

# **Ventus VCT plc**

## **Half-yearly Financial Report**

for the six month period ended 31 August 2016

Registered No: 5205442

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## Chairman's Statement

I am pleased to present the financial report of Ventus VCT plc (the "Company") for the six month period ended 31 August 2016.

The Company is now 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.

### Strategic Objectives

The Company aims to provide stable tax-free dividends to shareholders from the management of its portfolio of renewable energy investments and to protect the capital of shareholders. The Company seeks to enhance the value of its investments by the active management of the assets operated by investee companies with a view to maximising asset longevity and optionality. To coincide with the completion of the project construction phase of the Company's evolution, the Board has recently completed a major review of its future strategy and will shortly release an announcement which summarises the conclusions of that review. Readers are strongly encouraged to take note of this announcement which will be released by Regulated News Service and will also be made available on the Company's website.

### Change to Valuation Assumption

The Directors have reviewed the assumptions used in valuing the Company's investments and believe that a change in the operating life assumption from 20 to 25 years from date of first operation (albeit with an assumed reduction in availability in the final five years of operation) was required for wind energy assets. The reason for the change was that 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 change in operating life assumption for wind energy assets has had a positive impact on the valuation of investee companies that own wind farms. On the down-side, projected electricity prices have reduced during the period and this has had a negative impact on valuations. Further information about movements in value can be found in the Investment Manager's Report.

### Special Dividend Paid

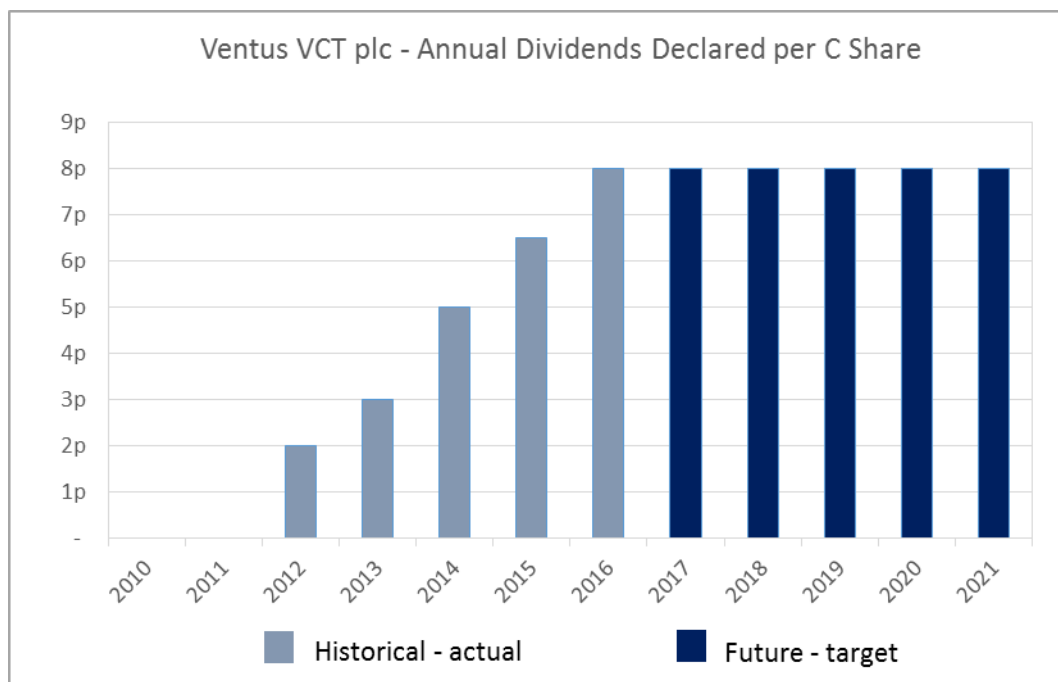
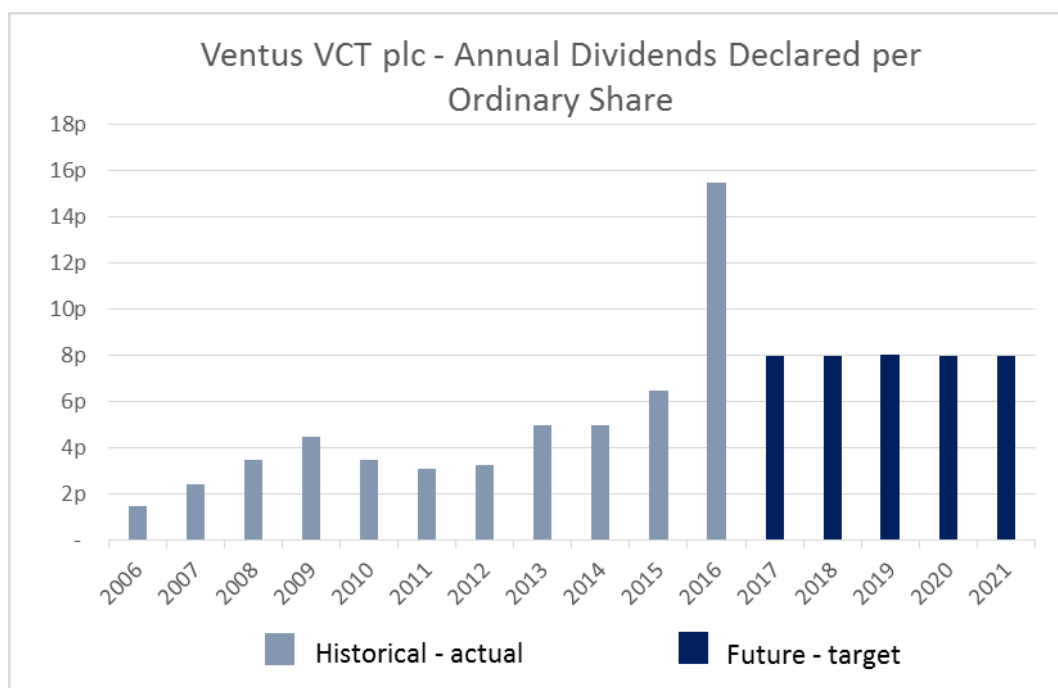
In April of this year, the Company received payment of the deferred consideration in respect of the sale of the ordinary share fund's holding in Craig Wind Farm Limited together with accrued interest, an amount of £2,456,000. Given the considerable amount of cash received by the Company, a special final dividend of 12.00p per ordinary share was paid to ordinary shareholders in respect of the year ended 29 February 2016 on 10 August 2016.

