

INGENIOUS ENTERTAINMENT VCT 2

HALF-YEARLY FINANCIAL REPORT
For the six months ended
30 June 2011

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INGENIOUS ENTERTAINMENT VCT 2

CORPORATE INFORMATION

The Company	Ingenious Entertainment VCT 2 plc
Directors	Paul Gregg* (Chairman) Patrick McKenna Lionel Martin*
Company Secretary	Sarah Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	6395025
Investment Manager and Administrator	Ingenious Ventures** 15 Golden Square London W1F 9JG
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Taxation Advisers	PricewaterhouseCoopers LLP (PwC) 1 Embankment Place London WC2N 6RH
Registrar	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD Tel: 01372 467 308
Sponsor and Stockbroker	Howard Kennedy Corporate Services LLP 19 Cavendish Square London W1A 2AW

* Independent director (a director who is independent of the Investment Manager)

** Ingenious Ventures is a trading division of Ingenious Asset Management Limited

INTERIM MANAGEMENT REPORT

We are delighted to present the half-yearly financial report of Ingenious Entertainment VCT 2 plc (the **Company**) covering the six months ended 30 June 2011 (the **Reporting Period**).

Overview of Activities

The Company continues to actively source and review investment opportunities. Two investments were made during the Reporting Period across the C Share and D Share classes. The first of these supported two new music festivals based in Bristol (*We, The People* - June 2011) and Brighton (*Shakedown* - September 2011), while the second investment backs a new sporting event, *Titans of Cricket*, which will take place in October 2011. These were the first deals entered into through a co-investment of the funds raised by both the C Shares and the D Shares.

The Company has now completed the investment strategy for its Ordinary Share class and is fully invested under VCT regulations in respect of these shares. The management team will now focus upon maximising the returns from the investments made.

Fund Raising

In October 2010, the Ingenious Entertainment VCTs launched the E and F Share offers for subscription. When the fundraising closed on 29 July 2011, a combined total of £8.8m across Entertainment VCT 1 and Entertainment VCT 2 had been raised. The Ingenious Entertainment VCTs have now raised in excess of £48 million through all share classes.

Results

The Ordinary Shares, C Shares, D Shares, E Shares and F Shares are accounted for as separate pools of funds necessitating separate reporting.

The Ordinary Shares made a loss on ordinary activities of £106,000 (31 December 2010: £105,000, 30 June 2010: £111,000). The C Shares made a loss of £34,000 (31 December 2010: £66,000, 30 June 2010: £34,000). The D Shares made a loss of £64,000 (31 December 2010: £163,000, 30 June 2010: £95,000). The E Shares made a loss of £44,000 (31 December 2010: £Nil, 30 June 2010: £Nil). The F Shares made a loss of £22,000 (31 December 2010: £Nil, 30 June 2010: £Nil).

The net asset value per Ordinary Share is 81.6 pence (31 December 2010: 87.6 pence; 30 June 2010: 87.5 pence) although this is after the deduction of the interim dividend of 5.0 pence per share in the Reporting Period and the deduction of a 5.0 pence per share interim dividend in the 6 months to 30 June 2010.

The net asset value per C Share is 78.2 pence (31 December 2010: 84.4 pence; 30 June 2010: 85.6 pence) although this is after the deduction of the interim dividend of 5.0 pence per share in the Reporting Period and the deduction of a 5.0 pence per share interim dividend in the 6 months to 30 June 2010.

The net asset value per D Share is 91.9 pence (31 December 2010: 92.9 pence; 30 June 2010: 93.6 pence).

The net asset value per E Share is 94.0 pence (31 December 2010: Nil pence; 30 June 2010: Nil pence).

The net asset value per F Share is 94.1 pence (31 December 2010: Nil pence; 30 June 2010: Nil pence).

Investment Objective

The Company's main objective is to invest in companies established to create and bring to market live events and premium entertainment content which will provide shareholders with an attractive return. This strategy will aim to maximise the opportunities for making tax-free dividends to shareholders from both the actual income received and capital profits on the sale of the Investee Companies or their assets.

INGENIOUS ENTERTAINMENT VCT 2

INTERIM MANAGEMENT REPORT (CONTINUED)

Festivals

Rewind Festival & Rewind North

Entertainment VCT 2 Investment amount (*Rewind Festival*): £272,598

(£545,196 across the Ingenious Entertainment VCTs)

(£693,196 across the Ingenious Live VCTs)

Entertainment VCT 2 Investment amount (*Rewind North*): £500,000

(£1,000,000 across the Ingenious Entertainment VCTs)

In December 2008, the Company, alongside The Rival Organisation, co-promoted *Rewind Festival*, a two-day music event in Henley-Upon-Thames. The 2010 event held in August experienced an impressive increase in both attendance figures and, consequently, profitability with a total audience of over 35,000 across both days. Highlights included performances by *Boy George* and *Tony Hadley*.

This year's event was held between 19 and 21 August and was a complete sell out (20,000 per day capacity). Highlights this year included *Village People* and *The Human League* and we are delighted that *Rewind* has very quickly established itself as the country's leading celebration of 80s music.

The enormous success of *Rewind* in the South of England has given rise to the opportunity to create a second festival and in October 2010, the Entertainment VCTs made a fresh investment in order to co-promote *Rewind North*, which has taken place for the first time between 29 and 31 July 2011 at Scone Palace in Perthshire, Scotland. The event had a star studded line up including *The Human League* and *Tony Hadley* among the twenty plus acts appearing across the weekend. Tickets for this event have sold in a similar manner to the pattern established by the Henley event in its first year and we believe that this was a good opportunity to strengthen the *Rewind* brand within the UK.

