85p per ordinary share.

The value of investments held at 31 August 2015 in the ordinary share fund was £16,647,000 compared to £15,532,000 at 28 February 2015. The Investment Manager's report gives details of investments made and proceeds received during the period, together with information about the valuation of all investee company holdings within the portfolio.

The Company has declared an interim dividend of 3.50p per ordinary share which will be paid on 13 January 2016 to all ordinary shareholders on the register as at the close of business on 11 December 2015.

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

At the period end, the NAV of the "C" share fund of the Company stood at £13,537,000 or 120.0p per "C" share. The revenue profit attributable to "C" shareholders for the period was £354,000 or 3.14p per "C" share. The capital loss attributable to "C" shareholders for the period was £235,000 or 2.10p per "C" share, resulting in a net gain attributable to "C" shareholders for the period of £119,000 or 1.04p per "C" share.

The value of investments held at 31 August 2015 in the "C" share fund was £13,020,000 compared to £12,875,000 at 28 February 2015.

The Company has declared an interim dividend of 3.50p per "C" share which will be paid on 13 January 2016 to all "C" shareholders on the register as at the close of business on 11 December 2015.

## **Net Asset Value, Results and Dividend - "D" Shares**

At the period end, the NAV of the "D" share fund of the Company stood at £2,123,000 or 106.6p per "D" share. The revenue profit attributable to "D" shareholders for the period was £65,000 or 3.26p per "D" share. The capital gain attributable to "D" shareholders for the period was £187,000 or 9.39p per "D" share, resulting in a net gain attributable to "D" shareholders for the period of £252,000 or 12.65p per "D" share.

The value of investments held at 31 August 2015 in the "D" share fund was £1,933,000 compared to £712,000 at 28 February 2015.

The Company has declared an interim dividend of 2.00p per "D" share which will be paid on 13 January 2016 to all "D" shareholders on the register as at the close of business on 11 December 2015.

## **VCT Qualifying Status**

The Company retains Robertson Hare LLP to review its compliance with VCT regulations. The Directors are satisfied that the Company has continued to fulfil the conditions for maintaining VCT status.

## Key Performance Indicators

The Directors consider the following key performance indicators, which are typical for VCTs, to best measure the Company's performance and to provide shareholders with a summary of how the business' objectives are pursued:

	£000	Ordinary Shares Pence per share <sup>1</sup>	£000	"C" Shares Pence per share <sup>1</sup>	£000	"D" Shares Pence per share <sup>1</sup>	Total £000
<b>For the six month period ended 31 August 2015 (unaudited)</b>							
Revenue profit attributable to equity shareholders	117	0.72	354	3.14	65	3.26	536
Capital gain/(loss) attributable to equity shareholders	346	2.13	(235)	(2.10)	187	9.39	298
Net profit attributable to equity shareholders	463	2.85	119	1.04	252	12.65	834
Dividends paid during the period	(571)	(3.50)	(395)	(3.50)	-	0.00	(966)
Total movement in equity shareholders' funds	(108)	(0.65)	(276)	(2.46)	252	12.65	(132)
On-going charges ratio <sup>2</sup>		3.45%		3.35%		3.16%	3.39%

	£000	Ordinary Shares Pence per share <sup>3</sup>	£000	"C" Shares Pence per share <sup>3</sup>	£000	"D" Shares Pence per share <sup>3</sup>	Total £000
<b>As at 31 August 2015 (unaudited)</b>							
Net asset value	19,704	120.8	13,537	120.0	2,123	106.6	35,364
Total shareholder return <sup>4</sup>	25,744	159.1	15,404	136.5	2,123	106.6	43,271

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

2 The on-going charges ratio represents the total operating expenditure during the period (excluding investment costs) as a percentage of the average NAV of the Company over the six month period.

The total annual running costs cap is set out in Note 3 to the financial statements.

3 The "per share" value is determined in respect of the number of shares in issue at the period end, except in respect of the total shareholder return which includes dividends paid and 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 NAV of the Company at the period end plus the cumulative dividends paid by the Company since incorporation.

# CHAIRMAN'S STATEMENT

Continued

## Key Information as at 31 August 2015 (unaudited)

	Ordinary Shares	"C" Shares	"D" Shares
Net asset value as at 31 August 2015	£19.7m	£13.5m	£2.1m
Net asset value per share as at 31 August 2015	120.8p	120.0p	106.6p
Mid-market share price as at market close on 30 September 2015	98.5p	99.5p	100.0p
Cumulative dividends per share paid to date	38.25p	16.5p	-
Total Return per share (NAV plus cumulative dividends paid)	159.1p	136.5p	106.6p
<b>Target dividend per share for year ending 29 February 2016:</b>			
Tax-free dividend *	8.0p	8.0p	5.0p
Equivalent pre-tax dividend to Higher Rate taxpayer **	11.9p	11.9p	7.4p
Equivalent pre-tax dividend to Additional Rate taxpayer **	12.9p	12.9p	8.1p
<b>Target dividend yield for year ending 29 February 2016 based on mid-market share price as at market close on 30 September 2015:</b>			
After tax	8.1%	8.0%	5.0%
Equivalent pre-tax dividend to Higher Rate taxpayer	12.0%	11.9%	7.4%
Equivalent pre-tax dividend to Additional Rate taxpayer	13.1%	13.0%	8.1%

\* Dividend targets are intentions only. No forecasts are intended or should be inferred. For eligible VCT investors (i.e., UK Residents aged over 18 years), there is no liability to tax on dividends and no Capital Gains Tax on realised gains. An investment limit of £200,000 per person per tax year applies.

\*\* Equivalent pre-tax yields are computed assuming a shareholder receives dividends from other sources in excess of the £5,000 per year tax-free dividend allowance (which will become effective from April 2016). From April 2016, Higher rate taxpayers will pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 32.5% and Additional Rate taxpayers (taxable income in excess of £150,000) will pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 38.1%.

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

**David Pinckney**

Chairman

29 October 2015

Under the Financial Conduct Authority's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. Other than the inherent risks associated with investment activities, which are discussed in the Investment Manager's Report, the risks described below are those which the Directors consider to be material. The Directors do not expect that the risks and uncertainties presented will change significantly over the current financial year.

- > Failure to meet and maintain the investment requirements for compliance with HMRC VCT regulations may result in the Company losing its status as a VCT.

*The Board mitigates this risk by regularly reviewing investment management activity and each new investment with appropriately qualified advisers and, typically, by obtaining pre-approval from HMRC for each qualifying investment.*

- > Inadequate control environment at service providers may lead to inaccurate reporting or misappropriation of assets

*This risk is mitigated 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. In addition, the Board has appointed an independent external party, Roffe Swayne, to report directly to the Board in respect of the Company's internal controls undertaken by the Investment Manager on behalf of the Company.*

- > Non-compliance with the Listing Rules of the Financial Conduct Authority, Companies Act Legislation and other applicable regulations may result in termination of the Company's Stock Exchange listing or other sanctions

*This risk is mitigated by employing external advisers fully conversant with applicable statutory and regulatory requirements who report regularly to the Board on the Company's compliance.*

- > Reliance on the UK Government's continued support for the renewable energy sector and the risk of adverse changes in the application of government policies particularly in respect of the renewable energy sector and tax legislation.

