

Ventus VCT plc

Half-yearly Financial Report (unaudited)
for the six month period ended 31 August 2017



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Ventus VCT plc owns
a portfolio of operating
renewable energy
companies

Registered No: 05205442

Front cover:
Biggleswade wind farm in Bedfordshire
(Photograph: Robert Pollock)

I am pleased to present the unaudited financial report of Ventus VCT plc (the "Company") for the six month period ended 31 August 2017, which demonstrates continuing good performance.

The Company is fully invested with a portfolio of companies operating wind and hydroelectric renewable energy assets. Details of the portfolio of investments held by the Company are set out in the Investment Manager's Report. Legislation changes for Venture Capital Trusts ("VCTs") prevent further investment by the Company in electricity generation projects.

The Board of Directors

Having served as the Company's Chairman since its incorporation in 2004, I will be stepping down from my position and David Williams will take over as Chairman on 1 November 2017. As previously announced, for continuity reasons, I will remain as a director and chairman of the audit committee until after the 2018 Annual General Meeting. It is the intention of the Company to recruit a new non-executive director in the first quarter of 2018.

Strategic Objectives

The Company's key strategic objectives were described in the Annual Report for the year ended 28 February 2017 and remain unchanged. The Company's key objectives are:

- > To achieve a sustainable level of dividends from the management of a portfolio of renewable energy assets held within a tax efficient VCT.
- > To protect the capital of shareholders and to enhance its value by the active management of the assets operated by investee companies, which are generally joint venture companies.
- > To manage the assets of the Company with a view to maximising their longevity and optionality.

Change in valuation assumption

The Board has noted a recent downward trend in discount rates applied in valuing operating wind energy assets in the market. With this in mind, the Directors reviewed the assumptions used in valuing the Company's investments. Previously, the Company has generally applied discount rates in the range of 8.25% to 9.00%

to cash flows from operating wind farm investments. However, the Directors have agreed that, in line with the market, a reduction in the discount rates used in valuing the wind farm investments is appropriate for this half-yearly financial report. Therefore, the discount rates applied have been reduced to between 8.00% and 8.75%.

The change in the discount rate assumptions has had a positive impact on the value of the Company's operational wind investments. The Directors believe the change is appropriate and in line with the market. More information about the valuation of the Company's investments is set out in the Investment Manager's Report including an analysis of the sensitivity the net asset value ("NAV") of each of the Company's share funds to changes in key assumptions used in valuing the Company's investments, including discount rates.

Active Portfolio Management

Refinancing of investee companies

The Company's Investment Manager, Temporis Capital Limited, has closed the refinancing of three of the Company's investments, which own and operate wind farms at Eye, Weston and North Pickenham in East Anglia and between them have a generating capacity of 14.8MW.

Bayern LB provided term loans of £16.4 million between the three investee companies, at a blended rate of 3.85% and over a term of 14 years. The debt is fixed price and fully amortising. The proceeds repay loan facilities taken out in 2013 to fund construction of the three wind farms and the new loans offer significantly lower interest rates than were available in 2013.

The substantially reduced cost of debt will increase cashflow to the Company from the three investee companies, improving value for shareholders. This is part of the Board's continuing strategy to enhance value to shareholders through active management of the Company's assets.

Achairn Energy Limited

The Company holds an investment in Achairn Energy Limited, which operates a wind farm near Wick, Scotland. Achairn holds a 7.5MW grid connection, but has installed capacity of 6MW, leaving 1.5MW of grid capacity. The Investment Manager has negotiated a transaction with a neighbouring wind farm to use the excess grid capacity for a limited period. This is expected to result in additional cash flows to Achairn Energy Limited of approximately £4 million over the course of the life of the Achairn project. However, this expected additional cash flow has not yet been taken into account in the valuation of the Company's investment in Achairn Energy Limited.

The Investment Manager continues to look for additional opportunities to create value from investee company assets and expects to provide an update on this in the Annual Report.

Upper Falloch Power Limited

Upper Falloch continues to perform below expectations. Works were undertaken in June 2016 on the Upper Falloch hydro scheme and performance has improved. The fundamental issue concerns the design of the intake system. The 2016 works identified an issue with the intake chamber, in which water sits before it falls into the pipeline. A re-design of the intake chamber is now complete and work to implement the design will take place in the summer of 2018 (the earliest period in which works are allowed to take place in the river), and will not be a cost to Upper Falloch. It is expected that these works will result in the scheme being capable of operating at its full capacity, subject to water resource.

"D" share fund portfolio

The Board remains confident in the long term value inherent in the Company's "D" share assets. The three projects that comprise this portfolio were commissioned between July 2015 and November 2015. The share fund is valued at 130.4p per share and has generated a total shareholder return of 35.9p per share above the initial offer price of 100p when the shares were issued in 2014.

However, the D share assets - along with the Company's other assets - suffered from poor wind and rainfall resources throughout 2016. Given that the "D" share portfolio holds three assets, and is not as operationally mature as other share classes, the resource performance in 2016 has had a more adverse effect on cashflow than is the case with other share classes.

In addition, the issues with Upper Falloch, as described above, further reduced the revenue proceeds of the "D" share fund below expectations.

As a result of the combination of these two factors the Directors consider it prudent to revise the dividend target for the financial year ending 28 February 2018 to zero. The Board will update investors as to performance of the assets in the Company's Annual Report and, as stated above, remain confident in the long term value of these assets.

Net Asset Value, Results and Dividend - Ordinary Shares

At the period end, the NAV of the ordinary share fund of the Company stood at £18,289,000 or 112.2p per ordinary share (28 February 2017: £18,684,000 or 114.6p per ordinary share).

The value of investments held at 31 August 2017 in the ordinary share fund was £17,520,000 compared to £17,597,000 at 28 February 2017. The Investment Manager's report provides further information about the valuation of all investee companies.

The income generated in the ordinary share fund during the six months ended 31 August 2017 totalled £291,000, of which £223,000 was loan stock interest, £67,000 was from dividends and £1,000 was bank deposit interest. This compares to total income of £432,000 for the six months ended 31 August 2016. Income in the six month period ended 31 August 2017 was lower than expected due to the poor wind and rainfall resource during 2016 and the delay between actual electricity generation and investee companies paying dividends.

This half-yearly period has been characterised by higher than normal (P50) wind speeds leading to additional generation at the Company's portfolio of wind farm investments. This may be expected to contribute to investee company dividends in future periods.

The revenue profit attributable to ordinary shareholders for the period was £122,000 or 0.75p per ordinary share (six month period ended 31 August 2016: £204,000 or 1.24p per ordinary share). The capital gain attributable to ordinary shareholders for the period was £135,000 or 0.83p per ordinary share (six month period ended 31 August 2016: £468,000 or 2.86p per ordinary share), resulting in a net gain attributable to ordinary shareholders for the period of £257,000 or 1.58p per ordinary share (six month period ended 31 August 2016: £672,000 or 4.10p per ordinary share).

On 9 August 2017, the Company paid a final dividend of 4.00p per ordinary share in respect of the year ended 28 February 2017. The Company has declared an interim dividend of 4.00p per ordinary share which will be paid on 17 January 2018 to all ordinary shareholders on the register as at the close of business on 15 December 2017.

Net Asset Value, Results and Dividend – "C" Shares

At the period end, the NAV of the "C" share fund of the Company stood at £14,808,000 or 131.2p per "C" share (28 February 2017: £14,632,000 or 129.7p per "C" share).