The brand creation strategy that the Manager very much focuses upon is further underlined by the fact that in July 2011 a licence was granted for a *Rewind Festival* to be held in Australia. This event will take place in late October 2011.

London Electronic Dance Festival (L.E.D.)

Entertainment VCT 2 Investment amount: £500,000

(£1,000,000 across the Ingenious Entertainment VCTs)

In August 2010 the Ingenious Entertainment VCTs agreed to co-promote the *London Electronic Dance Festival (L.E.D.)* in partnership with AEG Live, Cream and Loudsound. This year the event hosted performances by some of the world's top dance acts including *Deadmau5*, *Calvin Harris*, *Zane Lowe* and many more.

This year's show attracted over 23,000 people and generated a profit in excess of £200,000. The promoters feel that the *L.E.D.* brand is now very well positioned and has quickly established itself as London's leading dance festival.

The Apple Cart Festival

Entertainment VCT 2 Investment amount: £Nil

(£Nil across the Ingenious Entertainment VCTs)

In June 2010 an investment of £250,000 was made into a new arts based event called *The Apple Cart Festival*. In light of certain creative differences between the promoters, it was ultimately decided not to back the 2011 event and these funds have now been returned to the VCTs.

INTERIM MANAGEMENT REPORT (CONTINUED)

Festivals (continued)

We, The People & Shakedown Festivals

Entertainment VCT 2 Investment amount: £750,000

(£1,500,000 across the Ingenious Entertainment VCTs)

In February 2011 the Ingenious Entertainment VCTs invested £1,500,000 in Venn Music Limited to stage and promote two new music festivals. These innovative events are managed by Venn director Matt Priest, who worked as an executive at Radio One for 10 years.

The first Venn festival, *We, The People*, took place in the centre of Bristol on 4 and 5 June 2011 and attracted nearly 15,000 attendees over the two days. The headliners included popular dance acts *Chase and Status* and a final farewell performance from *The Streets* as well as many other leading artists and local favourites.

Shakedown festival will be taking place on 17 September in Brighton. The event aims to sell around 10,000 tickets in its first year. The show will play host to performances by *Razorlight* and *Example* as well as many other popular acts.

The Manager is confident these events have the potential to establish themselves a place in the festival calendar. Each event has strong local partners and takes place in an area where there are currently very few direct competitors.

Exhibitions

Golf Live

Entertainment VCT 2 Investment amount: £275,000

(£550,000 across the Ingenious Entertainment VCTs)

(£550,000 across the Ingenious Live VCTs)

Golf Live is a three day interactive golf event which was staged at The London Golf Club between 18 and 20 May 2011. IMG, managers to a large number of leading golfers, has also invested into the event. The long term aim is to roll the event out to further prestigious golf courses around the world and it has already attracted sponsorship partners of the quality of O2, Jaguar, Turkish Airlines and the European Golf Tour. The event represents a highly creative way of bringing the sports and exhibition markets closely together.

In 2011 *Golf Live* was hosted by last year's Ryder Cup captain, Colin Montgomerie, alongside many other stars from within the world of golf. The event was extremely well received by both the corporate partners as well as the paying public and its audience satisfaction rating was the highest that Brand Events had ever received for one of their events.

The partners were delighted with the financial performance of the event in year two in which it broke even and they feel very confident that *Golf Live* is poised to move into profitability for 2012. The anticipated international roll-out of the brand is also likely to commence next year.

Titans of Cricket

Entertainment VCT 2 Investment amount: £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In June 2011 an investment of £2,000,000 was made by the Ingenious Entertainment VCTs into This Is Cricket Limited to promote a new sports event, *Titans of Cricket*, to be held in the Autumn of 2011.

INGENIOUS ENTERTAINMENT VCT 2

INTERIM MANAGEMENT REPORT (CONTINUED)

Exhibitions (continued)

Titans of Cricket (continued)

Titans of Cricket takes the best of Twenty20, the Indian Premier League and World Cup Cricket and combines them in a new show that demonstrates the skills of some of the world's top cricketing stars both past and present including Freddie Flintoff and Virender Sehwag. The first events will take place at the MEN Arena in Manchester, the NIA in Birmingham and the O2 in London in October 2011.

The event has taken the old rivalries of cricket and has formed four teams (India, Pakistan, Australia and England) comprised of some of each country's top talent. The teams will be set against each other in a series of challenges through which a winner will eventually be crowned. The event has already received a lot of interest in the national media and press and the Manager feels that the format is one that will prove extremely popular in the longer term.

Live Venues

XOYO

Entertainment VCT 2 Investment amount: £400,000

(£800,000 across the Ingenious Entertainment VCTs)

In March 2010, an investment of £400,000 was made with Assorted Works Limited to open a new live venue in Shoreditch, East London. *XOYO* is a 900 capacity live entertainment venue split over two floors. It programs, books and promotes an exciting range of live music, club nights, visual art and other creative media events. *XOYO* has a prime location in Shoreditch, the hub of London's music, art and party scene. Recent events include performances by chart stars such as *Jessie J* and *The Ting Tings*.