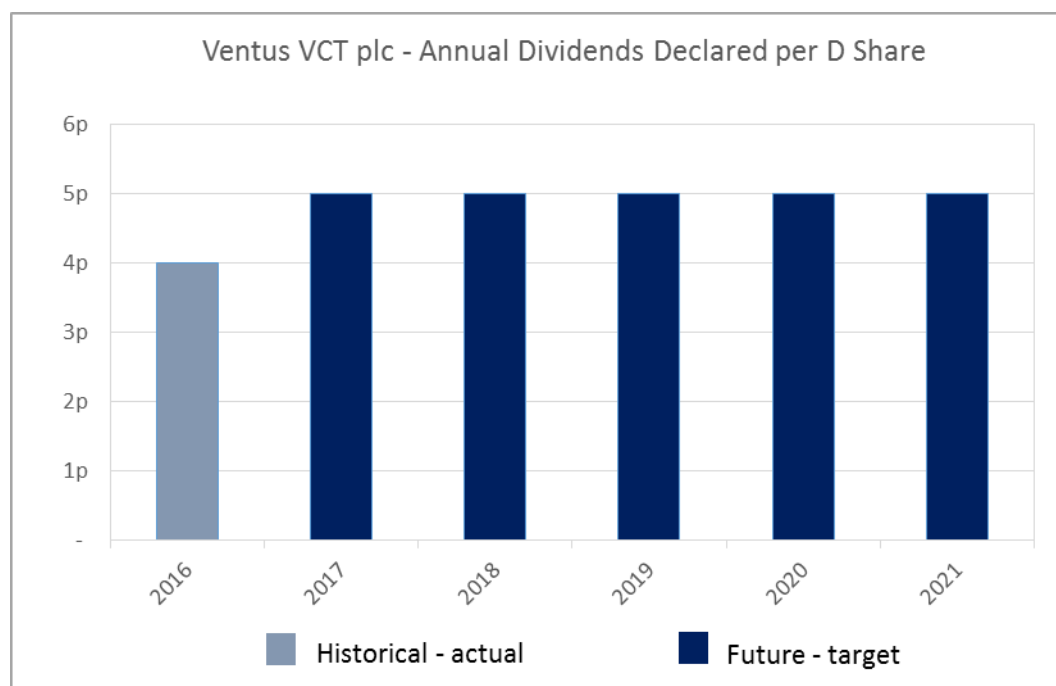
### Dividend policy

As disclosed in the annual report and financial statements for the year ended 29 February 2016, the Directors anticipate a realistic target range in the medium term beyond 29 February 2016 of 8.00p per ordinary share per annum, 8.00p per "C" share per annum and 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.

## Ventus VCT plc





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.

### **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 £18,462,000 or 113.2p per ordinary share (29 February 2016: £19,747,000 or 121.1p per ordinary share). A special dividend of £1,957,000 or 12.00p per share was paid to ordinary shareholders on 10 August 2016 and a performance-related incentive fee of £264,000 was paid to the Investment Manager during the period. The payment of the special dividend has reduced the NAV of the ordinary share fund.

The revenue profit attributable to ordinary shareholders for the period was £204,000 or 1.24p per ordinary share (six month period ended 31 August 2015: £117,000 or 0.72p per ordinary share).

The capital gain attributable to ordinary shareholders for the period was £468,000 or 2.86p per ordinary share (six month period ended 31 August 2015: £346,000 or 2.13p per ordinary share), resulting in a net gain attributable to ordinary shareholders for the period of £672,000 or 4.10p per ordinary share (six month period ended 31 August 2015: £463,000 or 2.85p per ordinary share).

The value of investments held at 31 August 2016 in the ordinary share fund was £17,154,000 compared to £16,466,000 at 29 February 2016. The Investment Manager's report provides further information about the valuation of all investee companies.

On 10 August 2016, the Company paid a final dividend of 12.00p per ordinary share in respect of the year ended 29 February 2016. The Company has declared an interim dividend of 4.00p per ordinary share which will be paid on 18 January 2017 to all ordinary shareholders on the register as at the close of business on 16 December 2016.

### **Net Asset Value, Results and Dividend – “C” Shares**

At the period end, the NAV of the “C” share fund of the Company stood at £13,992,000 or 124.0p per “C” share (29 February 2016: £13,758,000 or 122.0p per “C” share).

The revenue profit attributable to “C” shareholders for the period was £477,000 or 4.21p per “C” share (six month period ended 31 August 2015: £354,000 or 3.14p per “C” share).

The capital gain attributable to “C” shareholders for the period was £265,000 or 2.34p per “C” share (six month period ended 31 August 2015: capital loss of £235,000 or 2.10p per “C” share), resulting in a net gain attributable to “C” shareholders for the period of £742,000 or 6.55p per “C” share (six month period ended 31 August 2015: £119,000 or 1.04p per “C” share).

The value of investments held at 31 August 2016 in the “C” share fund was £13,417,000 compared to £13,042,000 at 29 February 2016.

On 10 August, the Company paid a final dividend of 4.50p per “C” share in respect of the year ended 29 February 2016. The Company has declared an interim dividend of 3.50p per “C” share which will be paid on 18 January 2017 to all “C” shareholders on the register as at the close of business on 16 December 2016.