*The future level of Government-mandated support for renewables has important implications for the industry and could impact the value of investments the Company has made in companies which own and operate renewable projects. However, the Directors believe that any future reductions in renewable energy tariffs should not impact any existing investments in companies operating renewable energy assets, as the UK Government has a consistent history of grandfathering financial support mechanisms for existing projects and has a long term commitment to the renewable energy sector.*

The Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the accounts. The Company's major cash flows 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. Having reviewed a cash flow forecast for the next 18 months, the Board has a reasonable expectation that the Company is able to continue in operational existence for a period of at least 12 months from the date of this report.

Under changes to the UK Corporate Governance code, the Board is required to include a 'longer term' viability statement in the next annual report. This will detail the Board's reasonable expectation as to the Company's viability based on a robust assessment of its current position in respect to its principal risks. This will also state whether the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, which is expected to be a period significantly longer than 12 months. This viability statement will be included in the annual report for the year ending 29 February 2016.

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

- a) the condensed financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Company as required by Disclosure and Transparency Rule ("DTR") 4.2.4R;
- b) the interim management report, included within the Chairman's Statement and Investment Manager's Report, includes a fair review of the information required by DTR 4.2.7R, being the important events of the first half of the year and the principal risks and uncertainties for the remaining six months of the year as set out on page 5; and
- c) the condensed financial statements include a fair review of related party transactions and changes thereto, as required by DTR 4.2.8R.

The Responsibility Statement has been approved by the Board.

**David Pinckney**  
Chairman

29 October 2015

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In line with the strategic objectives set by the Board, the Investment Manager has continued to focus the Company's activities on renewable energy investments generating stable long-term income with the objective of providing predictable dividends to shareholders.

The three share funds of the Company are now fully invested in companies that own wind and hydro projects. All development investments have either been developed out, sold or written off. During the period, the Company's investments in Blawearie Wind Limited, BEL Holdco Limited and BEL Acquisition Limited, which in the aggregate were immaterial, were written down to nil or nominal values.

Under the current VCT regulations, new investments in renewable energy companies that benefit from Renewable Obligation Certificates ("ROCs") or Feed-in Tariffs are excluded as qualifying investments for VCTs. As such, the Company is limited in its ability to make further investments in accordance with the Investment Policy and has no plans to make further investments. The VCT restrictions do not affect any of the Company's existing investments.

The ordinary share fund of the Company has investments in companies operating ten UK wind farms with an aggregate installed capacity of 83.35 megawatts. Five of these investee companies are also owned in part by the "C" share fund and one such company is also owned in part by the "D" share fund.

The "C" share fund has investments in companies operating seven UK wind farms with an aggregate installed capacity of 75.15 megawatts. Five of these seven companies are also owned in part by the ordinary share fund and one is also owned in part by the "D" share fund.

The "D" share fund currently has one operational investment, Bernard Matthews Green Energy Halesworth Limited, which operates a 10.25 megawatt wind farm and which is also owned in part by the ordinary and "C" share funds.

The three share funds have a joint investment in two companies with hydroelectricity projects under construction near Loch Lomond in Scotland (Darroch Power Limited and Upper Falloch Power Limited). These projects will have aggregate installed capacity of 2.8 megawatts.

**Key**

● Operational  
○ Under Construction



The following table shows key information about the renewable energy projects owned by the Company's investee companies:

	Capacity MW	Operational since	Location	Output as % of budget six months ended 31 Aug 15	Investment held by Ordinary Share Fund	"C" Share Fund	"D" Share Fund
<b>Operational Wind</b>							
Fenpower Limited	10.00	May 2007	Cambridgeshire	99%	●		
A7 Greendykeside Limited	4.00	Nov 2007	Lanarkshire, Scotland	114%	●		
Achairn Energy Limited	6.00	May 2009	Caithness, Scotland	72%	●		
A7 Lochhead Limited	6.00	Jun 2009	Lanarkshire, Scotland	117%	●		
Greenfield Wind Farm Limited	12.30	Mar 2011	Lanarkshire, Scotland	99%	●	●	
Biggleswade Wind Farm Limited	20.00	Dec 2013	Bedfordshire	105%	●	●	
Eye Wind Power Limited	6.80	Apr 2014	Suffolk	89%	●		
Bernard Matthews Green Energy Pickenham Limited/ North Pickenham Energy Limited	4.00	Apr 2014	Norfolk	98%	●	●	
Bernard Matthews Green Energy Weston Limited/Weston Airfield Investments Limited	4.00	Apr 2014	Norfolk	95%	●	●	
AD Wind Farmers Limited (Allt Dearg Windfarmers LLP)	10.20	Dec 2012	Argyll and Bute, Scotland	109%		●	
White Mill Windfarm Limited	14.40	Aug 2012	Cambridgeshire	108%		●	
Bernard Matthews Green Energy Halesworth Limited	10.25	Aug 2015	Suffolk	N/A	●	●	●
<b>Hydro under Construction</b>							
Darroch Power Limited (Derrydarroch)	1.90	N/A	Near Loch Lomond, Scotland	N/A	●	●	●
Upper Falloch Power Limited	0.90	N/A	Near Loch Lomond, Scotland	N/A	●	●	●

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Performance of investee companies during the period was generally satisfactory. One of the three turbines at the Achairn wind farm was out of operation for most of the period because of a damaged blade, however revenues were fully protected under warranty claims. In the six months ended 31 August 2015, the Bernard Matthews Green Energy Halesworth wind farm became operational. The Derrydarroch and Upper Falloch hydro projects were under construction during the period and are scheduled to be completed in November 2015.

The Investment Manager is working actively to increase the value of the Company's portfolio through improvements in the operations of underlying assets and, when possible, the optimisation of the financial structure of investee companies.

## Ordinary share portfolio

A summary of the ordinary share fund's unaudited investment valuations as at 31 August 2015 and gains and losses during the six month period ended 31 August 2015 is given below.