Since its opening in late 2010, the venue has had extremely positive cash flow and attendance figures. The partners are extremely pleased with the progress of the venue and plan to extend its daytime activities to allow the venue to act as a pop-up gallery space displaying a range of contemporary art. It is also hoped that the success of the first venue will lead to an extension of the *XOYO* brand in due course.

Jetstream Live Events

Entertainment VCT 2 Investment amount: £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

(£2,000,000 across the Ingenious Live VCTs)

In December 2010, Ingenious Entertainment VCTs agreed with the directors of Apollo Resorts and Leisure Limited to invest further funding into Jetstream Events Limited to co-promote potential new projects in similar 'seaside' opportunities such as the Live VCTs' co-promotion of the *Scarborough Open Air Theatre*. There are a number of potential ventures that are currently under discussion in venues such as Yarmouth, Blackpool, Brighton, as well as a variety of *2012 Olympics* based opportunities.

Our partner in the venture, the Apollo Group, have many years of experience in the live entertainment sector and have already proved the success of the *Scarborough Open Air Theatre*, hosting sell out shows from stars such as *Sir Elton John*, *Dame Kiri Te Kanawa*, and *José Carreras*.

Jongleurs Comedy Live

Entertainment VCT 2 Investment amount: £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In October 2010 an investment of £1,000,000 was made into Jongleurs Comedy Live Limited to promote a variety of comedy events.

INTERIM MANAGEMENT REPORT (CONTINUED)

Live Venues (continued)

Jongleurs Comedy Live (continued)

In June 2011 it was agreed that the partners had differing views as to the direction of the company and an agreement was entered into that will ultimately see the Ingenious Entertainment VCTs withdraw from the investment with the original capital fully returned to them.

Television Format and Distribution

Let's Dance

Entertainment VCT 2 Investment amount: £500,000

(£1,000,000 across the Ingenious Entertainment VCTs)

(£1,000,000 across the Ingenious Live VCTs)

In January 2009, £2,000,000 was invested across both the Live and Entertainment VCTs to back the television dance format *Let's Dance*. This was the second co-investment between the Ingenious Live and Entertainment VCTs.

For the past three years BBC One has commissioned Whizz Kid Entertainment to produce this hugely popular celebrity-led series for both *Comic Relief* and *Sports Relief*. In 2011 the programme was aired to over 8.3 million viewers and enjoyed the prime time Saturday night slot on BBC One. Following the ratings success of the UK series, the *Let's Dance* format has been sold and aired in a number of different countries including Germany, the Netherlands, Sweden, Russia, Slovakia and Indonesia.

The series has also been re-commissioned for a fourth UK series to be aired in 2012 and, as a result of this success, the international sales agents for both the US (*William Morris*) and the Rest of the World (*Fremantle*) are continuing to push forward with the international sale of the format. Our financial forecasts show that the format revenues already generated will at least cover the investment made and the Manager fully expects that there will be some significant upside in the investment in future years.

Digital Rights Group

Entertainment VCT 2 Investment amount: £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In June 2009, the Ingenious Entertainment VCTs agreed with independent television distributor Digital Rights Group Limited (**DRG**) to jointly acquire, market and distribute a series of television programmes.

DRG is the leading independent distributor of content in the UK with various brands in the DRG Group supporting all genres from drama to reality and formats to entertainment. DRG has worked on shows as diverse as *The Inbetweeners*, *Kingdom* starring Stephen Fry, the Martin Clunes drama *Doc Martin*, Australian series *Sea Patrol*, a wide variety of children's programmes and factual documentaries. The investment has generated a small positive return for the Company.

SuperVision

Entertainment VCT 2 Investment amount: £1,000,000

(£2,000,000 across the Ingenious Entertainment VCTs)

In August 2010, an investment was made in *SuperVision Media* to co-promote and co-distribute alternative content. *SuperVision* is one of the leading owners and distributors of alternative content for cinemas around the globe in both the sport and entertainment fields. Their aim is to provide people with experiences that are the next best thing to being at the event whilst screening live, uninterrupted content mainly in 3D format, accompanied by surround sound.

INGENIOUS ENTERTAINMENT VCT 2

INTERIM MANAGEMENT REPORT (CONTINUED)

Television Format and Distribution (continued)

SuperVision (continued)

In July 2010 *SuperVision* distributed the Football World Cup in 3D and was also very involved in the screening of Wimbledon 2011 in cinemas both in the UK and internationally. The company has more recently secured the exclusive rights to screen *Michael Flatley's Lord of The Dance* in 3D, which was screened in major cinema chains across the US, UK, and Europe in March 2011.

Saturn Explosion

Entertainment VCT 2 Investment amount: £1,000,000

(£2,000,000 across Ingenious Entertainment VCTs)

In December 2010, Ingenious Entertainment VCTs agreed with the directors of *SuperVision Media* to form a new company, Saturn Explosion Limited, to carry on the trade of the production, promotion and exploitation of alternative digital content (including but not limited to event based entertainment and sport content such as music concerts, festivals, theatrical productions and live sporting events) across a range of media including television and cinema.

The purpose of this funding was to acquire content that could be exploited across the various platforms but whereby any investment would be underpinned by minimum revenues through third party advances from distributors as well as potential payments by sponsorship partners wishing to be connected with the content.

Outlook

The economic environment continues to display challenges for the Company as a whole, however the Manager is extremely pleased to report that its portfolio is proving highly robust in the current climate. We remain confident that we are developing a number of brands that have strong international potential and which will create significant asset values in addition to ongoing annual trading profits.