The value of investments held at 31 August 2017 in the "C" share fund was £14,515,000 compared to £14,245,000 at 28 February 2017.

The total income of the "C" share fund for the year ended 31 August 2017 was £494,000, of which £190,000 was loan stock interest and £304,000 was from dividends. This compares with income generated by the "C" share fund of £602,000 in the year ended 31 August 2016. Lower than expected wind and rainfall resource during 2016 had a negative impact on income during the six month period ended 31 August 2017.

The revenue profit attributable to "C" shareholders for the period was £329,000 or 2.92p per "C" share (six month period ended 31 August 2016: £477,000 or 4.21p per "C" share). The capital gain attributable to "C" shareholders for the period was £355,000 or 3.14p per "C" share (six month period ended 31 August 2016: £265,000 or 2.34p per "C" share), resulting in a net gain attributable to "C" shareholders for the period of £684,000 or 6.06p per "C" share (six month period ended 31 August 2016: £742,000 or 6.55p per "C" share).

On 9 August 2017, the Company paid a final dividend of 4.50p per "C" share in respect of the year ended 28 February 2017. The Company has declared an interim dividend of 3.50p per "C" share which will be paid on 17 January 2018 to all "C" shareholders on the register as at the close of business on 15 December 2017.

The investment manager is entitled to a performance-related incentive fee of £197,000 in respect of the Return attributable to the "C" share fund for the year ended 28 February 2017. The fee has been accrued in the Company's accounts. More information about the Investment Management fee is set out in note 3 to the financial statements.

Net Asset Value, Results and Dividend – "D" Shares

At the period end, the NAV of the "D" share fund of the Company stood at £2,596,000 or 130.4p per "D" share (28 February 2017: £2,618,000 or 131.5p per "D" share).

The value of investments held at 31 August 2017 in the "D" share fund was £2,495,000 compared to £2,509,000 at 28 February 2017.

The total income of the "D" share fund for the year ended 31 August 2017 was £35,000, all of which was loan stock interest. This compares with income generated by the "D" share fund of £30,000 in the year ended 31 August 2016.

The revenue profit attributable to "D" shareholders for the period was £13,000 or 0.64p per "D" share (six month period ended 31 August 2016: £9,000 or 0.44p per "D" share). The capital loss attributable to "D" shareholders for the period was £35,000 or

1.77p per “D” share (six month period ended 31 August 2016: capital loss of £80,000 or 4.02p per “D” share), resulting in a net loss attributable to “D” shareholders for the period of £22,000 or 1.13p per “D” share (six month period ended 31 August 2016: net loss of £71,000 or 3.58p per “D” share).

No final dividend was paid per “D” share in respect of the year ended 28 February 2017. The Company has not declared an interim dividend for the “D” shares.

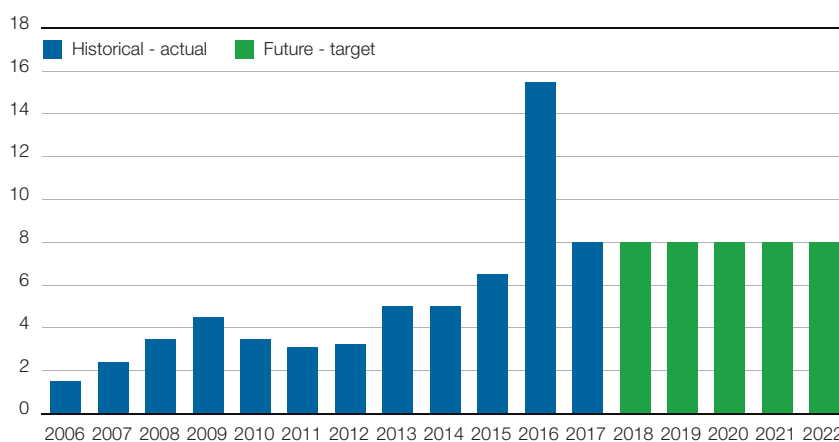
Dividend policy

As disclosed in the annual report and financial statements for the year ended 28 February 2017, the Directors anticipate a realistic target range for the next five years of 8.00p per ordinary share per annum and 8.00p per “C” share per annum. Given the issues with the “D” share fund’s portfolio described above, the Directors have revised the target for the year ending 28 February 2018 to zero but the target for the following four years remains at 5.00p per “D” share per annum. It should be stressed that these are intentions only, and no forecasts are intended or should be inferred.

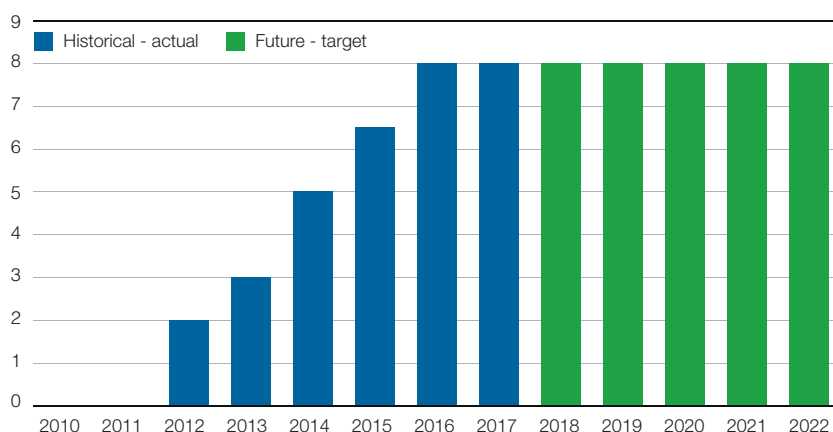
The charts below show historical annual dividends as well as target dividends for the next five years.

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

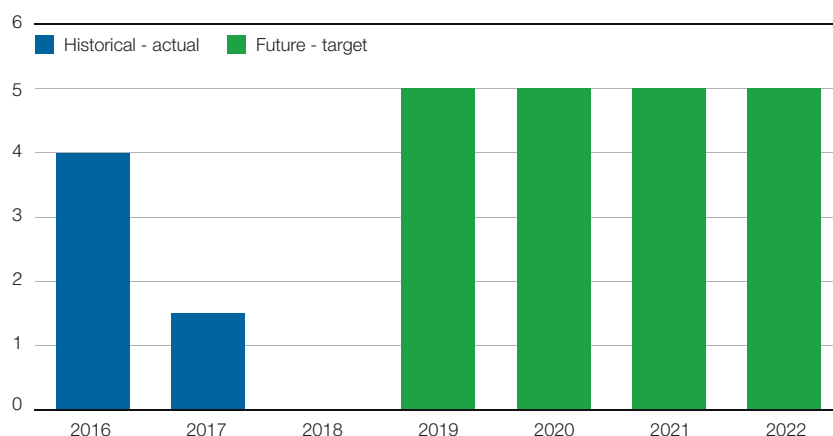
Annual Dividends Declared per Ordinary Share



Annual Dividends Declared per “C” Share



Annual Dividends Declared per “D” Share



CHAIRMAN'S STATEMENT

Continued

Key performance indicators

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

The 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's objectives are being pursued:

	£000	Ordinary Shares Pence per share ¹	£000	"C" Shares Pence per share ¹	£000	"D" Shares Pence per share ¹	Total £000
For the six month period ended 31 August 2017							
Revenue profit attributable to equity shareholders	122	0.75	329	2.92	13	0.64	464
Capital gain/(loss) attributable to equity shareholders	135	0.83	355	3.14	(35)	(1.77)	455
Net profit attributable to equity shareholders	257	1.58	684	6.06	(22)	(1.13)	919
Dividends paid during the period	(652)	(4.00)	(508)	(4.50)	-	-	(1,160)
Total movement in equity shareholders' funds	(395)	(2.42)	176	1.56	(22)	(1.13)	(241)

	%	%	%	%
Ongoing charges ratio ²	3.62%	3.27%	3.36%	3.45%

	£000	Ordinary Shares Pence per share ³	£000	"C" Shares Pence per share ³	£000	"D" Shares Pence per share ³	Total £000
As at 31 August 2017							
Net asset value	18,289	112.2	14,808	131.2	2,596	130.4	35,693
Total shareholder return ⁴	28,162	174.0	18,479	163.7	2,706	135.9	49,347

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 the Investment Manager's performance fee) as a percentage of the NAV of the Company at the end of the 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.