	Voting rights as at 31 August 2015 %	Investment value			Investment cost			Gain/(loss) six months to ended 31 August 2015 £000	Investment value Total as at 28 February 2015 £000	Investment cost Total as at 28 February 2015 £000
		Shares as at 31 August 2015 £000	Loans as at 31 August 2015 £000	Total as at 31 August 2015 £000	Shares as at 31 August 2015 £000	Loans as at 31 August 2015 £000	Total as at 31 August 2015 £000			
<b>Operational wind</b>										
Fenpower Limited	q 33.33%	3,097	1,676	4,773	309	1,588	1,897	290	4,483	1,897
A7 Greendykeside Limited	q 50.00%	1,988	682	2,670	916	620	1,536	165	2,505	1,536
Achairn Energy Limited*	q 8.50%	598	287	885	203	261	464	36	849	464
A7 Lochhead Limited*	q 30.00%	980	-	980	820	-	820	(123)	1,103	820
Greenfield Wind Farm Limited*	pa 8.35%	732	673	1,405	333	613	946	24	1,396	961
Biggleswade Wind Farm Limited*	q 3.50%	263	291	554	86	264	350	(40)	594	350
Eye Wind Power Limited**	q 35.38%	2,131	-	2,131	1,597	-	1,597	246	1,885	1,597
Bernard Matthews Green Energy Weston Limited*	q 50.00%	844	-	844	500	-	500	(127)	971	500
Bernard Matthews Green Energy Pickenham Limited*	q 50.00%	730	-	730	500	-	500	36	694	500
Bernard Matthews Green Energy Halesworth Limited**	q 4.45%	305	-	305	50	-	50	68	237	50
<b>Operational companies in the wind sector</b>										
Firefly Energy Limited*	q 50.00%	-	385	385	200	578	778	-	745	1,138
<b>Hydroelectric scheme under construction</b>										
Darroch Power Limited*	q 14.09%	176	444	620	176	444	620	-	-	-
Upper Falloch Power Limited*	q 9.30%	58	301	359	58	301	359	-	-	-
<b>Development and pre-planning</b>										
BEL Holdco Limited*	11.40%	-	-	-	750	-	750	(12)	12	750
BEL Acquisition Limited*	11.40%	6	-	6	58	-	58	(52)	58	58
<b>Realised investments</b>										
Redeven Energy Limited*	50.00%	-	-	-	-	113	113	-	-	113
<b>Total</b>		11,908	4,739	16,647	6,556	4,782	11,338	511	15,532	10,734

BEL Holdco Limited was written down to a nil value in the prior year. However, liquidation proceeds of £20,000 were received during the six month period ended 31 August 2015 which have been treated as realised gains.

# INVESTMENT MANAGER'S REPORT

Continued

## "C" share portfolio

A summary of the "C" share fund's unaudited investment valuations as at 31 August 2015 and gains and losses during the six month period ended 31 August 2015 is given below.

	Voting rights as at 31 August 2015 %	Investment value			Investment cost			Gain/(loss) six months to ended 31 August 2015 £000	Investment value Total as at 28 February 2015 £000	Investment cost Total as at 28 February 2015 £000
		Shares as at 31 August 2015 £000	Loans as at 31 August 2015 £000	Total as at 31 August 2015 £000	Shares as at 31 August 2015 £000	Loans as at 31 August 2015 £000	Total as at 31 August 2015 £000			
<b>Operational wind</b>										
Greenfield Wind Farm Limited*	PQ 12.50%	1,096	1,009	2,105	500	917	1,417	39	2,089	1,440
White Mill Windfarm Limited*	PQ 25.00%	2,022	349	2,371	1,000	318	1,318	(492)	2,863	1,318
AD Wind Farmers Limited*	Q 50.00%	1,147	-	1,147	1,000	-	1,000	(68)	1,215	1,000
Biggleswade Wind Farm Limited*	Q 21.50%	1,617	1,786	3,403	527	1,623	2,150	(250)	3,653	2,150
Weston Airfield Investments Limited*	Q 50.00%	1,910	-	1,910	1,000	-	1,000	366	1,544	1,000
North Pickenham Energy Limited*	Q 50.00%	1,405	-	1,405	1,000	-	1,000	226	1,179	1,000
Bernard Matthews Green Energy Halesworth Limited**	Q 5.64%	386	-	386	300	-	300	86	300	300
<b>Hydroelectric scheme under construction</b>										
Darroch Power Limited*	Q 4.22%	53	133	186	53	133	186	-	-	-
Upper Falloch Power Limited*	Q 2.79%	17	90	107	17	90	107	-	-	-
<b>Development and pre-planning</b>										
Blawearie Wind Limited*	50.00%	-	-	-	32	-	32	(32)	32	32
<b>Realised investments</b>										
Iceni Renewables Limited*	50.00%	-	-	-	400	17	417	-	-	417
<b>Total</b>		<b>9,653</b>	<b>3,367</b>	<b>13,020</b>	<b>5,829</b>	<b>3,098</b>	<b>8,927</b>	<b>(125)</b>	<b>12,875</b>	<b>8,657</b>

## “D” share portfolio

A summary of the “D” share fund’s unaudited investment valuations as at 31 August 2015 and gains during the six month period ended 31 August 2015 is given below.

	Voting rights as at 31 August 2015 %	Investment value			Investment cost			Gain/(loss) six months to ended 31 August 2015 £000	Investment value Total as at 28 February 2015 £000	Investment cost Total as at 28 February 2015 £000
		Shares as at 31 August 2015 £000	Loans as at 31 August 2015 £000	Total as at 31 August 2015 £000	Shares as at 31 August 2015 £000	Loans as at 31 August 2015 £000	Total as at 31 August 2015 £000			
<b>Operational wind</b>										
Bernard Matthews Green										
Energy Halesworth Limited**	Q 13.38%	915	-	915	712	-	712	203	712	712
<b>Hydroelectric scheme under construction</b>										
Darroch Power Limited*	Q 25.50%	319	325	644	319	325	644	-	-	-
Upper Falloch Power Limited*	Q 29.58%	185	189	374	185	189	374	-	-	-
<b>Total</b>		1,419	514	1,933	1,216	514	1,730	203	712	712

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

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

\* A company in which Ventus 2 VCT plc has also invested (or in which Ventus 2 VCT plc had invested prior to the investment being realised).

\*\* A company in which Temporis Capital Renewable Infrastructure EIS Fund and Ventus 2 VCT plc have also invested. The Company, Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund are managed by Temporis Capital LLP.

## Valuation of Investments

It is the accounting policy of the Company to hold its investments at fair value. The Company’s investments in investee companies which operate renewable energy assets are valued using a discounted cash flow methodology. The Company has changed its approach to the valuation methodology. Previously, the valuation analysis was performed using a discount factor applied to the leveraged cash flows of the investee companies. However, to determine the valuations as at 31 August 2015, the Company has applied a discount rate to the unleveraged cash flows to determine the enterprise value of the investee company and then has subtracted the market value of any senior debt (including any prepayment fees and swap break costs) to calculate the value of the equity and/or mezzanine debt in the investee company. In recent years an active market for the purchase of operational renewable energy assets has emerged; the revised valuation approach conforms with the methodology that has become prevalent in the market. It is, therefore, deemed a more appropriate method to value the Company’s investments. The discount rates used to value the unleveraged cash flows of investee companies range from 7.5% to 9%,

with discount rates applied to the cash flows of operating wind farms generally being in the range of 8.25% to 9%.