Some of these event opportunities will take time to develop, but we firmly believe that the Company will deliver strong shareholder value within each five year investment cycle.

It appears that the industry's expectations in relation to the pace of consumers' migration to the new digital platform are progressing well ahead of what was originally expected. Changing consumer behaviour is impacting on all segments of the entertainment and media industry, and as a result the Company's search for revenue positioning in the digital value chain is extremely important. We are also expanding our remit to include more sporting events such as *Golf Live* and *Titans of Cricket* as we see this as another area where consumer engagement is particularly strong at present.

The Manager's focus remains very firmly upon ensuring that each investment is carefully sourced and structured in order to balance potential upside against capital risk. We believe that the investment portfolio already sourced readily supports that the Company is already well advanced in achieving this requirement. In addition, we believe that the Company's strategy, which aims to successfully balance equity risk with a strong level of downside protection through minimum revenue arrangements of at least 75% in respect of each investment, is perfectly suited to the current economic environment whereby shareholders are very much focused upon capital preservation.



Ingenious Ventures

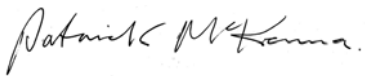
22 August 2011

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement "Half-yearly financial reports";
- as required by 4.2.7R of the FSA's Disclosure and Transparency Rules, the Interim Management Report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the Interim Management Report includes a fair review of the information concerning related party transactions required by Disclosure and Transparency Rule 4.2.8R.

The half-yearly financial report was approved by the Board on 22 August 2011 and the above responsibility statement was signed on its behalf by



Patrick McKenna

Director

22 August 2011

INGENIOUS ENTERTAINMENT VCT 2

CONDENSED INCOME STATEMENT (UNAUDITED)

for the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 (unaudited)			Six months ended 30 June 2010 (unaudited)			Year ended 31 December 2010 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments		-	32	32	-	105	105	-	211	211
Decrease in fair value of investments held		-	(132)	(132)	-	(177)	(177)	-	(244)	(244)
Investment income		128	-	128	98	-	98	208	-	208
Arrangement fees		(47)	-	(47)	(64)	-	(64)	(74)	-	(74)
Investment management fees		(83)	(83)	(166)	(64)	(64)	(128)	(140)	(140)	(280)
Other expenses		(85)	-	(85)	(74)	-	(74)	(155)	-	(155)
Loss on ordinary activities before taxation		(87)	(183)	(270)	(104)	(136)	(240)	(161)	(173)	(334)
Tax on ordinary activities		-	-	-	-	-	-	-	-	-
Loss attributable to equity shareholders		(87)	(183)	(270)	(104)	(136)	(240)	(161)	(173)	(334)
Basic and diluted return per share (pence)										
Ordinary Share	2	0.4	(1.4)	(1.0)	0.1	(1.2)	(1.1)	0.3	(1.3)	(1.0)
C Share	2	(0.6)	(0.6)	(1.2)	(1.0)	(0.2)	(1.2)	(1.8)	(0.5)	(2.3)
D Share	2	(0.7)	(0.2)	(0.9)	(3.0)	(0.3)	(3.3)	(3.0)	(0.4)	(3.4)
E Share	2	(2.9)	(0.2)	(3.1)	-	-	-	-	-	-
F Share	2	(3.0)	0.3	(2.7)	-	-	-	-	-	-

The Company has no recognised gains and losses other than those disclosed above.

The total column is the Income Statement of all Share Classes for the period. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (AIC).

The accompanying notes form an integral part of these financial statements.

The Company had no E and F Shares in issue at 31 December 2010 or 30 June 2010.

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INGENIOUS ENTERTAINMENT VCT 2

NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS CONDENSED INCOME STATEMENT (UNAUDITED)

for the six months ended 30 June 2011

	Ordinary Shares			C Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	20	20	-	7	7
Increase/(decrease) in fair value of investments held	-	(131)	(131)	-	(15)	(15)
Investment income	113	-	113	10	-	10
Arrangement fees	-	-	-	-	-	-
Investment management fees	(38)	(38)	(76)	(10)	(10)	(20)
Other expenses	(32)	-	(32)	(16)	-	(16)
Profit/(loss) on ordinary activities before taxation	43	(149)	(106)	(16)	(18)	(34)
Tax on ordinary activities	-	-	-	-	-	-
Profit/(loss) attributable to equity shareholders	43	(149)	(106)	(16)	(18)	(34)
Basic and diluted return per share (pence)	0.4	(1.4)	(1.0)	(0.6)	(0.6)	(1.2)

The Company has no recognised gains and losses other than those disclosed above.

The total column is the Income Statement per Share Class for the period. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (AIC).