### **Net Asset Value, Results and Dividend – “D” Shares**

At the period end, the NAV of the “D” share fund of the Company stood at £2,446,000 or 122.8p per “D” share (29 February 2016: £2,557,000 or 128.4p per “D” share).

The revenue profit attributable to “D” shareholders for the period was £9,000 or 0.44p per “D” share (six month period ended 31 August 2015: £65,000 or 3.26p per “D” share).

The capital loss attributable to “D” shareholders for the period was £80,000 or 4.02p per “D” share (six month period ended 31 August 2015: capital gain of £187,000 or 9.39p per “D” share), resulting in a net loss attributable to “D” shareholders for the period of £71,000 or 3.58p per “D” share (six month period ended 31 August 2015: net gain of £252,000 or 12.65p per “D” share). The capital loss was attributable to the reduction in value of Darroch Power Limited, an investee company which owns and operates a hydroelectric scheme, primarily because of the reduction in projected electricity prices used in the discounted cash flow analysis. Further information on the investment valuation movements can be found in the Investment Manager’s Report.

The value of investments held at 31 August 2016 in the “D” share fund was £2,299,000 compared to £2,359,000 at 29 February 2016.

On 10 August 2016, the Company paid a final dividend of 2.00p per “D” share in respect of the year ended 29 February 2016. The Company has declared an interim dividend of 1.50p per “D” share which will be paid on 18 January 2017 to all “D” shareholders on the register as at the close of business on 16 December 2016.

### **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.

## 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's objectives are being pursued:

### For the six month period ended 31 August 2016

	£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
Revenue profit attributable to equity shareholders	204	1.24	477	4.21	9	0.44	690
Capital gain/(loss) attributable to equity shareholders	468	2.86	265	2.34	(80)	(4.02)	653
Net profit attributable to equity shareholders	672	4.10	742	6.55	(71)	(3.58)	1,343
Dividends paid during the year	(1,957)	(12.00)	(508)	(4.50)	(40)	(2.00)	(2,505)
Total movement in equity shareholders' funds	(1,285)	(7.90)	234	2.05	(111)	(5.58)	(1,162)
		%		%		%	%
Ongoing charges ratio <sup>2</sup>		3.75%		3.41%		3.40%	3.59%

	£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
Net asset value	18,462	113.2	13,992	124.0	2,446	122.8	34,900
Total shareholder return <sup>4</sup>	27,031	167.0	16,760	148.5	2,526	126.8	46,317

<sup>1</sup> 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.

<sup>2</sup> 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 4 to the financial statements.

<sup>3</sup> 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.

<sup>4</sup> 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 as at 31 August 2016**

	<b>Ordinary Shares</b>	<b>C Shares</b>	<b>D Shares</b>
Net asset value as at 31 August 2016	£18.5m	£14.0m	£2.4m
Net asset value per share as at 31 August 2016	113.2p	124.0p	122.8p
Mid-market share price as at market close on 31 August 2016	103.3p	103.0p	106.0p
Cumulative dividends per share paid to date	53.8p	24.5p	4.0p
Total Return per share (NAV plus cumulative dividends paid)	167.0p	148.5p	126.8p
<b>Target dividend per share for year ending 28 February 2017:</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 28 February 2017 based on mid-market share price as at market close on 31 August 2016:</b>			
After tax	7.7%	7.8%	4.7%
Equivalent pre-tax dividend to Higher Rate taxpayer	11.5%	11.5%	7.0%
Equivalent pre-tax dividend to Additional Rate taxpayer	12.5%	12.5%	7.6%

\* 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%.

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*

31 October 2016



## Principal Risks and Uncertainties

Under the Financial Conduct Authority's Disclosure 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 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.*

## Going Concern

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.

## **Directors' Responsibilities Statement**

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

- a) the condensed financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and 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 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 7; 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 2016

## Investment Manager's Report

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 now fully invested in companies that own operating wind and hydroelectric projects. All development investments have either been completed, sold or written off.

Under the current VCT regulations, new investments in renewable energy companies that benefit from Renewable Obligation Certificates or Feed-in Tariffs are excluded as qualifying investments for VCTs. As announced in the 2015 Autumn Statement, with effect from 6 April 2016, investments made in all remaining energy generation activities (including the export of electricity and the production of gas or other fuel) will not be regarded as a qualifying trade.

Further changes to VCT regulations were introduced in the Finance Act 2016 which will restrict VCTs to making only qualifying investments and certain limited investments for liquidity purposes; all other non-qualifying investments will be prohibited. This further restricts the Company in its ability to make investments which are non-qualifying for VCT purposes.

As such, the Company is limited in its ability to make further investments in accordance with the Investment Policy and 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 2.8 megawatts.

## Ventus VCT plc

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

	Capacity	Operational	Location	Output as % of budget - 6 months ended 31 Aug 2016	Investment held by		
					Ord	C	D
					Share	Share	Share
	MW	since			Fund	Fund	Fund
<u>Operational Wind</u>							
Fenpower Limited	10.00	May 2007	Cambridgeshire	78.5%	✓		
A7 Greendykeside Limited	4.00	Nov 2007	Lanarkshire, Scotland	93.8%	✓		
Achairn Energy Limited	6.00	May 2009	Caithness, Scotland	86.3%	✓		
A7 Lochhead Limited	6.00	Jun 2009	Lanarkshire, Scotland	87.4%	✓		
Greenfield Wind Farm Limited	12.30	Mar 2011	Lanarkshire, Scotland	89.7%	✓	✓	
Biggleswade Wind Farm Limited	20.00	Dec 2013	Bedfordshire	94.7%	✓	✓	
Eye Wind Power Limited	6.80	Apr 2014	Suffolk	85.9%	✓		
BMGE Pickenham Ltd/North Pickenham Energy Ltd	4.00	Apr 2014	Norfolk	109.5%	✓	✓	
BMGE Weston Ltd/Weston Airfield Investments Ltd	4.00	Apr 2014	Norfolk	89.1%	✓	✓	
AD Wind Farmers Ltd (Allt Dearg Windfarmers LLP)	10.20	Dec 2012	Argyll and Bute, Scotland	96.6%		✓	
White Mill Windfarm Limited	14.40	Aug 2012	Cambridgeshire	99.5%		✓	
BMGE Halesworth Limited	10.25	Aug 2015	Suffolk	84.2%	✓	✓	✓
<u>Operational Hydro</u>							
Darroch Power Limited (Derrydarroch)	1.90	Dec 2015	Near Loch Lomond, Scotland	100.0%	✓	✓	✓
Upper Falloch Power Limited	0.90	Dec 2015	Near Loch Lomond, Scotland	56.0%	✓	✓	✓

The performance of the assets owned by the investee companies was generally satisfactory during the period. Availability of the turbines has been good but, generally, wind speeds have been below average.