The key assumptions that have a significant impact on discounted cash flow valuations for these assets are the discount rate, the price at which the power and associated benefits can be sold, the amount of electricity the investee companies’ generating assets are expected to produce and operating costs.

The fair value of the Company’s investments in project companies which have not passed an initial satisfactory operational period are determined to be the price of investment subject to a periodic impairment review.

### Sensitivity of Net Asset Value to Changes in Key Assumptions

The charts below illustrate the sensitivity of the NAV of the Company’s share funds to changes of certain key input assumptions applied to the unleveraged cash flows in the valuation models.

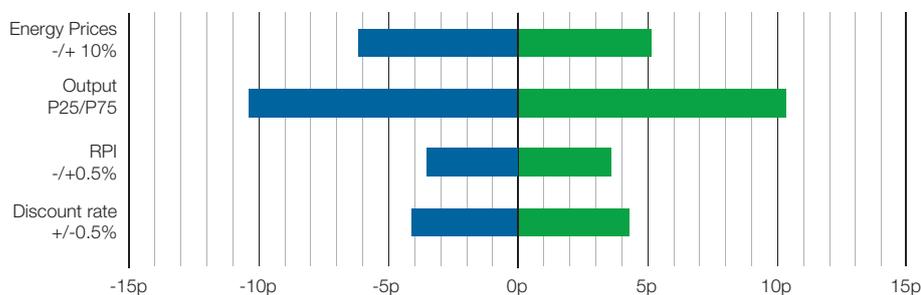
The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and Government subsidies. The selling price is often fixed in the medium term under power purchase

agreements. For periods outside the terms of these agreements the assumed future prices are estimated using external third party forecasts which take the form of specialist consultancy reports.

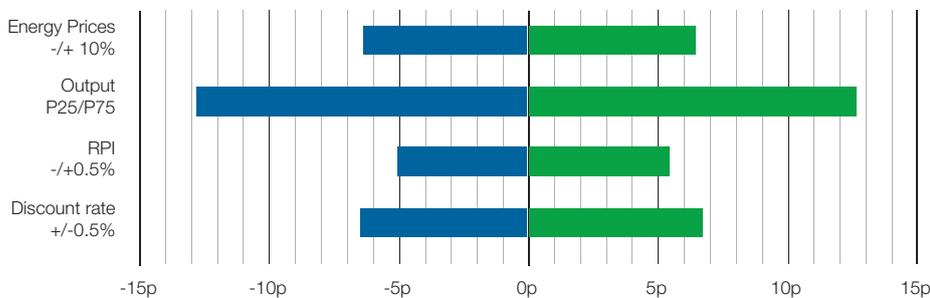
Specifically commissioned external consultant reports are used to estimate the expected generating output of the investee company’s generating assets taking into account their type and location. The analysis set out below describes the sensitivity of each share fund’s NAV to a higher (P75) or lower (P25) probability of exceedance of the forecast long term average output versus the base case (P50).

The discount factor and inflation rate applied to the cash flows are regularly reviewed by the Investment Committee of the Investment Manager to ensure they are set at the appropriate levels. 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 range of discount factors which form the base case in the sensitivity analysis is set out in the section above. The base case inflation rate used in the sensitivity analysis is 2.5%.

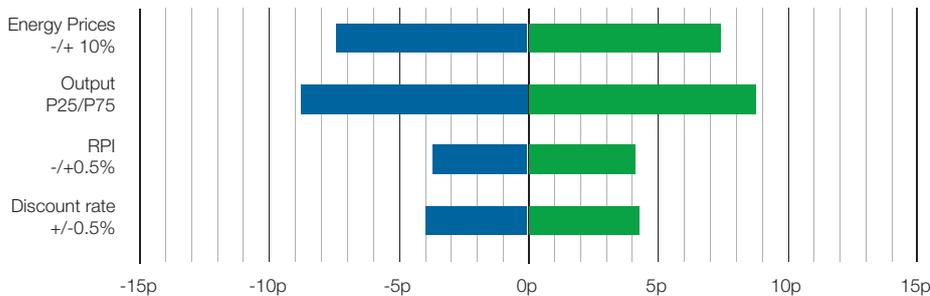
**Sensitivity of the NAV of Ordinary share fund to changes in key input assumptions**



**Sensitivity of the NAV of "C" share fund to changes in key input assumptions**



**Sensitivity of the NAV of "D" share fund to changes in key input assumptions**



## Investment Policy

The Company has focused on investing in companies developing renewable energy projects with installed capacities of up to 20 megawatts. Investments are generally in companies which own and operate 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 to allocate the Company's investments in equity securities and loan stock of companies owning renewable energy projects, primarily wind energy and hydroelectric. Up to 10% of net proceeds raised from share offers may be allocated to companies developing early stage renewable energy projects prior to planning permissions being obtained.

The Company together with Ventus 2 VCT plc has an allocation agreement in place with the Investment Manager. The allocation agreement prescribes the allocation of investments between the two companies and their share funds in accordance with the ratio of available funds in each share fund, subject to adjustment in consideration of maintaining the VCT status of both companies, concentration risk, expected timing of realisations and projected dividend profiles.

When there is a conflict or potential conflict of interest between the investment strategy of the Company and that of another fund managed by Temporis Capital LLP, the matter is referred to the Investment Manager's compliance officer who ensures any conflicts are dealt with fairly. Any investment made in a company in which another fund managed by the Investment Manager has invested or intends to invest will be approved by the Directors who are independent of the Investment Manager, unless the investment is made at the same time and on the same terms or in accordance with a specific pre-existing agreement between the Company and the Investment Manager.

The Company's policy is to maintain cash reserves of at least 5% of net proceeds raised from share offers 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 Company's portfolio is the UK and the majority of investments made to date are in the wind sector. Funds are invested in a range of companies with small-scale projects so that project risk is not concentrated in only a few schemes. The portfolio contains projects at different stages of the asset lifecycle, ranging from pre-planning to construction and then into operation. However, the portfolio is now mostly comprised of companies which own operating assets. Investments are made via subscriptions for new share capital, acquiring existing 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.

### 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 debt which is non-recourse to the Company. 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 for the duration of the loan so that investee companies are not exposed to changes in market interest rates.