Key Information

	Ordinary Shares	C Shares	D Shares
Net asset value as at 31 August 2017	£18.3m	£14.8m	£2.6m
Net asset value per share as at 31 August 2017	112.2p	131.2p	130.4p
Mid-market share price as at market close on 31 August 2017	109.0p	119.0p	120.0p
Cumulative dividends per share paid to date	61.8p	32.5p	5.5p
Total Return per share (NAV plus cumulative dividends paid)	173.9p	163.7p	135.9p
Target dividend per share for year ending 28 February 2018:			
Tax-free dividend *	8.0p	8.0p	0.0p
Equivalent pre-tax dividend to Higher Rate taxpayer **	11.9p	11.9p	0.0p
Equivalent pre-tax dividend to Additional Rate taxpayer **	12.9p	12.9p	0.0p
Target dividend yield for year ending 28 February 2018 based on mid-market share price as at market close on 31 August 2017:			
After tax	7.3%	6.7%	0.0%
Equivalent pre-tax dividend to Higher Rate taxpayer	10.9%	10.0%	0.0%
Equivalent pre-tax dividend to Additional Rate taxpayer	11.9%	10.9%	0.0%

* 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 (effective from April 2016). From April 2016, Higher rate taxpayers 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) pay tax on dividends in excess of the £5,000 tax-free allowance at the rate of 38.1%.

VCT Qualifying Status

The Company retains Philip Hare & Associates 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.

Patient Capital Review

The Company closely monitors regulatory developments within both the VCT and renewable energy sectors. In particular, the Government has been undertaking its Patient Capital Review which includes investment funds such as VCTs. The Company awaits the outcome, expected shortly, and hopes that the Government, recognising the achievements of the VCT sector, will not undermine shareholder value and confidence in the sector.

It has been a privilege and a pleasure to have been your Chairman since the inception of the Company and I take this opportunity to thank you for all your support over these past years.

David Pinckney

Chairman

31 October 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Directors are required to identify those principal 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 existing renewable energy tariffs supporting the assets owned by investee companies are secure.

- The financial returns to the Company are dependent on the price of electricity its investee companies are able to sell through power purchase agreements. The value of the Company's investments is dependent on projected wholesale electricity prices.

This risk is mitigated because investee companies have negotiated fixed or floor price mechanisms into the power purchase agreements they have entered into for the sale of their generated output. However, in

the longer term, beyond the period of these agreements, the Company is exposed to wholesale prices to a greater degree. The hydro-electricity assets can opt into a floor price each year under the Feed-in Tariff arrangements, which gives these assets a floor on the price of electricity sales. The Investment Manager's Report includes information about the average remaining tenor of the fixed price contracts and the sensitivity of the value of the Company's investments to changes in energy prices.

- The values of the Company's wind farm and hydro-electricity investments are dependent on expectations of the level of electricity export of each asset, which are driven by expectations of the long-term wind or rainfall conditions. It is possible that expectations of long-term climatic conditions may change over the life time of each investment. The Company's revenues and dividends to shareholders are dependent on actual wind and rainfall conditions.

The Investment Manager's Report includes information about the sensitivity of the values of the Company's investments to changes in electricity export assumptions. The Company's dividend targets are based on long-term average climatic conditions.

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 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.

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 Guidance and Transparency Rule ("DTR") 4.2.4R;
- b) the interim management report, included within the Chairman's Statement and Investment Manager's Report, includes a fair review of the information required by DTR 4.2.7R, being the significant events of the first half of the year and the principal risks and uncertainties for the remaining six months of the year as set out on page 6; 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

31 October 2017

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

The three share funds of the Company are fully invested in companies that own operating wind and hydroelectric projects. All development investments have either been completed, sold or written off.

With effect from 6 April 2016, investments made in all energy generation activities (including the export of electricity and the production of gas or other fuel) are not regarded as a qualifying trade under current VCT regulations.

Further changes to VCT regulations were introduced in the Finance Act 2016 which restrict VCTs to making only qualifying investments and certain limited investments for liquidity purposes. All other non-qualifying investments are prohibited.

As such, the Company is limited in its ability to make further investments in accordance with its investment policy and, therefore it, currently has no plans to make further investments. The VCT restrictions described above do not affect any of the Company's existing investments.

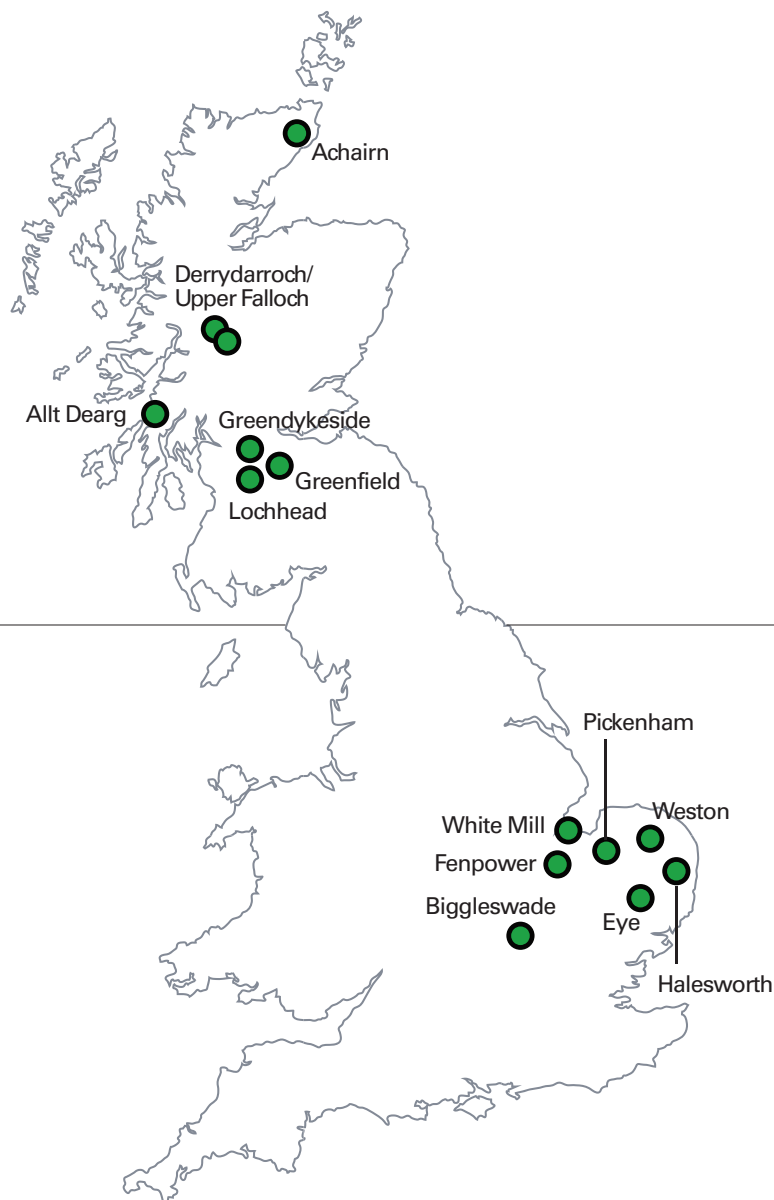
The ordinary share fund of the Company has investments in companies operating ten UK wind farms with an aggregate installed capacity of 83.35 megawatts. Five of these investee companies are also owned in part by the "C" share fund and one such company is also owned in part by the "D" share fund.