INGENIOUS ENTERTAINMENT VCT 2

D Shares			E Shares			F Shares		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	5	5	-	-	-	-	-	-
-	7	7	-	2	2	-	5	5
5	-	5	-	-	-	-	-	-
-	-	-	(30)	-	(30)	(17)	-	(17)
(27)	(27)	(54)	(5)	(5)	(10)	(3)	(3)	(6)
(27)	-	(27)	(6)	-	(6)	(4)	-	(4)
(49)	(15)	(64)	(41)	(3)	(44)	(24)	2	(22)
-	-	-	-	-	-	-	-	-
(49)	(15)	(64)	(41)	(3)	(44)	(24)	2	(22)
(0.7)	(0.2)	(0.9)	(2.9)	(0.2)	(3.1)	(3.0)	0.3	(2.7)

INGENIOUS ENTERTAINMENT VCT 2

NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS CONDENSED INCOME STATEMENT (UNAUDITED)

for the six months ended 30 June 2010

	Ordinary Shares			C Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	102	102	-	3	3
Increase/(decrease) in fair value of investments held	-	(183)	(183)	-	3	3
Investment income	98	-	98	-	-	-
Arrangement fees	-	-	-	-	-	-
Investment management fees	(42)	(42)	(84)	(11)	(11)	(22)
Other expenses	(44)	-	(44)	(18)	-	(18)
Profit/(loss) on ordinary activities before taxation	12	(123)	(111)	(29)	(5)	(34)
Tax on ordinary activities	-	-	-	-	-	-
Profit/(loss) attributable to equity shareholders	12	(123)	(111)	(29)	(5)	(34)
Basic and diluted return per share (pence)	0.1	(1.2)	(1.1)	(1.0)	(0.2)	(1.2)

The Company had no recognised gains and losses other than those disclosed above.

The total column is the Income Statement per Share Class for the period. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (**AIC**).

The Company had no E and F Shares in issue at 30 June 2010.

INGENIOUS ENTERTAINMENT VCT 2

D Shares			E Shares			F Shares		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	-	-	-	-	-	-	-	-
-	3	3	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(64)	-	(64)	-	-	-	-	-	-
(11)	(11)	(22)	-	-	-	-	-	-
(12)	-	(12)	-	-	-	-	-	-
(87)	(8)	(95)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(87)	(8)	(95)	-	-	-	-	-	-
(3.0)	(0.3)	(3.3)	-	-	-	-	-	-

INGENIOUS ENTERTAINMENT VCT 2

NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS CONDENSED INCOME STATEMENT (UNAUDITED)

for the year ended 31 December 2010

	Ordinary Shares			C Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments	-	202	202	-	7	7
Increase/(decrease) in fair value of investments held	-	(260)	(260)	-	(1)	(1)
Investment income	203	-	203	5	-	5
Arrangement fees	-	-	-	-	-	-
Investment management fees	(81)	(81)	(162)	(22)	(22)	(44)
Other expenses	(88)	-	(88)	(33)	-	(33)
Profit/(loss) on ordinary activities before taxation	34	(139)	(105)	(50)	(16)	(66)
Tax on ordinary activities	-	-	-	-	-	-
Profit/(loss) attributable to equity shareholders	34	(139)	(105)	(50)	(16)	(66)
Basic and diluted return per share (pence)	0.3	(1.3)	(1.0)	(1.8)	(0.5)	(2.3)

The Company had no recognised gains and losses other than those disclosed above.

The total column is the Income Statement per Share Class for the year. The supplementary capital and revenue columns are prepared following guidance published by the Association of Investment Companies (**AIC**).

The Company had no E or F Shares in issue for the year ended 31 December 2010.

INGENIOUS ENTERTAINMENT VCT 2

D Shares			E Shares			F Shares		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	2	2	-	-	-	-	-	-
-	17	17	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(74)	-	(74)	-	-	-	-	-	-
(37)	(37)	(74)	-	-	-	-	-	-
(34)	-	(34)	-	-	-	-	-	-
(145)	(18)	(163)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(145)	(18)	(163)	-	-	-	-	-	-
(3.0)	(0.4)	(3.4)	-	-	-	-	-	-

INGENIOUS ENTERTAINMENT VCT 2

CONDENSED BALANCE SHEET (UNAUDITED)

as at 30 June 2011

	Note	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Fixed assets				
Qualifying investments		9,295	2,572	7,670
Current assets				
Debtors		60	46	81
Non-qualifying investments	3	11,009	13,282	9,753
Cash at bank and in hand		360	958	149
		11,429	14,286	9,983
Creditors: amounts falling due within one year		(40)	(39)	(84)
Net current assets		11,389	14,247	9,899
Net assets		20,684	16,819	17,569
Capital and reserves				
Called-up share capital		240	189	198
Share premium account		3,994	5,516	6,351
Other reserve account		17,315	11,615	11,615
Capital reserve		(171)	49	12
Revenue reserve		(694)	(550)	(607)
Shareholders' funds		20,684	16,819	17,569
Net asset value per Ordinary Share	4	81.6	87.5	87.6
Net asset value per C Share	4	78.2	85.6	84.4
Net asset value per D Share	4	91.9	93.6	92.9
Net asset value per E Share	4	94.0	-	-
Net asset value per F Share	4	94.1	-	-

The accompanying notes form an integral part of these financial statements.