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 is needed in order to determine whether generation levels now meet the original expectations. For that reason the investment in Upper Falloch Power Limited has been valued at cost.

In March 2016 one of the turbines owned by Fenpower Limited was taken out of operation due to a fault with the turbine blade bearings. This problem was fixed during August 2016 and we expect the revenues losses to be covered by the availability guarantee supplied by the turbine supplier.

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	47%	53%	62%
Average remaining tenor of loan (years)	11.0	12.7	14.8

## Ordinary share portfolio

A summary of the ordinary share fund's investment valuations as at 31 August 2016 and gains and losses during the six month period ended 31 August 2016 is given below:

		Voting rights	Investment value			Investment cost			Unrealised gain/ (loss)	Investment value	Investment cost
		as at	Shares as at	Loans as at	Total as at	Shares as at	Loans as at	Total as at	6 months to	Total as at 29	Total as at 29
		31 August 2016	31 August 2016	31 August 2016	31 August 2016	31 August 2016	31 August 2016	31 August 2016	31 August 2016	February 2016	February 2016
		%	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Operational wind</b>											
Fenpower Limited	Q	33.33%	3,555	1,313	4,868	308	1,259	1,567	325	4,696	1,720
A7 Greendykeside Limited	Q	50.00%	2,076	682	2,758	916	620	1,536	213	2,545	1,536
Achairn Energy Limited	* Q	8.50%	591	286	877	203	260	463	63	815	464
A7 Lochhead Limited	* Q	30.00%	981	-	981	820	-	820	96	885	820
Greenfield Wind Farm Limited	* PQ	8.35%	784	656	1,440	334	596	930	149	1,291	930
Biggleswade Wind Farm Limited	* Q	3.50%	313	291	604	86	264	350	26	578	350
Eye Wind Power Limited	** Q	35.38%	2,129	-	2,129	1,597	-	1,597	46	2,083	1,597
Bernard Matthews Green Energy Weston Limited	* Q	50.00%	844	-	844	500	-	500	(35)	879	500
Bernard Matthews Green Energy Pickenham Limited	* Q	50.00%	748	-	748	500	-	500	(9)	757	500
Bernard Matthews Green Energy Halesworth Limited	** Q	4.45%	328	-	328	50	-	50	9	319	50
<b>Operational small hydro</b>											
Darroch Power Limited	* Q	14.09%	321	488	809	176	444	620	(49)	858	620
Upper Falloch Power Limited	* Q	9.30%	58	301	359	58	301	359	-	359	359
<b>Operational companies in the wind sector</b>											
Firefly Energy Limited	* Q	50.00%	-	409	409	200	578	778	14	395	778
<b>Realised investments</b>											
BEL Holdco Limited	*	12.80%	-	-	-	750	-	750	-	-	750
BEL Acquisition Limited	***	11.40%	-	-	-	51	-	51	-	6	58
Redeven Energy Limited	*	50.00%	-	-	-	-	113	113	-	-	113
<b>Total</b>			12,728	4,426	17,154	6,549	4,435	10,984	848	16,466	11,145

**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 LLP.

\*\*\* BEL Acquisition Limited was written down to a value of £6,000 in the year ended 28 February 2016. However, liquidation proceeds of £7,000 were received during the six month period ended 31 August 2016. Consequently, a realised gain of £1,000 has been recognised during the period.

**“C” share portfolio**

A summary of the “C” share fund's investment valuations as at 31 August 2016 and gains and losses during the six month period ended 31 August 2016 is given below:

			Voting rights	Investment value			Investment cost			Unrealised gain/ (loss)	Investment value	Investment cost
				Shares	Loans	Total	Shares	Loans	Total		Total	Total
			as at 31 August	as at 31 August	as at 31 August	as at 31 August	as at 31 August	as at 31 August	as at 31 August	6 months to 31 August	as at 29 February	as at 29 February
			2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
			%	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Operational wind</b>												
Greenfield Wind Farm Limited	*	PQ	12.50%	1,174	982	2,156	500	893	1,393	224	1,932	1,393
White Mill Windfarm Limited	*	PQ	25.00%	2,193	349	2,542	1,000	318	1,318	143	2,399	1,318
AD Wind Farmers Limited	*	Q	50.00%	1,156	-	1,156	1,000	-	1,000	(54)	1,210	1,000
Biggleswade Wind Farm Limited	*	Q	21.50%	1,922	1,786	3,708	527	1,623	2,150	157	3,551	2,150
Weston Airfield Investments Limited	*	Q	50.00%	1,627	-	1,627	1,000	-	1,000	(74)	1,701	1,000
North Pickenham Energy Limited	*	Q	50.00%	1,463	-	1,463	1,000	-	1,000	(18)	1,481	1,000
Bernard Matthews Green Energy Halesworth Limited	**	Q	5.64%	416	-	416	300	-	300	12	404	300
<b>Operational small hydro</b>												
Darroch Power Limited	*	Q	4.22%	96	146	242	53	133	186	(15)	257	186
Upper Falloch Power Limited	*	Q	2.79%	17	90	107	17	90	107	-	107	107
<b>Realised investments</b>												
Iceni Renewables Limited	*		50.00%	-	-	-	400	17	417	-	-	417
<b>Total</b>				10,064	3,353	13,417	5,797	3,074	8,871	375	13,042	8,871