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 three operational investments. Bernard Matthews Green Energy Halesworth Limited operates a 10.25 megawatt wind farm and is also owned in part by the ordinary and "C" share funds.

All three share funds have a joint investment in two operational companies with hydroelectricity projects near Loch Lomond in Scotland (Darroch Power Limited and Upper Falloch Power Limited). These projects have an aggregate installed capacity of 2.80 megawatts.

Key
 ● Operational



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

	Capacity MW	Operational since	Location	Output as % of budget - 6 months ended 31 Aug 2017	Ordinary Share Fund	Investment held by "C" Share Fund	"D" Share Fund
Operational Wind							
Fenpower Limited	10.00	May 2007	Cambridgeshire	101.3%	●		
A7 Greendykeside Limited	4.00	Nov 2007	Lanarkshire, Scotland	127.1%	●		
Achairn Energy Limited	6.00	May 2009	Caithness, Scotland	106.1%	●		
A7 Lochhead Limited	6.00	Jun 2009	Lanarkshire, Scotland	112.6%	●		
Greenfield Wind Farm Limited	12.30	Mar 2011	Lanarkshire, Scotland	122.2%	●	●	
Biggleswade Wind Farm Limited	20.00	Dec 2013	Bedfordshire	106.6%	●	●	
Eye Wind Power Limited	6.80	Apr 2014	Suffolk	104.2%	●		
BMGE Pickenham Ltd/ North Pickenham Energy Ltd	4.00	Apr 2014	Norfolk	114.4%	●	●	
BMGE Weston Ltd/ Weston Airfield Investments Ltd	4.00	Apr 2014	Norfolk	110.3%	●	●	
AD Wind Farmers Ltd (Allt Dearg Windfarmers LLP)	10.20	Dec 2012	Argyll and Bute, Scotland	100.8%		●	
White Mill Windfarm Limited	14.40	Aug 2012	Cambridgeshire	104.1%		●	
BMGE Halesworth Limited	10.25	Aug 2015	Suffolk	87.8%	●	●	●
Operational Hydro							
Darroch Power Limited (Derrydarroch)	1.90	Dec 2015	Near Loch Lomond, Scotland	125.9%	●	●	●
Upper Falloch Power Limited	0.90	Dec 2015	Near Loch Lomond, Scotland	93.3%	●	●	●

The performance of the assets owned by the investee companies was generally good during the period. Availability of the turbines and wind speeds have been good.

The hydro scheme operated by Upper Falloch Limited has performed below expectations predominantly because of a sizing issue with the water intake chamber. A solution was implemented in June 2016 to increase the water capture of the intake, after which time the performance has significantly improved. However, this has highlighted a further, smaller issue in relation to the level of pressure in the pipeline. Further analysis of the underlying data was undertaken to determine whether

generation levels could be improved because it is not yet operating satisfactorily. However, its value is not considered to be impaired. The consultant engineers have subsequently redesigned the intake. The work to improve the intake will be carried out in Summer 2018 which is the next period in which work is allowed to be carried out in the river. The company expects to receive compensation for the reduced revenue received as a result of the initial design but this has not been included in the valuation of the investment in Upper Falloch Power Limited, which remains valued at cost.

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.

Each of the investee companies with operational assets has been financed with senior debt. The percentage average loan-to-value and the average remaining tenor of the debt finance of the investee companies with operational assets is set out below for each share fund’s portfolio:

	Ordinary Share	“C” Share	“D” Share
Percentage Loan-to-Value	45%	51 %	60%
Average remaining tenor of loan (years)	10.3	11.9	13.8

Ordinary share portfolio

A summary of the ordinary share fund's investment valuations as at 31 August 2017 and gains and losses during the six month period ended 31 August 2017 is given below:

		Investment value				Investment cost					
		Voting rights as at 31 August 2017 %	Shares as at 31 August 2017 £000	Loans as at 31 August 2017 £000	Total as at 31 August 2017 £000	Shares as at 31 August 2017 £000	Loans as at 31 August 2017 £000	Total as at 31 August 2017 £000	Unrealised gain/(loss) six months to 31 August 2017 £000	Investment value Total as at 28 February 2017 £000	Investment cost Total as at 28 February 2017 £000
Operational wind											
Fenpower Limited	Q	33.33%	3,715	1,215	4,930	308	1,169	1,477	37	4,904	1,488
A7 Greendykeside Limited	Q	50.00%	2,102	682	2,784	916	620	1,536	7	2,777	1,536
Achairn Energy Limited*	Q	8.50%	650	275	925	203	250	453	14	911	453
A7 Lochhead Limited*	Q	30.00%	1,084	-	1,084	820	-	820	46	1,038	820
Greenfield Wind Farm Limited*	PQ	8.35%	863	651	1,514	334	541	875	70	1,482	913
Biggleswade Wind Farm Limited*	Q	3.50%	420	266	686	86	242	328	32	676	350
Eye Wind Power Limited**	Q	35.38%	2,130	-	2,130	1,597	-	1,597	(53)	2,183	1,597
Bernard Matthews Green Energy Weston Limited*	Q	50.00%	876	-	876	500	-	500	(10)	886	500
Bernard Matthews Green Energy Pickenham Limited*	Q	50.00%	924	-	924	500	-	500	160	764	500
Bernard Matthews Green Energy Halesworth Limited**	Q	4.45%	361	-	361	51	-	51	(5)	366	51
Operational small hydro											
Darroch Power Limited*	Q	14.09%	375	488	863	176	444	620	1	862	620
Upper Falloch Power Limited*	Q	9.30%	58	301	359	58	301	359	-	359	359
Operational companies in the wind sector											
Firefly Energy Limited*		50.00%	-	84	84	200	274	474	(1)	389	778
Realised investments											
BEL Holdco Limited***		-	-	-	-	-	-	-	-	-	750
BEL Acquisition Limited***		-	-	-	-	-	-	-	-	-	51
Redeven Energy Limited*		50.00%	-	-	-	-	113	113	-	-	113
Total			13,558	3,962	17,520	5,749	3,954	9,703	298	17,597	10,879

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 Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund have also invested. The Company, Ventus 2 VCT plc and Temporis Capital Renewable Infrastructure EIS Fund are managed by Temporis Capital Limited.