The condensed set of financial statements on page 9 to 28 were approved by the Board of directors on 22 August 2011 and signed on its behalf by:



Patrick McKenna

Director

Company Registration Number: 6395025 (England & Wales)

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INGENIOUS ENTERTAINMENT VCT 2

NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS CONDENSED BALANCE SHEET (UNAUDITED)

	As at 30 June 2011 (unaudited)				
	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000
Fixed assets					
Qualifying investments	6,600	1,370	1,325	-	-
Current assets					
Debtors	60	-	-	-	-
Non-qualifying investments	1,628	682	4,766	2,529	1,404
Cash at bank and in hand	58	150	110	24	18
	1,746	832	4,876	2,553	1,422
Creditors: amounts falling due within one year	(22)	(4)	(9)	(3)	(2)
Net current assets	1,724	828	4,867	2,550	1,420
Net assets	8,324	2,198	6,192	2,550	1,420
Capital and reserves					
Called-up share capital	102	28	68	27	15
Share premium account	-	-	-	2,567	1,427
Other reserve account	8,611	2,353	6,351	-	-
Capital reserve	(97)	(40)	(33)	(3)	2
Revenue reserve	(292)	(143)	(194)	(41)	(24)
Shareholders' funds	8,324	2,198	6,192	2,550	1,420
Net asset value (pence per share)	81.6	78.2	91.9	94.0	94.1

The Company had no E or F Shares in issue in the period to 31 December 2010 or 30 June 2010.

INGENIOUS ENTERTAINMENT VCT 2

As at 30 June 2010 (unaudited)					As at 31 December 2010 (audited)				
Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000
2,460	112	-	-	-	6,698	972	-	-	-
46	-	-	-	-	59	-	22	-	-
5,741	2,109	5,432	-	-	2,135	1,369	6,249	-	-
711	192	55	-	-	73	35	41	-	-
6,498	2,301	5,487	-	-	2,267	1,404	6,312	-	-
(24)	(8)	(7)	-	-	(25)	(3)	(56)	-	-
6,474	2,293	5,480	-	-	2,242	1,401	6,256	-	-
8,934	2,405	5,480	-	-	8,940	2,373	6,256	-	-
102	28	59	-	-	102	28	68	-	-
-	-	5,516	-	-	-	-	6,351	-	-
9,121	2,494	-	-	-	9,121	2,494	-	-	-
68	(11)	(8)	-	-	52	(22)	(18)	-	-
(357)	(106)	(87)	-	-	(335)	(127)	(145)	-	-
8,934	2,405	5,480	-	-	8,940	2,373	6,256	-	-
87.5	85.6	93.6	-	-	87.6	84.4	92.9	-	-

INGENIOUS ENTERTAINMENT VCT 2

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)

as at 30 June 2011

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Opening shareholders' funds	17,569	12,135	12,135
Capital subscribed	4,221	5,831	6,714
Issue costs	(185)	(256)	(295)
Dividends	(651)	(651)	(651)
Loss for the period	(270)	(240)	(334)
Closing shareholders' funds	20,684	16,819	17,569

NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)

as at 30 June 2011

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000
Opening shareholders' funds	8,940	2,373	6,256	-	-
Capital subscribed	-	-	-	2,713	1,508
Issue costs	-	-	-	(119)	(66)
Dividends	(510)	(141)	-	-	-
Loss for the period	(106)	(34)	(64)	(44)	(22)
Closing shareholders' funds	8,324	2,198	6,192	2,550	1,420

**NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)**

as at 30 June 2010

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000
Opening shareholders' funds	9,555	2,580	-	-	-
Capital subscribed	-	-	5,831	-	-
Issue costs	-	-	(256)	-	-
Dividends	(510)	(141)	-	-	-
Loss for the period	(111)	(34)	(95)	-	-
Closing shareholders' funds	8,934	2,405	5,480	-	-

**NON-STATUTORY ANALYSIS (UNAUDITED) BETWEEN THE ORDINARY, C, D, E AND F SHARE FUNDS
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)**

as at 31 December 2010

	Ordinary Shares £'000	C Shares £'000	D Shares £'000	E Shares £'000	F Shares £'000
Opening shareholders' funds	9,555	2,580	-	-	-
Capital subscribed	-	-	6,714	-	-
Issue costs	-	-	(295)	-	-
Dividends	(510)	(141)	-	-	-
Loss for the period	(105)	(66)	(163)	-	-
Closing shareholders' funds	8,940	2,373	6,256	-	-

INGENIOUS ENTERTAINMENT VCT 2

CASH FLOW STATEMENT (UNAUDITED)

for the six months ended 30 June 2011

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Net cash outflow from operating activities	(289)	(179)	(290)
Financial investment			
Purchase of qualifying investments	(1,625)	(524)	(5,525)
Net cash outflow from financial investment	(1,625)	(524)	(5,525)
Management of liquid resources			
Purchase of non-qualifying investments	(3,926)	(5,430)	(9,661)
Disposal of non-qualifying investments	2,666	2,098	9,788
Net cash (outflow)/inflow from liquid resources	(1,260)	(3,332)	127
Financing			
Dividends	(651)	(651)	(651)
Issue of shares	4,221	5,831	6,714
Expenses of the issue of shares	(185)	(256)	(295)
Net cash inflow from financing	3,385	4,924	5,768
Increase in cash	211	889	80
Reconciliation of loss before taxation to net cash flow from operating activities			
	£'000	£'000	£'000
Loss on ordinary activities before tax	(270)	(240)	(334)
Decrease in fair value of investments held	132	177	244
Investment income	(128)	(98)	(192)
Decrease/(increase) in receivables	21	(15)	(50)
(Decrease)/increase in payables	(44)	(3)	42
Net cash outflow from operating activities	(289)	(179)	(290)
Reconciliation of net cash flow to movement in net funds			
	£'000	£'000	£'000
Opening cash balances	149	69	69
Net cash inflow	211	889	80
Closing cash balances	360	958	149

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

for the six months ended 30 June 2011

1. Accounting Policies**a) Basis of Accounting**

The financial statements for the Reporting Period have been prepared in compliance with UK Generally Accepted Accounting Practice, and with the Statement of Recommended Practice (the **SORP**) entitled "Financial Statements of Investment Trust Companies and Venture Capital Trusts" which was issued in January 2009.