**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 LLP.

## “D” share portfolio

A summary of the “D” share fund’s investment valuations as at 31 August 2016 and gains and losses during the six month period ended 31 August 2016 is given below:

			Voting rights	Investment value			Investment cost			Unrealised gain/ (loss)	Investment value	Investment cost
				Shares	Loans	Total	Shares	Loans	Total		Total	Total
			as at 31 August 2016	as at 31 August 2016	as at 31 August 2016	as at 31 August 2016	as at 31 August 2016	as at 31 August 2016	as at 31 August 2016	6 months to 31 August 2016	as at 29 February 2016	as at 29 February 2016
			%	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Operational wind</b>												
Bernard Matthews Green Energy Halesworth Limited	**	Q	13.38%	987	-	987	712	-	712	30	957	712
<b>Operational small hydro</b>												
Darroch Power Limited	*	Q	25.50%	580	358	938	319	325	644	(90)	1,028	644
Upper Falloch Power Limited	*	Q	29.58%	185	189	374	185	189	374	-	374	374
<b>Total</b>				1,752	547	2,299	1,216	514	1,730	(60)	2,359	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 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 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 7.5% 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.

Assumptions about the length of the operating lives of the renewable energy assets have been made in determining the value of the investee companies. As at 31 August 2016, 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) whereas in previous valuations the assumption has been 20 years. 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 Directors believe a change in the operating life assumption was therefore required for wind energy 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 effect of the change in the operating life assumption has had a positive impact on the valuation of the investee companies which own wind farms.

The assumption for the operating lives of hydroelectric assets has not changed. 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

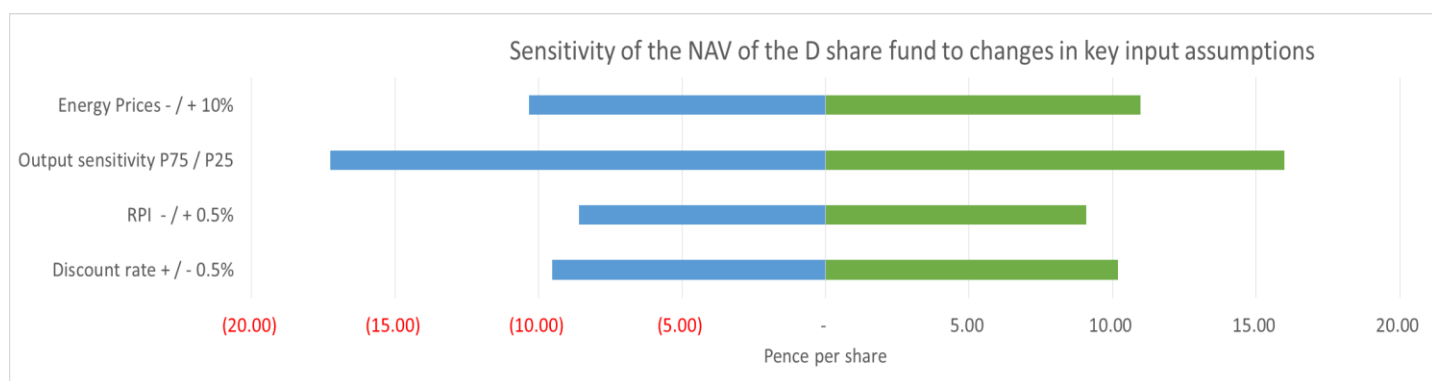
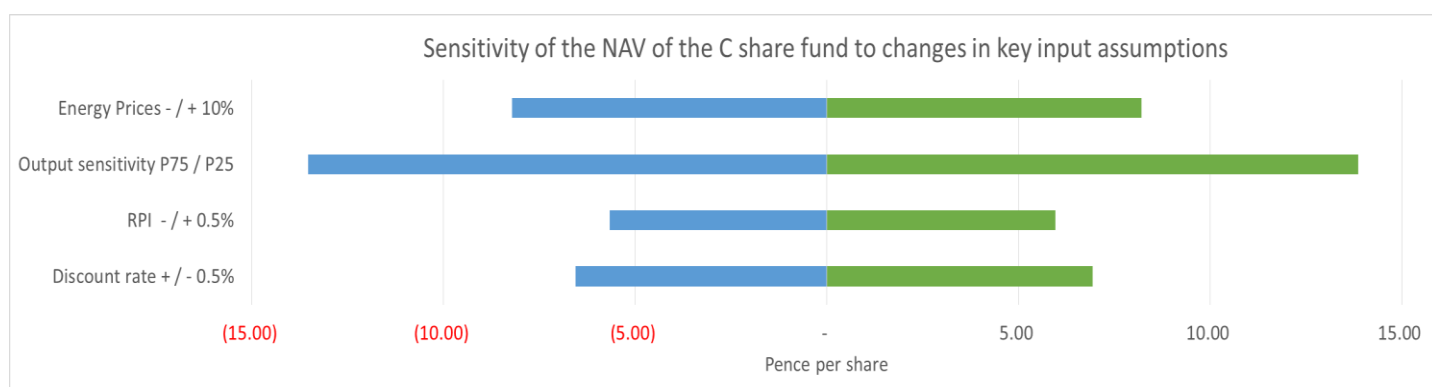
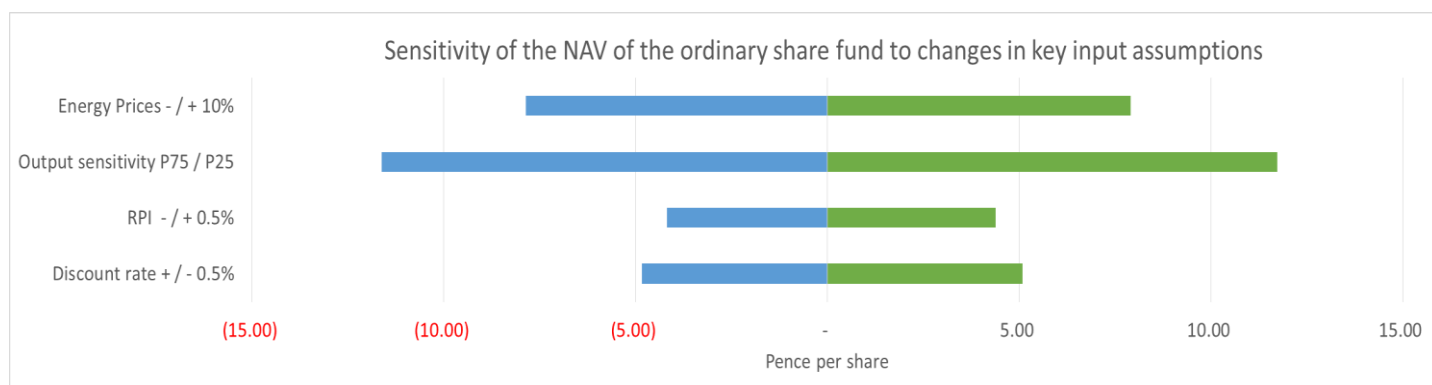
The charts below illustrate the sensitivity of the NAV of the Company's share funds to changes of certain key input assumptions applied to the unleveraged cash flows in the valuation models for the remaining assumed operating lifetime of the underlying assets.