******* BEL Acquisition Limited and BEL Holdco Limited were dissolved during the six month period ended 31 August 2017 having been placed in voluntary liquidation

INVESTMENT MANAGER'S REPORT

Continued

"C" share portfolio

A summary of the "C" share fund's investment valuations as at 31 August 2017 and gains and losses during the six month period ended 31 August 2017 is given below:

		Investment value				Investment cost			Unrealised gain/(loss) six months to 31 August 2017 £000	Investment value Total as at 28 February 2017 £000	Investment cost Total as at 28 February 2017 £000
	Voting rights as at 31 August 2017 %	Shares as at 31 August 2017 £000	Loans as at 31 August 2017 £000	Total as at 31 August 2017 £000	Shares as at 31 August 2017 £000	Loans as at 31 August 2017 £000	Total as at 31 August 2017 £000				
Operational wind											
Greenfield Wind Farm Limited*	PQ	12.50%	1,292	975	2,267	500	811	1,311	105	2,218	1,367
White Mill Windfarm Limited*	PQ	25.00%	2,455	175	2,630	1,000	151	1,151	96	2,701	1,318
AD Wind Farmers Limited*	Q	50.00%	1,107	-	1,107	1,000	-	1,000	(28)	1,135	1,000
Biggleswade Wind Farm Limited*	Q	21.50%	2,578	1,635	4,213	527	1,487	2,014	195	4,154	2,150
Weston Airfield Investments Limited*	Q	50.00%	1,534	-	1,534	1,000	-	1,000	(177)	1,711	1,000
North Pickenham Energy Limited*	Q	50.00%	1,942	-	1,942	1,000	-	1,000	445	1,497	1,000
Bernard Matthews Green Energy Halesworth Limited**	Q	5.64%	457	-	457	300	-	300	(7)	464	300
Operational small hydro											
Darroch Power Limited*	Q	4.22%	112	146	258	53	133	186	-	258	186
Upper Falloch Power Limited*	Q	2.79%	17	90	107	17	90	107	-	107	107
Realised investments											
Iceni Renewables Limited*		50.00%	-	-	-	400	18	418	-	-	417
Total			11,494	3,021	14,515	5,797	2,690	8,487	629	14,245	8,845

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.

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

“D” share portfolio

A summary of the “D” share fund’s investment valuations as at 31 August 2017 and gains and losses during the six month period ended 31 August 2017 is given below:

		Investment value				Investment cost					
									Unrealised gain/(loss) six months to 31 August 2017 £000	Investment value Total as at 28 February 2017 £000	Investment cost Total as at 28 February 2017 £000
	Voting rights as at 31 August 2017 %	Shares as at 31 August 2017 £000	Loans as at 31 August 2017 £000	Total as at 31 August 2017 £000	Shares as at 31 August 2017 £000	Loans as at 31 August 2017 £000	Total as at 31 August 2017 £000				
Operational wind											
Bernard Matthews Green Energy Halesworth Limited**	Q	13.38%	1,085	-	1,085	712	-	712	(15)	1,100	712
Operational small hydro											
Darroch Power Limited*	Q	25.50%	678	358	1,036	319	325	644	1	1,035	644
Upper Falloch Power Limited*	Q	29.58%	185	189	374	185	189	374	-	374	374
Total			1,948	547	2,495	1,216	514	1,730	(14)	2,509	1,730

Q Investment complies with VCT regulations on qualifying holdings.

* A company in which Ventus 2 VCT plc has also invested.

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

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 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. The discount rates used to value the unleveraged cash flows of investee companies range from 7.25% to 9.00%. Discount rates applied by the Company to the cash flows of operational wind investments have generally been in the range of 8.25% to 9.00% in prior periods. However, in this half-yearly report, the Company has reduced the discount rates generally applied to operational wind investments to between 8.00% and 8.75%. The change in discount rate assumption is in line with changes seen in the

market recently and has a positive impact on the value of the Company’s operational wind investments.

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.

Assumptions about the length of the operating lives of the renewable energy assets have been made in determining the value of the investee companies. It has been assumed the operating life of a wind farm is 25 years from date of first operation (albeit with an assumed reduction in availability in the final five years of operation). An active market for the sale of renewable energy projects has developed and,

as part of that, participants have generally adopted a 25 year operating life assumption in valuing these assets. The assumed reduction in availability in the final five years of operation is to take into account the expected reduction in performance of an older asset.

The assumption used in the valuation models of the hydro investments is a rolling 25 years from date of valuation. Hydro assets are generally considered to be longer-life than wind energy assets. However, there is very little consistency in the market as to the assumed operating life for hydro assets and electricity price projections beyond 25 years are very uncertain. For that reason, the Directors do not believe a change in assumption is supportable for the hydroelectric assets at the current time. The operating life assumptions for both wind energy and hydroelectric assets will be regularly reviewed in order that they may be kept in line with industry convention.

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 for the remaining assumed operating lifetime of the underlying assets.

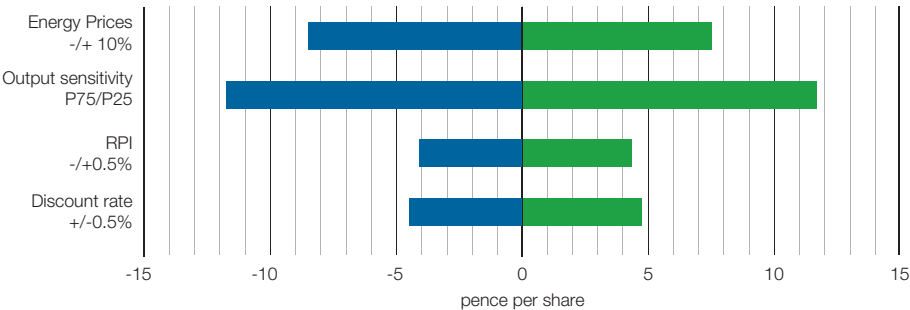
The price at which the output from the generating assets is sold is a factor of both wholesale electricity prices and Government subsidies. The selling price is often fixed in the medium term under power purchase agreements. For periods outside the terms of these agreements the assumed future prices are estimated using external third party forecasts which take the form of specialist consultancy reports. In respect of each share fund, the percentage of investee companies with a fixed electricity price and the average remaining tenor of the fixed price is as follows:

	Ordinary Share	“C” Share	“D” Share
Percentage of investee companies with a fixed electricity price	100%	100%	100%
Average remaining tenor of the fixed electricity price (years)	2.5	2.9	0.1

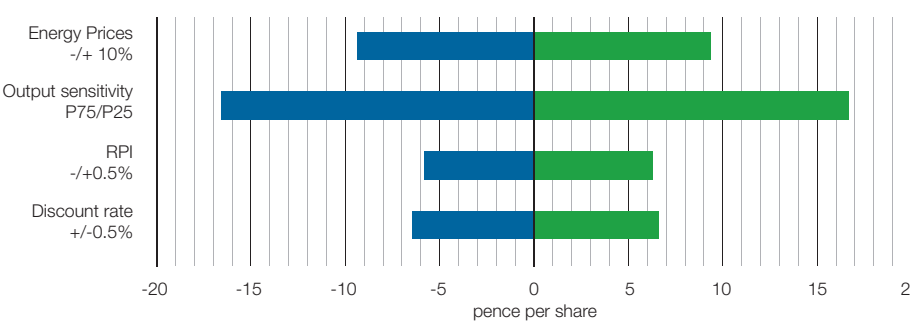
Specifically commissioned external consultant reports are used to estimate the expected generating output of the investee company’s generating assets taking into account their type and location. The analysis set out below describes the sensitivity of each share fund’s NAV to a higher (P75) or lower (P25)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

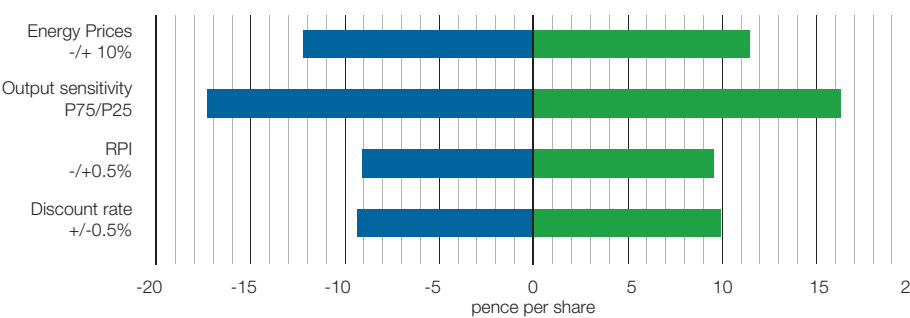
Sensitivity of the NAV of Ordinary share fund to changes in key input assumptions



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



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 (RPI) used in the sensitivity analysis is 2.5%.