These financial statements have been drawn up adopting the accounting policies set out in the Annual Report and Accounts for the year to 31 December 2010.

b) Valuation of Investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. As set out in the prospectus all investments are designated at fair value.

International Private Equity and Venture Capital Valuation Guidelines

Unquoted investments, including equity and loan investments are designated at fair value and valued in accordance with the International Private Equity and Venture Capital Guidelines and Financial Reporting Standard 26 "Financial Instruments: Recognition and Measurement" (**FRS 26**). Investments are initially recognised at fair value. The investments are subsequently re-measured at fair value, as estimated by the Directors with prudence and good faith. Investment holding gains or losses arising from the revaluation of investments are taken directly to the income statement. Fair value is determined as follows:

- Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
- In estimating fair value for an investment, the Investment Manager will apply a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio and will use reasonable assumptions and estimations.
- An appropriate methodology incorporates available information about all factors that are likely to materially affect the fair value of the investment. The valuation methodologies are applied consistently from period to period, except where a change would result in a better estimate of fair value. Any changes in valuation methodologies will be clearly disclosed in the financial statements.

The most widely used methodologies are listed below. In assessing which methodology is appropriate, the Directors are predisposed towards those methodologies that draw upon market-based measures of risk and return.

- Price of recent investment
- Earnings multiple
- Net assets
- Available market prices

Of these the two methodologies most applicable to the Company's investments are:

1 - Price of recent investment

Where the investment being valued was made recently, its cost will generally provide a good indication of value. It is generally considered that this would only apply for a limited period; in practice a period up to the start of the first live event or entertainment content which forms the investment is often applied as the long stop date for such a valuation.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

for the six months ended 30 June 2011

1. Accounting Policies (continued)

b) Valuation of Investments (continued)

2 - Discounted cash flows/earnings of the underlying business

Investments can be valued by calculating the net present value of expected future cashflows of the companies in which the Company will invest (the **Investee Companies**). In relation to the Company's investments, anticipating future cashflows in excess of the guaranteed amounts would clearly require highly subjective judgements to be made in the early stage of each investment and therefore would not be an appropriate methodology to apply in the early stage of the investment.

In the period prior to the first live event or entertainment content it is considered appropriate to use the price paid for the recent investment as the latest available information. Thereafter, the portfolio of investments is fair valued on the discounted cash flow/earnings basis using the latest available information on the performance of the live event or entertainment content. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

As a result of the above basis of valuation, there is significant judgement associated with the valuation of investments.

Non-qualifying Investments - Open Ended Investment Companies

The Company's non-qualifying investments in interest bearing money market open ended investment companies (**OEICs**) are valued at fair value which is bid price. They have been designated as fair value through profit and loss for the purposes of FRS 26.

Gains and losses arising from changes in fair value of qualifying and non-qualifying investments are recognised as part of the capital return within the income statement and allocated to the realised or unrealised capital reserve as appropriate. Transaction costs attributable to the acquisition or disposal of investments are charged to capital within the income statement.

c) Investment Income

Interest income is recognised in the income statement under the effective interest rate method. The effective interest rate is the rate required to discount the expected future income streams over the life of the loan to its initial carrying amount. The main impact for the Company in that regard is the accounting treatment of the loan premiums. Where those loan note premiums are charged in lieu of higher interest then they should be credited to income over the life of the advance to the extent those premiums are anticipated to be collected.

d) Dividend Income

Dividend income is recognised in the income statement once it is declared by the Investee Companies.

e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue account within the income statement except that:

- expenses which are incidental to the acquisition or disposal of an investment are charged to capital in the income statement as incurred; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated.
- The management fee has been allocated 50% to revenue and 50% to capital, which represents the split of the Company's long term returns.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

for the six months ended 30 June 2011

1. Accounting Policies (continued)**f) Deferred Taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

g) Ordinary Shares, C Shares, D Shares, E Shares and F Shares

The Company has five classes of shares; Ordinary Shares, C Shares, D Shares, E Shares and F Shares. Each share class has a separate pool of income and expenses as well as assets and liabilities attributable to it. All Share classes rank pari passu with each other in terms of voting and other rights.

2. Basic and Diluted Return per Share

The calculation of basic return per Ordinary Share is based on the return on ordinary activities after tax for the period and on a weighted average of 10,205,011 Ordinary Shares in issue for the six months ended 30 June 2011 (31 December 2010: 10,205,011; 30 June 2010: 10,205,011). The basic return per C Share has been calculated on a weighted average of 2,810,596 C Shares in issue for the six months ended 30 June 2011 (31 December 2010: 2,810,596; 30 June 2010: 2,810,596). The basic return per D Share has been calculated on a weighted average of 6,735,624 D Shares in issue for the six months ended 30 June 2011 (31 December 2010: 4,773,028; 30 June 2010: 2,924,224). The basic return per E Share has been calculated on a weighted average of 1,413,240 E Shares in issue for the six months ended 30 June 2011 (31 December 2010: Nil; 30 June 2010: Nil). The basic return per F Share has been calculated on a weighted average of 802,213 F Shares in issue for the six months ended 30 June 2011 (31 December 2010: Nil; 30 June 2010: Nil).