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" Shares
Percentage of investee companies with a fixed electricity price	83%	78%	33%
Average remaining tenor of the fixed electricity price (years)	3.8	4.6	0.6

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 (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 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. 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.

### *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 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 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 LLP**

Investment Manager  
31 October 2016

## Directors and Advisers

### Directors

David Pinckney (Chairman)  
Richard Abbott  
David Williams

### Investment Manager and Registered Office

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

### Company Secretary

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

### Principal Banker

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

### Auditor

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### VCT Taxation Adviser

Philip Hare & Associates LLP  
Suite C- First Floor  
4-6 Staple Inn  
London  
WC1V 7QH

### Solicitors

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

### Broker

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

### Registrars

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

### Internal Auditor

Roffe Swayne  
Ashcombe Court  
Godalming  
Surrey  
GU7 1LQ

## Independent Review Report to Ventus VCT plc

### 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 2016 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 2016 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

31 October 2016

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 2016

		Ordinary Shares			"C" Shares			"D" Shares			Total		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Realised gain on investments	7	-	1	1	-	-	-	-	-	-	-	1	1
Net unrealised (loss)/gain on investments	7	-	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	4	(129)	(386)	(515)	(43)	(130)	(173)	(7)	(22)	(29)	(179)	(538)	(717)
Other expenses		(94)	-	(94)	(63)	-	(63)	(12)	-	(12)	(169)	-	(169)
<b>Profit/(loss) before taxation</b>		209	463	672	496	246	742	11	(82)	(71)	716	627	1,343
Taxation	5	(5)	5	-	(19)	19	-	(2)	2	-	(26)	26	-
<b>Profit/ (loss) and total comprehensive income for the period attributable to shareholders</b>		204	468	672	477	265	742	9	(80)	(71)	690	653	1,343
<b>Earnings per share:</b>													
Basic and diluted earnings per share (p)	6	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 27 to 36 form an integral part of these Financial Statements.

## Condensed Statement of Comprehensive Income

for the six month period ended 31 August 2015

		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 gains on investments	7	-	20	20	-	-	-	-	-	-	-	20	20
Net unrealised gain/ (loss) on investments	7	-	511	511	-	(125)	(125)	-	203	203	-	589	589
Income		347	-	347	471	-	471	83	-	83	901	-	901
Investment management fees	4	(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	5	(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)	6	0.72	2.13	2.85	3.14	(2.10)	1.04	3.26	9.39	12.65			

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 27 to 36 form an integral part of these Financial Statements.



**Condensed Statement of Financial Position**

as at 31 August 2016

As at 31 August 2016

As at 29 February 2016

(audited)

	Note	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	7	17,154	13,417	2,299	32,870	16,466	13,042	2,359	31,867
		17,154	13,417	2,299	32,870	16,466	13,042	2,359	31,867
<b>Current assets</b>									
Trade and other receivables		409	288	83	780	3,098	421	104	3,623
Cash and cash equivalents	8	1,017	387	82	1,486	309	325	97	731
		1,426	675	165	2,266	3,407	746	201	4,354
<b>Total assets</b>		18,580	14,092	2,464	35,136	19,873	13,788	2,560	36,221
<b>Current liabilities</b>									
Trade and other payables		(118)	(100)	(18)	(236)	(126)	(30)	(3)	(159)
<b>Net current assets</b>		1,308	575	147	2,030	3,281	716	198	4,195
<b>Net assets</b>		18,462	13,992	2,446	34,900	19,747	13,758	2,557	36,062
<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		7,579	7,667	-	15,246	8,761	7,667	-	16,428
Capital reserve – realised		(1,677)	(1,844)	(90)	(3,611)	(1,297)	(1,733)	(70)	(3,100)
Capital reserve – unrealised		6,897	5,028	569	12,494	6,049	4,652	629	11,330
Revenue reserve		-	309	36	345	571	340	67	978
<b>Total equity</b>		18,462	13,992	2,446	34,900	19,747	13,758	2,557	36,062
<b>Basic and diluted net asset value per share (p)</b>	9	<b>113.2</b>	<b>124.0</b>	<b>122.8</b>		<b>121.1</b>	<b>122.0</b>	<b>128.4</b>	

Approved by the Board and authorised for issue on 31 October 2016.