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 has allocated the Company's investments in equity securities and loan stock of companies owning renewable energy projects, primarily wind energy and hydroelectric.

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 Limited, 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. 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.

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. All projects contained within the portfolio are now operational. Investments were 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.

Gearing

The Company has not borrowed funds for investment purposes. However, the Company is exposed to gearing through its investee companies which typically funded 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 is 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.

Temporis Capital Limited
Investment Manager

31 October 2017

DIRECTORS AND ADVISERS

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David Pinckney (Chairman)
David Williams
Jo Dixon

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Internal Auditor

Roffe Swayne
Ashcombe Court
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Surrey
GU7 1LQ

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2017

		Ordinary Shares			"C" Shares			"D" Shares			Total		
	Note	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net unrealised gain/(loss) on investments	6	-	298	298	-	629	629	-	(14)	(14)	-	913	913
Income from investments		291	-	291	494	-	494	35	-	35	820	-	820
Investment management fees	3	(59)	(176)	(235)	(95)	(284)	(379)	(8)	(24)	(32)	(162)	(484)	(646)
Other expenses		(97)	-	(97)	(64)	4	(60)	(11)	-	(11)	(172)	4	(168)
Profit/(loss) before taxation		135	122	257	335	349	684	16	(38)	(22)	486	433	919
Taxation	4	(13)	13	-	(6)	6	-	(3)	3	-	(22)	22	-
Profit/ (loss) and total comprehensive income for the period attributable to shareholders		122	135	257	329	355	684	13	(35)	(22)	464	455	919
Earnings per share:													
Basic and diluted earnings per share (p)	5	0.75	0.83	1.58	2.92	3.14	6.06	0.64	(1.77)	(1.13)			

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

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 23 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six month period ended 31 August 2016

		Ordinary Shares			"C" Shares			"D" Shares			Total		
	Note	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Realised gain on investments	6	-	1	1	-	-	-	-	-	-	-	1	1
Net unrealised gain/(loss) on investments	6	-	848	848	-	376	376	-	(60)	(60)	-	1,164	1,164
Income from investments		432	-	432	602	-	602	30	-	30	1,064	-	1,064
Investment management fees	3	(129)	(386)	(515)	(43)	(130)	(173)	(7)	(22)	(29)	(179)	(538)	(717)
Other expenses		(94)	-	(94)	(63)	-	(63)	(12)	-	(12)	(169)	-	(169)
Profit/(loss) before taxation		209	463	672	496	246	742	11	(82)	(71)	716	627	1,343
Taxation	4	(5)	5	-	(19)	19	-	(2)	2	-	(26)	26	-
Profit/(loss) and total comprehensive income for the period attributable to shareholders		204	468	672	477	265	742	9	(80)	(71)	690	653	1,343
Earnings per share:													
Basic and diluted earnings per share (p)	5	1.24	2.86	4.10	4.21	2.34	6.55	0.44	(4.02)	(3.58)			

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

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union. The revenue and capital columns shown above constitute supplementary information prepared under the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" 2014 ("SORP") published by the Association of Investment Companies.

The accompanying notes on pages 23 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 August 2017

		As at 31 August 2017				As at 28 February 2017 (audited)			
		Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Total £000	Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Total £000
	Note								
Non-current assets									
Investments	6	17,520	14,515	2,495	34,530	17,597	14,245	2,509	34,351
		17,520	14,515	2,495	34,530	17,597	14,245	2,509	34,351
Current assets									
Trade and other receivables		458	131	150	739	440	344	116	900
Cash and cash equivalents	7	449	475	2	926	782	97	2	881
		907	606	152	1,665	1,222	441	118	1,781
Total assets		18,427	15,121	2,647	36,195	18,819	14,686	2,627	36,132
Current liabilities									
Trade and other payables		(138)	(313)	(51)	(502)	(135)	(54)	(9)	(198)
Net current assets		769	293	101	1,163	1,087	387	109	1,583
Net assets		18,289	14,808	2,596	35,693	18,684	14,632	2,618	35,934
Equity attributable to equity holders									
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		6,884	7,667	-	14,551	7,415	7,667	-	15,082
Capital reserve – realised		(2,003)	(2,227)	(130)	(4,360)	(1,840)	(1,953)	519	(3,274)
Capital reserve – unrealised		7,744	6,510	764	15,018	7,446	5,881	150	13,477
Revenue reserve		1	26	31	58	-	205	18	223
Total equity		18,289	14,808	2,596	35,693	18,684	14,632	2,618	35,934
Basic and diluted net asset value per share (p)									
	8	112.2	131.2	130.4		114.6	129.7	131.5	

Approved by the Board and authorised for issue on 31 October 2017.

David Pinckney

Chairman

The accompanying notes on pages 23 to 28 form an integral part of these Financial Statements.

Ventus VCT plc. Registered No: 05205442

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 August 2017

	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
Ordinary Shares								
At 1 March 2017	4,076	1,587	-	7,415	(1,840)	7,446	-	18,684
Transfer from special reserve to revenue reserve	-	-	-	(531)	-	-	531	-
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(163)	298	122	257
Dividends paid in the period							(652)	(652)
At 31 August 2017	4,076	1,587	-	6,884	(2,003)	7,744	1	18,289
"C" Shares								
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2017	2,832	-	-	7,667	(1,953)	5,881	205	14,632
Profit/(loss) and total comprehensive income for the period	-	-	-	-	(274)	629	329	684
Dividends paid in the period	-	-	-	-	-	-	(508)	(508)
At 31 August 2017	2,832	-	-	7,667	(2,227)	6,510	26	14,808
"D" Shares								
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2017	498	-	1,433	-	519	150	18	2,618
Transfer from Capital reserve realised to Capital reserve unrealised	-	-	-	-	(628)	628		-
(Loss)/profit and total comprehensive income for the period	-	-	-	-	(21)	(14)	13	(22)
Dividends paid in the period	-	-	-	-	-	-	-	-
At 31 August 2017	498	-	1,433	-	(130)	764	31	2,596
Total								
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2017	7,406	1,587	1,433	15,082	(3,274)	13,477	223	35,934
Transfer from special reserve to revenue reserve	-	-	-	(531)	-	-	531	-
Transfer from Capital reserve realised to Capital reserve unrealised	-	-	-	-	(628)	628	-	-
Profit/(Loss) and total comprehensive income for the period	-	-	-	-	(458)	913	464	919
Dividends paid in the period	-	-	-	-	-	-	(1,160)	(1,160)
At 31 August 2017	7,406	1,587	1,433	14,551	(4,360)	15,018	58	35,693

All amounts presented in the Statement of Changes in Equity are attributable to equity holders. The reserves available for distribution comprise the revenue reserve, special reserve and realised capital 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, and to pay dividends.