To the extent that borrowing should be required by the Company for any purpose, the Directors will restrict the borrowings of the Company. The aggregate principal amount at any time outstanding in respect of money borrowed by the Company will 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 Company to various risks, the following can be used as a guide:

- i) Investments in qualifying holdings  
Under VCT regulations, at least 70% of the Company's funds should be invested in qualifying holdings. When there is an issue of new shares, the 70% requirement does not apply to the new funds raised for any accounting periods which end earlier than three years from the date of allotment of the new shares.  
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 any requirement due to factors outside of its control, it may apply to HMRC for a determination that the breach will be disregarded for a period of 90 days while the breach is remedied.
- ii) Concentration limits  
Under VCT regulations, no more than 15% of the Company's total assets should be in a single investee company at the time the investment is made in that investee company.
- iii) Investments in pre-planning projects  
In accordance with the Company's investment policy, a maximum of 10% of the net funds raised from share offers may be invested in companies developing pre-planning projects.

# DIRECTORS AND ADVISERS

## **Directors**

David Pinckney (Chairman)  
David Williams  
Rick Abbott

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## **Company Secretary**

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

## **Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## **Principal Banker**

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

## **Investment Manager & Registered Office**

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

## **Registrar**

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

## **Broker**

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

## **VCT Taxation Adviser**

Robertson Hare LLP  
Suite C, First Floor  
4 – 6 Staple Inn  
London  
WC1V 7QH

## **Solicitors**

Howard Kennedy LLP  
No.1 London Bridge  
London  
SE1 9BG

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six month period ended 31 August 2015 which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

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

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

## Our responsibility

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

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six month period ended 31 August 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## BDO LLP

Chartered Accountants  
London,  
United Kingdom  
29 October 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2015 (unaudited)

	Note	Ordinary Shares			"C" Shares			"D" Shares			Total		
		Revenue £000	Capital £000	Total £000									
Realised gains on investments	6	-	20	20	-	-	-	-	-	-	-	20	20
Net unrealised gain/(loss) on investments	6	-	511	511	-	(125)	(125)	-	203	203	-	589	589
Income		347	-	347	471	-	471	83	-	83	901	-	901
Investment management fees	3	(63)	(188)	(251)	(44)	(132)	(176)	(6)	(18)	(24)	(113)	(338)	(451)
Other expenses		(164)	-	(164)	(51)	-	(51)	(10)	-	(10)	(225)	-	(225)
<b>Profit/(loss) before taxation</b>		120	343	463	376	(257)	119	67	185	252	563	271	834
Taxation	4	(3)	3	-	(22)	22	-	(2)	2	-	(27)	27	-
<b>Profit/(loss) and total comprehensive income for the period attributable to shareholders</b>		117	346	463	354	(235)	119	65	187	252	536	298	834
<b>Return per share:</b>													
Basic and diluted return per share (p)	5	<b>0.72</b>	<b>2.13</b>	<b>2.85</b>	<b>3.14</b>	<b>(2.10)</b>	<b>1.04</b>	<b>3.26</b>	<b>9.39</b>	<b>12.65</b>			

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

The total column of this statement represents the Company's Condensed 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 22 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
for the six month period ended 31 August 2014 (unaudited)

	Note	Ordinary Shares			"C" Shares			"D" Shares			Total		
		Revenue £000	Capital £000	Total £000									
Realised gain on investments	6	-	150	150	-	-	-	-	-	-	-	150	150
Net unrealised gains on investments	6	-	239	239	-	519	519	-	-	-	-	758	758
Income		632	-	632	417	-	417	-	-	-	1,049	-	1,049
Investment management fees	3	(62)	(186)	(248)	(41)	(123)	(164)	(5)	(14)	(19)	(108)	(323)	(431)
Other expenses		(87)	(2)	(89)	(60)	-	(60)	(9)	-	(9)	(156)	(2)	(158)
<b>Profit/(loss) before taxation</b>		483	201	684	316	396	712	(14)	(14)	(28)	785	583	1,368
Taxation	4	(15)	15	-	(24)	24	-	3	(3)	-	(36)	36	-
<b>Profit/(loss) and total comprehensive income for the period attributable to shareholders</b>		468	216	684	292	420	712	(11)	(17)	(28)	749	619	1,368
<b>Return per share:</b>													
Basic and diluted return per share (p)	5	<b>2.87</b>	<b>1.32</b>	<b>4.19</b>	<b>2.58</b>	<b>3.71</b>	<b>6.29</b>	<b>(0.74)</b>	<b>(1.14)</b>	<b>(1.88)</b>			

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

The total column of this statement represents the Company's Condensed 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 22 to 28 form an integral part of these Financial Statements.

# CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 August 2015 (unaudited)

	Note	As at 31 August 2015 (unaudited)				As at 28 February 2015 (audited)			
		Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Total £000
<b>Non-current assets</b>									
Investments	6	16,647	13,020	1,933	31,600	15,532	12,875	712	29,119
Trade and other receivables		-	-	-	-	2,404	-	-	2,404
		16,647	13,020	1,933	31,600	17,936	12,875	712	31,523
<b>Current assets</b>									
Trade and other receivables	7	3,023	235	84	3,342	309	263	1	573
Cash and cash equivalents	8	432	323	115	870	1,749	752	1,169	3,670
		3,455	558	199	4,212	2,058	1,015	1,170	4,243
<b>Total assets</b>		20,102	13,578	2,132	35,812	19,994	13,890	1,882	35,766
<b>Current liabilities</b>									
Trade and other payables		(398)	(41)	(9)	(448)	(182)	(77)	(11)	(270)
<b>Net current assets</b>		3,057	517	190	3,764	1,876	938	1,159	3,973
<b>Net assets</b>		19,704	13,537	2,123	35,364	19,812	13,813	1,871	35,496
<b>Equity attributable to equity holders</b>									
Share capital		4,076	2,832	498	7,406	4,076	2,832	498	7,406
Capital redemption reserve		1,587	-	-	1,587	1,587	-	-	1,587
Share premium		-	-	1,433	1,433	-	-	1,433	1,433
Special reserve		8,761	7,667	-	16,428	9,176	7,667	-	16,843
Capital reserve – realised		(1,061)	(1,587)	(55)	(2,703)	(2,957)	(1,477)	(39)	(4,473)
Capital reserve – unrealised		6,037	4,574	203	10,814	7,587	4,699	-	12,286
Revenue reserve		304	51	44	399	343	92	(21)	414
<b>Total equity</b>		19,704	13,537	2,123	35,364	19,812	13,813	1,871	35,496
<b>Basic and diluted net asset value per share (p)</b>	9	<b>120.8</b>	<b>120.0</b>	<b>106.6</b>		<b>121.5</b>	<b>122.4</b>	<b>94.0</b>	

Approved by the Board and authorised for issue on 29 October 2015.