**David Pinckney**  
Chairman

The accompanying notes on pages 27 to 36 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	Capital redemption reserve	Share premium	Special reserve	Capital reserve realised	Capital reserve unrealised	Revenue reserve	Total
<b>Ordinary Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2016</b>	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)
<b>At 31 August 2016</b>	4,076	1,587	-	7,579	(1,677)	6,897	-	18,462
<b>"C" Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2016</b>	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)
<b>At 31 August 2016</b>	2,832	-	-	7,667	(1,844)	5,028	309	13,992
<b>"D" Shares</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2016</b>	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)
<b>At 31 August 2016</b>	498	-	1,433	-	(90)	569	36	2,446
<b>Total</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 March 2016</b>	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)
<b>At 31 August 2016</b>	7,406	1,587	1,433	15,246	(3,611)	12,494	345	34,900

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 27 to 36 form an integral part of these Financial Statements.

## Condensed Statement of Changes in Equity

for the six month period ended 31 August 2015

	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

The accompanying notes on pages 27 to 36 form an integral part of these Financial Statements.

## Condensed Statement of Cash Flows

For the six month period ended 31 August 2016

				Six months ended 31 August 2016	Six months ended 31 August 2015
	Ordinary Shares	"C" Shares	"D" Shares	Total	Total
	£000	£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Investment income received	612	745	53	1,410	666
Deposit/ other interest received	6	-	-	6	2
Investment management fees paid	(515)	(174)	(28)	(717)	(450)
Other cash payments	(50)	(1)	-	(51)	(179)
<b>Cash generated from operations</b>	53	570	25	648	39
Taxes paid	-	-	-	-	-
<b>Net cash inflow from operating activities</b>	53	570	25	648	39
<b>Cash flows from investing activities</b>					
Purchases of investments	-	-	-	-	(2,291)
Disposals of investments	2,451	-	-	2,451	-
Proceeds from investments	161	-	-	161	418
<b>Net cash inflow from investing activities</b>	2,612	-	-	2,612	(1,873)
<b>Cash flows from financing activities</b>					
Dividends paid	(1,957)	(508)	(40)	(2,505)	(966)
<b>Net cash outflow from financing activities</b>	(1,957)	(508)	(40)	(2,505)	(966)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	708	62	(15)	755	(2,800)
<b>Cash and cash equivalents at the beginning of the period</b>	309	325	97	731	3,670
<b>Cash and cash equivalents at the end of the period</b>	1,017	387	82	1,486	870

The accompanying notes on pages 27 to 36 form an integral part of these Financial Statements.

## **Explanatory Notes to the Condensed Financial Statements**

**For the six month period ended 31 August 2016**

### **1. Accounting convention and policies**

The half-yearly results which cover the six month period ended 31 August 2016 have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 29 February 2016. 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. Use of estimates and judgments**

Assumptions about the length of the operating lives of the renewable energy assets have been made in determining the value of the investee companies. As at the 31 August 2016 the Company has changed the valuation assumption for the operating life of a wind farm from 20 to 25 years from date of first operation (albeit with an assumed reduction in availability in the final five years of operation). The Directors believe that a change in the operating life assumption was required for wind energy assets as 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.

### **3. Publication of non-statutory accounts**

The financial information for the year ended 29 February 2016 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 2016 and 31 August 2015 has not been audited but have been reviewed by the auditor.

Statutory accounts in respect of the year ended 29 February 2016 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.

### **4. 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 amount paid to the Investment Manager for the six month period ended 31 August 2016 in respect of the net assets attributable to the ordinary shareholders was £515,000, which includes a performance-related incentive fee of £264,000 (six month period ended 31 August 2015: £251,000). The management fee paid to the Investment Manager for the six month period ended 31 August 2016 in respect of the net assets attributable to the "C" shareholders was £173,000 (six month period ended 31 August 2015: £176,000). The management fee paid to the Investment Manager for the six month period ended 31 August 2016 in respect of the net assets attributable to the "D" shareholders was £29,000 (six month period ended 31 August 2015: £24,000).

## **5. 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 2015: £nil tax charge). The tax charges are accrued using an effective tax rate of 20% for the 2016/17 tax year and 20% for the 2015/16 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.

**6. Basic and diluted earnings per share**

<b>For the six month period ended 31 August 2016</b>		<b>Ordinary Shares</b>	<b>"C" Shares</b>	<b>"D" Shares</b>
Revenue return for the year	<i>p per share*</i>	1.24	4.21	0.44
<i>Based on:</i>				
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)
<i>Based on:</i>				
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)
<i>Based on:</i>				
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
<b>For the six month period ended 31 August 2015</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 profit 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

\* 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.

**Investments**

	Ordinary Shares			"C" Shares			"D" Shares			Total		
<i>Six months ended 31 August 2016</i>	<i>Shares</i>	<i>Loan stock</i>	<i>Total</i>	<i>Shares</i>	<i>Loan stock</i>	<i>Total</i>	<i>Shares</i>	<i>Loan stock</i>	<i>Total</i>	<i>Shares</i>	<i>Loan stock</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Opening position</b>												
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
<b>During the year</b>												
Disposal proceeds	-	(154)	(154)	-	-	-	-	-	-	-	(154)	(154)
Investment proceeds *	(7)	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Realised gains	1	-	1	-	-	-	-	-	-	1	-	1
Unrealised gains	861	(13)	848	375	-	375	(60)	-	(60)	1,176	(13)	1,163
Closing fair value	12,728	4,426	17,154	10,064	3,353	13,417	1,752	547	2,299	24,544	8,326	32,870
<b>Closing position</b>												
Closing cost	6,549	4,435	10,984	5,797	3,074	8,871	1,216	514	1,730	13,562	8,023	21,585
Closing realised losses	(161)	(417)	(578)	(464)	(17)	(481)	-	-	-	(625)	(434)	(1,059)
Closing unrealised gains	6,340	408	6,748	4,731	296	5,027	536	33	569	11,607	737	12,344
Closing fair value	12,728	4,426	17,154	10,064	3,353	13,417	1,752	547	2,299	24,544	8,326	32,870

\* Investment proceeds for the six month period ended 31 August 2016 includes £7,000 of liquidation proceeds received from BEL Acquisition Limited.