The accompanying notes on pages 23 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 August 2016

	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
Ordinary Shares								
At 1 March 2016	4,076	1,587	-	8,761	(1,297)	6,049	571	19,747
Transfer from special reserve to revenue reserve	-	-	-	(1,182)	-	-	1,182	-
Profit/(Loss) and total comprehensive income for the period	-	-	-	-	(380)	848	204	672
Dividends paid in the period							(1,957)	(1,957)
At 31 August 2016	4,076	1,587	-	7,579	(1,677)	6,897	-	18,462
"C" Shares								
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2016	2,832	-	-	7,667	(1,733)	4,652	340	13,758
Profit/(Loss) and total comprehensive income for the period	-	-	-	-	(111)	376	477	742
Dividends paid in the period	-	-	-	-	-	-	(508)	(508)
At 31 August 2016	2,832	-	-	7,667	(1,844)	5,028	309	13,992
"D" Shares								
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2016	498	-	1,433	-	(70)	629	67	2,557
Profit/(Loss) and total comprehensive income for the period	-	-	-	-	(20)	(60)	9	(71)
Dividends paid in the period	-	-	-	-	-	-	(40)	(40)
At 31 August 2016	498	-	1,433	-	(90)	569	36	2,446
Total								
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 March 2016	7,406	1,587	1,433	16,428	(3,100)	11,330	978	36,062
Transfer from special reserve to revenue reserve	-	-	-	(1,182)	-	-	1,182	-
Profit/(Loss) and total comprehensive income for the period	-	-	-	-	(511)	1,164	690	1,343
Dividends paid in the period	-	-	-	-	-	-	(2,505)	(2,505)
At 31 August 2016	7,406	1,587	1,433	15,246	(3,611)	12,494	345	34,900

The accompanying notes on pages 23 to 28 form an integral part of these Financial Statements.

CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended 31 August 2017

	Ordinary Shares £000	"C" Shares £000	"D" Shares £000	Six months ended 31 August 2017 Total £000	Six months ended 31 August 2016 Total £000
Cash flows from operating activities					
Investment income received	362	709	-	1,071	1,410
Deposit/ other interest received	-	-	-	-	6
Investment management fees paid	(235)	(182)	-	(417)	(717)
Other cash payments	(183)	-	-	(183)	(51)
Cash generated from operations	(56)	527	-	471	648
Taxes paid	-	-	-	-	-
Net cash inflow from operating activities	(56)	527	-	471	648
Cash flows from investing activities					
Disposals of investments	-	-	-	-	2,451
Proceeds from investments	375	359	-	734	161
Net cash inflow from investing activities	375	359	-	734	2,612
Cash flows from financing activities					
Dividends paid	(652)	(508)	-	(1,160)	(2,505)
Net cash outflow from financing activities	(652)	(508)	-	(1,160)	(2,505)
Net increase/(decrease) in cash and cash equivalents	(333)	378	-	45	755
Cash and cash equivalents at the beginning of the period	782	97	2	881	731
Cash and cash equivalents at the end of the period	449	475	2	926	1,486

The accompanying notes on pages 23 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 2017

1. Accounting convention and policies

The half-yearly results which cover the six month period ended 31 August 2017 have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 28 February 2017. 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 2017 contained in this Half-yearly Financial Report does not constitute the Company's statutory accounts for that period but has been derived from the statutory accounts.

Statutory accounts in respect of the year ended 28 February 2017 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 if applicable), 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 forms 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 amount paid to the Investment Manager for the six month period ended 31 August 2017 in respect of the net assets attributable to the ordinary shareholders was £235,000 (six month period ended 31 August 2016: £515,000, which included a performance-related incentive fee of £264,000). The management fee paid to the Investment Manager for the six month period ended 31 August 2017 in respect of the net assets attributable to the "C" shareholders was £379,000, which included a performance-related incentive fee of £197,000 (six month period ended 31 August 2016: £173,000). The management fee paid to the Investment Manager for the six month period ended 31 August 2017 in respect of the net assets attributable to the "D" shareholders was £32,000 (six month period ended 31 August 2016: £29,000).

4. Taxation

The Company has accrued £nil tax charge in the ordinary share fund (six month period ended 31 August 2016: £nil tax charge); £nil tax charge in the "C" share fund (six month period ended 31 August 2016: £nil tax charge) and £nil tax charge in the "D" share fund (six month period ended 31 August 2016: £nil tax charge). The tax charges are accrued using an effective tax rate of 19% for the 2017/18 tax year and 20% for the 2016/17 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Continued

5. Basic and diluted earnings per share

For the six month period ended 31 August 2017		Ordinary Shares	"C" Shares	"D" Shares
Revenue return for the year	<i>p per share*</i>	0.75	2.92	0.64
Based on:				
Revenue return for the year	<i>£000</i>	122	329	13
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 year	<i>p per share*</i>	0.83	3.14	(1.77)
Based on:				
Capital gain/(loss) for the year	<i>£000</i>	135	355	(35)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
Net profit/(loss) for the year	<i>p per share*</i>	1.58	6.06	(1.13)
Based on:				
Net profit/(loss) for the year	<i>£000</i>	257	684	(22)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
For the six month period ended 31 August 2016		Ordinary Shares	"C" Shares	"D" Shares
Revenue return for the year	<i>p per share*</i>	1.24	4.21	0.44
Based on:				
Revenue return for the year	<i>£000</i>	204	477	9
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 year	<i>p per share*</i>	2.86	2.34	(4.02)
Based on:				
Capital gain/(loss) for the year	<i>£000</i>	468	265	(80)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767
Net profit/(loss) for the year	<i>p per share*</i>	4.10	6.55	(3.58)
Based on:				
Net profit/(loss) for the year	<i>£000</i>	672	742	(71)
Weighted average number of shares in issue	<i>number of shares</i>	16,307,547	11,283,207	1,990,767

* The value per share may differ on recalculation due to rounding differences.

There is no difference between the basic return per ordinary share and the diluted return per ordinary share, between the basic return per "C" share and the diluted return per "C" share or between the basic return per "D" share and the diluted return per "D" share because no dilutive financial instruments have been issued.

6. Investments

Six months ended 31 August 2017			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
Opening position												
Opening cost	6,556	4,329	10,885	5,797	3,048	8,846	1,216	514	1,730	13,569	7,892	21,461
Opening realised losses	(168)	(417)	(585)	(464)	(17)	(481)	-	-	-	(632)	(434)	(1,066)
Opening unrealised gains	6,924	373	7,297	5,587	294	5,880	746	33	779	13,257	700	13,956
Opening fair value	13,312	4,285	17,597	10,920	3,325	14,245	1,962	547	2,509	26,194	8,157	34,351
During the period												
Investment proceeds	-	(375)	(375)	-	(359)	(359)	-	-	-	-	(734)	(734)
Unrealised gains	246	52	298	574	55	629	(14)	-	(14)	806	107	913
Closing fair value	13,558	3,962	17,520	11,494	3,021	14,515	1,948	547	2,495	27,000	7,530	34,530

Closing position

Closing cost	5,749	3,954	9,703	5,797	2,690	8,487	1,216	514	1,730	12,762	7,158	20,726
Closing realised losses	639	(417)	222	(464)	(17)	(481)	-	-	-	175	(434)	(259)
Closing unrealised gains	7,170	425	7,595	6,161	348	6,509	732	33	765	14,063	806	14,869
Closing fair value	13,558	3,962	17,520	11,494	3,021	14,515	1,948	547	2,495	27,000	7,530	34,530

During the six month period ended 31 August 2017 BEL Holdco Limited and BEL Acquisition Limited were dissolved after having been placed in voluntary liquidation. The value of the investments had been written off in a prior period but the cost of the investments, £801,000, has been derecognised during the six month period ended 31 August 2017. Proceeds of £7,000 had been received from the liquidation of BEL Holdco Limited in the prior year.