**David Pinckney**  
Chairman

Ventus VCT plc. Registered No: 05205442

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six month period ended 31 August 2015 (unaudited)

	Share capital £000	Capital redemption reserve £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>Ordinary Shares</b>								
<b>At 1 March 2015</b>	4,076	1,587	-	9,176	(2,957)	7,587	343	19,812
Transfer from special reserve to revenue reserve	-	-	-	(415)	-	-	415	-
Transfer of unrealised gains on investment to realised gains on investment	-	-	-	-	2,061	(2,061)	-	-
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(165)	511	117	463
Dividends paid in the period	-	-	-	-	-	-	(571)	(571)
<b>At 31 August 2015</b>	4,076	1,587	-	8,761	(1,061)	6,037	304	19,704
<b>"C" Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2015</b>	2,832	-	-	7,667	(1,477)	4,699	92	13,813
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(110)	(125)	354	119
Dividends paid in the period	-	-	-	-	-	-	(395)	(395)
<b>At 31 August 2015</b>	2,832	-	-	7,667	(1,587)	4,574	51	13,537
<b>"D" Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2015</b>	498	-	1,433	-	(39)	-	(21)	1,871
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(16)	203	65	252
Dividends paid in the period	-	-	-	-	-	-	-	-
<b>At 31 August 2015</b>	498	-	1,433	-	(55)	203	44	2,123
<b>Total</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2015</b>	7,406	1,587	1,433	16,843	(4,473)	12,286	414	35,496
Transfer from special reserve to revenue reserve	-	-	-	(415)	-	-	415	-
Transfer of unrealised gains on investment to realised gains on investment	-	-	-	-	2,061	(2,061)	-	-
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(291)	589	536	834
Dividends paid in the period	-	-	-	-	-	-	(966)	(966)
<b>At 31 August 2015</b>	7,406	1,587	1,433	16,428	(2,703)	10,814	399	35,364

All amounts presented in the statement of changes in equity are attributable to equity holders. The revenue reserve and realised capital reserve are distributable reserves. The special reserve may be used to fund buy-backs of ordinary shares and pay dividends if they are considered by the Board to be in the interests of the shareholders.

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 August 2014 (unaudited)

	Share capital £000	Capital redemption reserve £000	Share premium £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
<b>Ordinary Shares</b>								
<b>At 1 March 2014</b>	4,076	1,587	-	9,479	(4,315)	8,654	165	19,646
Transfer of unrealised losses on investment to realised losses on investment	-	-	-	-	1,615	(1,615)	-	-
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(23)	239	468	684
Dividends paid in the period	-	-	-	-	-	-	(408)	(408)
<b>At 31 August 2014</b>	4,076	1,587	-	9,479	(2,723)	7,278	225	19,922
<b>"C" Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2014</b>	2,832	-	-	7,712	(1,245)	4,225	247	13,771
Share buyback for Treasury in the period	-	-	-	(45)	-	-	-	(45)
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(99)	519	292	712
Dividends paid in the period	-	-	-	-	-	-	(283)	(283)
<b>At 31 August 2014</b>	2,832	-	-	7,667	(1,344)	4,744	256	14,155
<b>"D" Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2014</b>	-	-	-	-	-	-	-	-
Shares issued in the period	498	-	1,488	-	-	-	-	1,986
Issue costs	-	-	(53)	-	-	-	-	(53)
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(17)	-	(11)	(28)
<b>At 31 August 2014</b>	498	-	1,435	-	(17)	-	(11)	1,905
<b>Total</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2014</b>	6,908	1,587	-	17,191	(5,560)	12,879	412	33,417
Shares issued in the period	498	-	1,488	-	-	-	-	1,986
Issue costs	-	-	(53)	-	-	-	-	(53)
Share buyback for Treasury in the period	-	-	-	(45)	-	-	-	(45)
Transfer of unrealised losses on investment to realised losses on investment	-	-	-	-	1,615	(1,615)	-	-
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(139)	758	749	1,368
Dividends paid in the period	-	-	-	-	-	-	(691)	(691)
<b>At 31 August 2014</b>	7,406	1,587	1,435	17,146	(4,084)	12,022	470	35,982

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

# CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended 31 August 2015 (unaudited)

	Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Six months ended 31 August 2015 (unaudited) Total £000	Six months ended 31 August 2014 (unaudited) Total £000
<b>Cash flows from operating activities</b>					
Investment income received	155	511	-	666	1,019
Deposit interest received	2	-	-	2	-
Investment management fees paid	(250)	(176)	(24)	(450)	(429)
Other cash payments	(69)	(98)	(12)	(179)	(295)
<b>Cash generated from/ (used in) operations</b>	(162)	237	(36)	39	295
Taxes paid	-	-	-	-	-
<b>Net cash inflow/ (outflow) from operating activities</b>	(162)	237	(36)	39	295
<b>Cash flows from investing activities</b>					
Purchases of investments	(979)	(294)	(1,018)	(2,291)	(770)
Disposals of investments	-	-	-	-	1
Proceeds from investments	395	23	-	418	2,745
<b>Net cash (outflow)/ inflow from investing activities</b>	(584)	(271)	(1,018)	(1,873)	1,976
<b>Cash flows from financing activities</b>					
"D" shares issued	-	-	-	-	1,986
"D" share issue costs	-	-	-	-	(53)
"C" share buy back	-	-	-	-	(45)
Dividends paid	(571)	(395)	-	(966)	(691)
<b>Net cash (outflow)/ inflow from financing activities</b>	(571)	(395)	-	(966)	1,197
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(1,317)	(429)	(1,054)	(2,800)	3,468
<b>Cash and cash equivalents at the beginning of the period</b>	1,749	752	1,169	3,670	703
<b>Cash and cash equivalents at the end of the period</b>	432	323	115	870	4,171

The accompanying notes on pages 22 to 28 form an integral part of these Financial Statements.

# EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six month period ended 31 August 2015 (unaudited)

## 1. Accounting convention and policies

The unaudited half-yearly results which cover the six month period ended 31 August 2015 have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 28 February 2015. The half-yearly financial statements have been prepared under IAS 34 *Interim Financial Reporting*.

The accounting policies are consistent with those of the previous financial year. The Directors do not expect the accounting policies to change over the current financial year.

## 2. Publication of non-statutory accounts

The financial information for the year ended 28 February 2015 contained in this Half-yearly Financial Report does not constitute the Company's statutory accounts for that period but has been derived from them. The financial information for the six month periods ended 31 August 2015 and 31 August 2014 have not been audited but has been reviewed by the auditor.

Statutory accounts in respect of the year ended 28 February 2015 have been audited and reported on by the auditor and delivered to the Registrar of Companies and included the Report of the Auditor which was unqualified, did not draw attention to any matter by way of emphasis and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006.

## 3. Investment management fees

The Company pays the Investment Manager an annual management fee equal to 2.5% of the Company's net assets. The fee is not subject to VAT and is payable quarterly in advance. The annual management fee is allocated 75% to capital and 25% to revenue. Total annual running costs are in aggregate capped at 3.6% of NAV (excluding the Investment Manager's performance fee, any irrecoverable VAT and investment costs), with any excess being borne by the Investment Manager.