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Year ended  
29 February 2016  
(audited)

	Ordinary Shares			"C" Shares			"D" Shares			Total		
	Shares	Loan stock	Total	Shares	Loan stock	Total	Shares	Loan stock	Total	Shares	Loan stock	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£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 year</b>												
Purchases at cost	234	745	979	71	223	294	504	514	1,018	809	1,482	2,291
Disposal proceeds	-	(568)	(568)	-	(47)	(47)	-	-	-	-	(615)	(615)
Investment proceeds *	(20)	-	(20)	-	-	-	-	-	-	(20)	-	(20)
Realised gains / (losses)	20	-	20	(33)	-	(33)	-	-	-	(13)	-	(13)
Unrealised gains	377	146	523	(116)	69	(47)	596	33	629	857	248	1,105
Closing 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
<b>Closing position</b>												
Closing cost	6,556	4,589	11,145	5,797	3,074	8,871	1,216	514	1,730	13,569	8,177	21,746
Closing realised losses	(162)	(417)	(579)	(464)	(17)	(481)	-	-	-	(626)	(434)	(1,060)
Closing unrealised gains	5,479	421	5,900	4,356	296	4,652	596	33	629	10,431	750	11,181
Closing 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

\* Investment proceeds in the year ended 29 February 2016 includes £20,000 of liquidation proceeds received from BEL Holdco Limited.

The shares held by the Company represent equity holdings in unquoted UK companies. The Investment Manager's Report on pages 9 to 18 provides details in respect of the Company's shareholding in each investment, loans issued and investments purchased and disposed of during the year.

In order to determine the valuations of the investee companies as at 31 August 2016 (and 29 February 2016), the Company has applied a discount rate to the unleveraged cash flows to calculate the enterprise value 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

## Ventus VCT plc

- Those with inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 August 2016, 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 2016

	Carrying amount	Quoted prices in active markets for identical instruments Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
	£000	£000	£000	£000
Shares	24,544	-	-	24,544
Loan stock	8,326	-	-	8,326
Total	32,870	-	-	32,870

### Key assumptions used in the valuation models:

	31 August 2016	29 February 2016
UK inflation rate	2.50%	2.50%
UK corporation tax rate	20% reducing to 19% from 1 April 2018, reducing further to 17% from 1 April 2021	20% reducing to 19% from 1 April 2018, reducing further to 18% from 1 April 2021
Euro/sterling exchange rate	1.20	1.38
Energy yield assumptions	P50 case	P50 case
Operating life wind energy assets	25 years from date of first operation	20 years from date of first operation
Operating life hydro projects	25 years from valuation date	25 years from valuation date
Discount rates	range from 7.5% to 9%	range from 7.5% to 9%

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).

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%	Net Asset Value	Discount Factor -0.5%
	£000	£000	£000
Ordinary shares	17,673	18,462	19,293
"C" shares	13,253	13,992	14,774
"D" shares	2,256	2,446	2,649

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

## 8. Cash and cash equivalents

The ordinary share fund held a cash balance of £1,017,000 at 31 August 2016, (29 February 2016: £309,000) of which £69,000 (29 February 2016: £69,000) 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 2016 in respect of the amount due to Eye Wind Power Limited.

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

As at 31 August 2016		Ordinary Shares	"C" Shares	"D" Shares
Net asset value per share	<i>p per share</i>	113.2	124.0	122.8
<i>Based on:</i>				
Net asset value	<i>£000</i>	18,462	13,992	2,446
Number of shares	<i>number of shares</i>	16,307,547	11,283,207	1,990,767

As at 29 February 2016 (audited)		Ordinary Shares	"C" Shares	"D" Shares
Net asset value per share	<i>p per share</i>	121.1	122.0	128.4
<i>Based on:</i>				
Net asset value	<i>£000</i>	19,747	13,758	2,557
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 29 February 2016 of 12.00p per ordinary share was paid to ordinary shareholders on 10 August 2016.

An interim dividend of 4.00p per ordinary share has been declared for the six month period ended 31 August 2016 which will be paid on 18 January 2017 to all ordinary shareholders on the register as at close of business on 16 December 2016.

A final dividend for the year ended 29 February 2016 of 4.50p per "C" share was paid to "C" shareholders on 10 August 2016.

An interim dividend of 3.50p per "C" share has been declared for the six month period ended 31 August 2016 which will be paid on 18 January 2017 to all "C" shareholders on the register as at close of business on 16 December 2016.

A final dividend for the year ended 29 February 2016 of 2.00p per "D" share was paid to "D" shareholders on 10 August 2016.

An interim dividend of 1.50p per "D" share has been declared for the six month period ended 31 August 2016 which will be paid on 18 January 2017 to all "C" shareholders on the register as at close of business on 16 December 2016.

## **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 29 February 2016. All the guarantees disclosed therein remain in force.

## 12. 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
<b>Balances as at 31 August 2016</b>				
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 for the six  
months ended  
31 August 2016**

Loan stock interest income	224	201	30	455
Dividend income	184	401	-	585

	Ordinary Shares £000	"C" shares £000	"D" shares £000	Total £000
<b>Balances as at 31 August 2015</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

**Transactions in the six months ended  
31 August 2015**

Loan stock interest income	234	201	27	462
Dividend income	104	270	56	430

	Ordinary Shares	"C" shares	"D" shares	Total
			As at 29 February 2016	
<b>Balances as at 29 February 2016 (audited)</b>	£000	£000	£000	£000
Investments - shares	11,339	9,689	1,812	22,840
Investments - loan stock	4,306	3,353	547	8,206
Accrued interest income	288	207	51	546
Accrued dividends	184	217	53	454

**Transactions in the year  
ended 29 February 2016  
(audited)**

Loan stock interest income	453	400	51	904
Dividend income	743	871	110	1,724

### **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.