Year ended 28 February 2017 (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
Opening position												
Opening cost	6,556	4,589	11,145	5,797	3,074	8,871	1,216	514	1,730	13,569	8,177	21,746
Opening realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Opening unrealised gains	5,479	421	5,900	4,356	296	4,652	596	33	629	10,431	750	11,181
Opening fair value	11,873	4,593	16,466	9,689	3,353	13,042	1,812	547	2,359	23,374	8,493	31,867
During the year												
Disposal proceeds	-	(260)	(260)	-	(26)	(26)	-	-	-	-	(286)	(286)
Investment proceeds	(7)	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Realised losses	1	-	1	-	-	-	-	-	-	1	-	1
Unrealised gains	1,445	(48)	1,397	1,231	(2)	1,229	150	-	150	2,826	(50)	2,776
Closing fair value	13,312	4,285	17,597	10,920	3,325	14,245	1,962	547	2,509	26,194	8,157	34,351

Closing position

Closing cost	6,556	4,329	10,885	5,797	3,048	8,845	1,216	514	1,730	13,569	7,891	21,460
Closing realised losses	(168)	(417)	(585)	(464)	(17)	(481)	-	-	-	(632)	(434)	(1,066)
Closing unrealised gains	6,924	373	7,297	5,587	294	5,881	746	33	779	13,257	700	13,957
Closing fair value	13,312	4,285	17,597	10,920	3,325	14,245	1,962	547	2,509	26,194	8,157	34,351

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, loans issued and investments disposed of during the year.

6. Investments (continued)

In order to determine the valuations of the investee companies as at 31 August 2017 (and 28 February 2017), the Company has applied a discount rate to the unleveraged cash flows to calculate the enterprise value of each of the investee company and has then 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. The market value of senior debt in an investee company is its liquidation cost, i.e., the principal balance plus unpaid accrued interest, early repayment fees and swap break cost (if applicable). The market value of the mezzanine debt is determined by discounting the future principal and interest cash flows at discount rate of 9% with a cap on its value equal to 110% of face value.

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 2017, 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.

As at 31 August 2017

	Carrying amount £000	Quoted prices in active markets for identical instruments Level 1 £000	Significant other observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000
Shares	27,000	-	-	27,000
Loan stock	7,530	-	-	7,530
Total	34,530	-	-	34,530

Key assumptions used in the valuation models:

	31 August 2017	28 February 2017
UK inflation rate	2.50%	2.50%
UK corporation tax rate	19% reducing to 17% from 1 April 2020	20% reducing to 19% from 1 April 2017 and reducing to 17% from 1 April 2020
Euro/sterling exchange rate	1.10	1.20
Energy yield assumptions	P50 case	P50 case
Operating life wind energy assets	25 years from date of first operation	25 years from date of first operation
Operating life hydro projects	25 years from valuation date	25 years from valuation date
Discount rates	range from 7.25% to 9.00%	range from 7.25% to 9.00%

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 7.25% to 9.00%), the price at which power and associated benefits may be sold and the levels of electricity the investee' companies generating assets are likely to produce (which are taken from specialist consultant reports).

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.

The following table demonstrates the impact of the application of the upside and downside alternative discount factors 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	17,418	18,289	19,203
"C" shares	14,103	14,808	15,548
"D" shares	2,472	2,596	2,726

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

7. Cash and cash equivalents

The ordinary share fund held a cash balance of £449,000 at 31 August 2017, (28 February 2017: £782,000) of which £70,000 (28 February 2017: £70,000) 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 amount payable of £70,000 within trade and other payables as at 31 August 2017 in respect of the amount due to Eye Wind Power Limited.

8. Basic and diluted net asset value per share

As at 31 August 2017

		Ordinary Shares	"C" Shares	"D" Shares
Net asset value per share	<i>p per share*</i>	112.2	131.2	130.4
Based on:				
Net asset value	<i>£000</i>	18,289	14,808	2,596
Number of shares	<i>number of shares</i>	16,307,547	11,283,207	1,990,767

As at 28 February 2017 (audited)

		Ordinary Shares	"C" Shares	"D" Shares
Net asset value per share	<i>p per share*</i>	114.6	129.7	131.5
Based on:				
Net asset value	<i>£000</i>	18,684	14,632	2,618
Number of shares	<i>number of shares</i>	16,307,547	11,283,207	1,990,767

* The value per share may differ on recalculation due to rounding differences

9. Dividends

A final dividend for the year ended 28 February 2017 of 4.00p per ordinary share was paid to ordinary shareholders on 9 August 2017.

An interim dividend of 4.00p per ordinary share has been declared for the six month period ended 31 August 2017 which will be paid on 17 January 2018 to all ordinary shareholders on the register as at close of business on 15 December 2017.

A final dividend for the year ended 28 February 2017 of 4.50p per "C" share was paid to "C" shareholders on 9 August 2017.

An interim dividend of 3.50p per "C" share has been declared for the six month period ended 31 August 2017 which will be paid on 17 January 2018 to all "C" shareholders on the register as at close of business on 15 December 2017.

No final dividend for the year ended 28 February 2017 was paid to "D" shareholder.

No interim dividend has been declared in respect of the "D" shares for the six month period ended 31 August 2017.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Continued

10. 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 2017. All the guarantees disclosed therein remain in force except for the following change:

On 4 July 2017, the company registered a charge over its shares in Eye Wind Power Limited to Bayerische Landesbank as security for a senior loan facility of £6.1million. The liability of the Company under this charge of shares is limited to the value of the Company's investment in Eye Wind Power Limited.

The charge held by GCP Onshore Wind 1 Limited over the Company's shares in Eye Wind Power Limited was satisfied on 10 July 2017.

11. Related party transactions

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 date of the Statement of Financial Position and transactions with these companies during the year are summarised below:

	Ordinary Shares £000	"C" shares £000	"D" shares £000	Total £000
Balances as at 31 August 2017				
Investments - shares	12,908	11,494	1,948	26,350
Investments - loan stock	3,687	3,021	547	7,255
Accrued interest income	319	119	150	588
Transactions in the six months ended 31 August 2017				
Loan stock interest income	206	190	35	431
Dividend income	67	304	-	371
Balances as at 31 August 2016				
Investments - shares	12,137	10,064	1,752	23,953
Investments - loan stock	4,140	3,353	547	8,040
Accrued interest income	293	281	82	656
Transactions in the six months ended 31 August 2016				
Loan stock interest income	224	201	30	455
Dividend income	184	401	-	585
Balances as at 28 February 2017 (audited)				
Investments - shares	12,676	10,920	1,962	25,558
Investments - loan stock	4,010	3,325	547	7,882
Accrued interest income	341	295	115	751
Accrued dividends	64	39	-	103
Transactions in the year ended 28 February 2017 (audited)				
Loan stock interest income	462	402	64	928
Dividend income	612	613	-	1,225

12. 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. Any shareholder who wishes to receive notification of reports by email or post may request this by contacting the Registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.



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