The amount paid to the Investment Manager for the six month period ended 31 August 2015 in respect of the net assets attributable to the ordinary shareholders was £251,000 (six month period ended 31 August 2014: £248,000). The amount paid to the Investment Manager for the six month period ended 31 August 2015 in respect of the net assets attributable to the "C" shareholders was £176,000 (six month period ended 31 August 2014: £164,000). The amount paid to the Investment Manager for the six month period ended 31 August 2015 in respect of the net assets attributable to the "D" shareholders was £24,000 (six month period ended 31 August 2014: £19,000).

## 4. Taxation

The Company has accrued £nil tax charge in the ordinary share fund (six month period ended 31 August 2014: £nil tax charge); £nil tax charge in the "C" share fund (six month period ended 31 August 2014: £nil tax charge) and £nil tax charge in the "D" share fund (six month period ended 31 August 2014: £nil tax charge). The tax charges are accrued using an effective tax rate of 20% for the 2015/16 tax year and 21% for the 2014/15 tax year, however dividends and capital gains are not subject to tax resulting in a lower effective tax rate than the standard applicable rate in the UK.

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.

## 5. Basic and diluted return per share

<b>For the six month period ended 31 August 2015 (unaudited)</b>		<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>
Revenue return for the period	<i>p per share</i>	0.72	3.14	3.26
<i>Based on:</i>				
Revenue return for the period	<i>£000</i>	117	354	65
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
Capital gain/ (loss) for the period	<i>p per share</i>	2.13	(2.10)	9.39
<i>Based on:</i>				
Capital gain/ (loss) for the period	<i>£000</i>	346	(235)	187
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
Net profit for the period	<i>p per share</i>	2.85	1.04	12.65
<i>Based on:</i>				
Net gain for the period	<i>£000</i>	463	119	252
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
<b>For the six month period ended 31 August 2014 (unaudited)</b>		<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>
Revenue return for the period	<i>p per share</i>	2.87	2.58	(0.74)
<i>Based on:</i>				
Revenue return for the period	<i>£000</i>	468	292	(11)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,314,224	1,488,331
Capital gain/(loss) for the period	<i>p per share</i>	1.32	3.71	(1.14)
<i>Based on:</i>				
Capital gain/(loss) for the period	<i>£000</i>	215	420	(17)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,314,224	1,488,331
Net profit/(loss) for the period	<i>p per share</i>	4.19	6.29	(1.88)
<i>Based on:</i>				
Net gain/(loss) for the period	<i>£000</i>	683	712	(28)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,314,224	1,488,331

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

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 6. Investments

Six months ended 31 August 2015 (unaudited)	Ordinary Shares			"C" Shares			"D" Shares			Total		
	Shares £000	Loan Stock £000	Total £000	Shares £000	Loan Stock £000	Total £000	Shares £000	Loan Stock £000	Total £000	Shares £000	Loan Stock £000	Total £000
<b>Opening position</b>												
Opening cost	6,322	4,412	10,734	5,759	2,898	8,657	712	-	712	12,793	7,310	20,103
Opening realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Opening unrealised gains	5,102	275	5,377	4,472	227	4,699	-	-	-	9,574	502	10,076
Opening fair value	11,262	4,270	15,532	9,767	3,108	12,875	712	-	712	21,741	7,378	29,119
<b>During the period</b>												
Purchases at cost	234	745	979	70	223	293	504	514	1,018	808	1,482	2,290
Investment proceeds	-	(375)	(375)	-	(23)	(23)	-	-	-	-	(398)	(398)
Realised losses	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised gains/ (losses)	412	99	511	(184)	59	(125)	203	-	203	431	158	589
Closing fair value	11,908	4,739	16,647	9,653	3,367	13,020	1,419	514	1,933	22,980	8,620	31,600
<b>Closing position</b>												
Closing cost	6,556	4,782	11,338	5,829	3,098	8,927	1,216	514	1,730	13,601	8,394	21,995
Closing realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Closing unrealised gains	5,514	374	5,888	4,288	286	4,574	203	-	203	10,005	660	10,665
Closing fair value	11,908	4,739	16,647	9,653	3,367	13,020	1,419	514	1,933	22,980	8,620	31,600

BEL Holdco Limited was written down to a nil value in the prior year. However, liquidation proceeds of £20,000 were received during the six month period ended 31 August 2015 which have been treated as realised gains.

Year ended 28 February 2015 (audited)	Ordinary Shares			"C" Shares			"D" Shares			Total		
	Shares £000	Loan Stock £000	Total £000	Shares £000	Loan Stock £000	Total £000	Shares £000	Loan Stock £000	Total £000	Shares £000	Loan Stock £000	Total £000
<b>Opening position</b>												
Opening cost	8,264	4,887	13,151	5,457	3,740	9,197	-	-	-	13,721	8,627	22,348
Opening realised losses	(2,312)	(417)	(2,729)	(464)	(17)	(481)	-	-	-	(2,776)	(434)	(3,210)
Opening unrealised gains	6,309	285	6,594	3,984	241	4,225	-	-	-	10,293	526	10,819
Opening fair value	12,261	4,755	17,016	8,977	3,964	12,941	-	-	-	21,238	8,719	29,957
<b>During the year</b>												
Purchases at cost	58	-	58	2	-	2	712	-	712	772	-	772
Disposal proceeds	-	(475)	(475)	-	(541)	(541)	-	-	-	-	(1,016)	(1,016)
Conversion of loan stock to shares	-	-	-	300	(301)	(1)	-	-	-	300	(301)	(1)
Investment proceeds	(1,765)	-	(1,765)	-	-	-	-	-	-	(1,765)	-	(1,765)
Realised losses	150	-	150	-	-	-	-	-	-	150	-	150
Unrealised gains/ (losses)	558	(10)	548	488	(14)	474	-	-	-	1,046	(24)	1,022
Closing fair value	11,262	4,270	15,532	9,767	3,108	12,875	712	-	712	21,741	7,378	29,119
<b>Closing position</b>												
Closing cost	6,322	4,412	10,734	5,759	2,898	8,657	712	-	712	12,793	7,310	20,103
Closing realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Closing unrealised gains	5,102	275	5,377	4,472	227	4,699	-	-	-	9,574	502	10,076
Closing fair value	11,262	4,270	15,532	9,767	3,108	12,875	712	-	712	21,741	7,378	29,119

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

Under IFRS 7 and IFRS 13, 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 31 August 2015, 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. The key assumptions that have a significant impact on the fair value in the discounted future cash flow valuations are the discount factors used (which range from 7.5% to 9.0%), the price at which power and associated benefits may be sold and the levels of electricity the investee's companies generating assets are likely to produce (which are taken from specialist consultant reports).

As at 31 August 2015, the value of the Company's investment in Bernard Matthews Green Energy Halesworth Limited was determined on a discounted cash flow basis as it is now operational, whereas previously the investment was valued on the basis of the price of recent investment.

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 0.5% increase or decrease in the discount factors applied to the valuation models of investments which have been valued using the discounted future cash flows from the underlying business.

**6. Investments (continued)**

The following table demonstrates the impact the application of the upside and downside alternative discount factor to the net asset value of each share fund:

	Discount Factor +0.5% £000	Net Asset Value £000	Discount Factor -0.5% £000
Ordinary shares	19,024	19,704	20,418
"C" shares	12,810	13,537	14,303
"D" shares	2,043	2,123	2,207

Further sensitivity analysis is provided in the Investment Manager's Report.

**7. Trade and other receivables (current)**

At 31 August 2015, the ordinary share fund held current trade receivables totalling £3,023,000 which includes £2,391,000 representing the amortised cost value of the outstanding balance of the consideration arising from the Company's sale of Craig Wind Farm Limited plus the accrued interest on the outstanding balance. As at 31 August 2015, this amount has been treated as a current asset as the Directors' have a reasonable expectation it will be received within a period of one year. As at 28 February 2015 the outstanding balance of £2,404,000 was treated as a non-current asset. The deferred consideration receivable of £2,061,000 has been transferred from the unrealised capital reserve to the realised capital reserve during the six month period ended 31 August 2015. The accrued interest outstanding in respect of the deferred consideration amounted to £330,000 as at 31 August 2015 and has been treated as realised income in the revenue reserve.

**8. Cash and cash equivalents**

The ordinary share fund held a cash balance of £432,000 at 31 August 2015, (28 February 2015: £1,749,000) of which £69,000 (28 February 2015: £68,000) represents an amount held on a decommissioning bond account on behalf of Eye Wind Power Limited which is considered to be a restricted cash balance. The ordinary share fund recognised an asset payable of £69,000 within trade and other payables as at 31 August 2015 in respect of the amount due to Eye Wind Power Limited.

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

**As at 31 August 2015 (unaudited)**

		Ordinary Shares	"C" Shares	"D" Shares
Net asset value per share	<i>p per share</i>	120.8	120.0	106.6
<i>Based on:</i>				
Net asset value	<i>£000</i>	19,704	13,537	2,123
Number of shares	<i>number of shares</i>	16,307,547	11,283,207	1,990,767

**As at 28 February 2015 (audited)**

		Ordinary Shares	"C" Shares	"D" Shares
Net asset value per share	<i>p per share</i>	121.5	122.4	94.0
<i>Based on:</i>				
Net asset value	<i>£000</i>	19,812	13,813	1,871
Number of shares	<i>number of shares</i>	16,307,547	11,283,207	1,990,767

## 10. Dividends

A final dividend for the year ended 28 February 2015 of 3.50p per ordinary share was paid to ordinary shareholders on 5 August 2015.

An interim dividend of 3.50p per ordinary share has been declared for the six month period ended 31 August 2015 which will be paid on 13 January 2016 to all ordinary shareholders on the register as at close of business on 11 December 2015.

A final dividend for the year ended 28 February 2015 of 3.50p per "C" share was paid to "C" shareholders on 5 August 2015.

An interim dividend of 3.50p per "C" share has been declared for the six month period ended 31 August 2015 which will be paid on 13 January 2016 to all "C" shareholders on the register as at close of business on 11 December 2015.

No dividend was paid to "D" shareholders for the year ended 28 February 2015.

An interim dividend of 2.00p per "D" share has been declared for the six month period ended 31 August 2015 which will be paid on 13 January 2016 to all "C" shareholders on the register as at close of business on 11 December 2015.

## 11. Contingencies, guarantees and financial commitments

The contingencies, guarantees and financial commitments of the Company were disclosed in the annual report and financial statements for the year ended 28 February 2015. All the guarantees disclosed therein remain in force, along with those described below.

On 20 March 2015, the Company registered a share charge over its shares in Darroch Power Limited to GCP Hydro 1 Limited as security for a senior loan facility of £6,525,000 raised by Darroch Power Limited to finance the construction costs of its hydroelectric scheme. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Darroch Power Limited.

On 20 March 2015, the Company registered a share charge over its shares in Upper Falloch Power Limited to GCP Hydro 1 Limited as security for a senior loan facility of £3,360,000 raised by Upper Falloch Power Limited to finance the construction costs of its hydroelectric scheme. The liability of the Company under this charge of shares is limited to the value of the Company's investment in shares of Upper Falloch Power Limited.

In its Annual Report and Financial Statements for the year ended 28 February 2015, the Company disclosed that a claim had been filed against the Company under a warranty in the Share Purchase Agreement pertaining to the sale of an investee company previously owned by the Company. The disclosure stated that the Company was vigorously defending the claim, that no provision had been made in the accounts and that the Directors did not expect the outcome to have a material impact on the Company's accounts. The claim in question has now been settled with an immaterial impact on the Company's net asset value. The settlement specified that the deferred consideration due to the Company pursuant to the sale in question will now be due by 31 December 2016 at the latest. The deferred consideration continues to accrue interest.

**12. Related parties**

The investee companies in which the Company has a shareholding of 20% or more are considered to be related parties. The significant changes to the balances and transactions with these companies are presented in the Investment Manager's Report. The aggregate balances at the period end and transactions with these companies during the six month period ended 31 August 2015 are summarised below.

	Ordinary Shares £000	"C" shares £000	"D" shares £000	Total £000
<b>Balances as at 31 August 2015 (unaudited)</b>				
Investments - shares	11,303	9,653	1,419	22,375
Investments - loan stock	4,452	3,367	514	8,333
Accrued interest income	365	193	27	585
<b>Transactions in the six months ended 31 August 2015 (unaudited)</b>				
Loan stock interest income	234	201	27	462
Dividend income	104	270	56	430

	Ordinary Shares £000	"C" shares £000	"D" shares £000	Total £000
<b>Balances as at 31 August 2014 (unaudited)</b>				
Investments - shares	10,221	9,797	712	20,730
Investments - loan stock	3,993	3,142	-	7,135
Accrued interest income	175	385	-	560
<b>Transactions in the six months ended 31 August 2014 (unaudited)</b>				
Loan stock interest income	245	128	-	373
Dividend income	323	206	-	529

	Ordinary Shares £000	"C" shares £000	"D" shares £000	Total £000
<b>Balances as at 28 February 2015 (audited)</b>				
Investments - shares	10,635	9,767	712	21,114
Investments - loan stock	3,977	3,108	-	7,085
Accrued interest income	189	180	-	369
<b>Transactions in the year ended 28 February 2015 (audited)</b>				
Loan stock interest income	385	410	-	795
Dividend income	488	283	-	771

**13. Report distribution**

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



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