There are no dilutive potential Ordinary Shares, C Shares, D Shares, E Shares or F Shares, including convertible instruments, options or contingent share agreements in issue for the Company. The basic return per share is therefore the same as the diluted return per share.

In the prior year 6,785,624 D Shares were issued and allotted in accordance with the terms of the relevant Prospectus of which 6,735,624 D Shares were fully paid at the period end.

3. Non-qualifying Investments

In order to safeguard the capital available for investment in VCT qualifying investments and balance this with the need to provide good returns to investors, available funds from the net proceeds are invested in appropriate securities (money market securities and cash funds) until required for qualifying investment purposes.

4. Net Asset Value per Share

The net asset value per Ordinary Share has been calculated based on 10,205,011 Ordinary Shares being the number of Ordinary Shares in issue as at 30 June 2011 (31 December 2010: 10,205,011; 30 June 2010: 10,205,011).

The net asset value per C Share has been calculated based on 2,810,596 C Shares being the number of C Shares in issue as at 30 June 2011 (31 December 2010: 2,810,596; 30 June 2010: 2,810,596).

The net asset value per D Share has been calculated based on 6,735,624 D Shares being the number of D Shares in issue as at 30 June 2011 (31 December 2010: 6,735,624; 30 June 2010: 5,852,814).

INGENIOUS ENTERTAINMENT VCT 2

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

for the six months ended 30 June 2011

4. Net Asset Value per Share (continued)

In the prior year 6,785,624 D Shares were issued and allotted in accordance with the terms of the relevant Prospectus of which 6,735,624 D Shares were fully paid at the period end.

The net asset value per E Share has been calculated based on 2,712,935 E Shares being the number of E Shares in issue as at 30 June 2011 (31 December 2010: Nil; 30 June 2010: Nil).

The net asset value per F Share has been calculated based on 1,508,434 F Shares being the number of F Shares in issue as at 30 June 2011 (31 December 2010: Nil; 30 June 2010: Nil).

5. Related Party Transactions

a) The Company has appointed Ingenious Media Investments Limited, a company of which Patrick McKenna is a director, to be its promoter. Ingenious Media Investments Limited is a wholly owned subsidiary within the Ingenious Media Holdings plc group of companies (the **Ingenious Group**) which is controlled by Patrick McKenna. The Company paid the promoter (Ingenious Media Investments Limited) a fee of 5.5% of the gross proceeds of the offers for the E Shares and the F Shares which was paid in consideration of the service provided.

b) Ingenious Ventures Limited was the Manager until 28 February 2008, when the investment management agreement was novated to Ingenious Asset Management Limited, and Ingenious Ventures became a trading division of Ingenious Asset Management Limited. Patrick McKenna is a director of Ingenious Asset Management Limited and was a director of Ingenious Ventures Limited until 1 June 2009, which are both subsidiaries within the Ingenious Group, which is controlled by Patrick McKenna.

Ingenious Ventures (the **Manager**), as per the management agreement, receives a management fee of 0.4375% of the net asset value payable quarterly in advance (1.75% annualised). The Manager also charges an administration fee of £71k per annum and irrecoverable VAT.

c) The funds invested in OEICs, are managed by Ingenious Asset Management Limited, a company of which Patrick McKenna is a director. Ingenious Asset Management Limited is a subsidiary of the Ingenious Group, which is controlled by Patrick McKenna. There is no fee associated with this transaction.

d) Patrick McKenna is a director and a shareholder of Ingenious Entertainment VCT 1 plc. The Company and Ingenious Entertainment VCT 1 plc have jointly agreed to form a new company, Venn Music Limited, to co-promote a new festival called *We, The People* in Bristol. In February 2011 the Company invested £750k for a total of 15% of the equity in Venn Music Limited. Ingenious Entertainment VCT 1 plc also invested £750k for 15% of the equity in Venn Music Limited.

The investment of £750k in Venn Music Limited is the first joint investment between the C Shares (£225k) and the D Shares (£525k).

e) Patrick McKenna is a director and a shareholder of Ingenious Entertainment VCT 1 plc. The Company and Ingenious Entertainment VCT 1 plc have jointly agreed to form a new company, This Is Cricket Limited, to co-promote a live cricket event in London called *Titans of Cricket*. In June 2011 the Company invested £1,000k for a total of 15% of the equity in This Is Cricket Limited. Ingenious Entertainment VCT 1 plc also invested £1,000k for 15% of the equity in This Is Cricket Limited.

The investment of £1,000k in This Is Cricket Limited is the second joint investment between the C Shares (£200k) and the D Shares (£800k).

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

for the six months ended 30 June 2011

5. Related Party Transactions (continued)

- f) Patrick McKenna is a director and a shareholder of Ingenious Entertainment VCT 1 plc. In June 2011, an existing investee company, The Apple Cart Festival Limited which promotes *The Apple Cart Festival*, repaid £120,000 loan notes and equity to the Company. This reduced the Company's total investment in The Apple Cart Festival Limited, across the Ordinary Shares and C Shares to nil. The Apple Cart Festival Limited also repaid £120,000 loan notes and equity to Ingenious Entertainment VCT 1 plc reducing its total investment in The Apple Cart Festival Limited to nil.

During the period the Company has carried out a number of transactions with the above-mentioned related parties in the normal course of business and on an arm's length basis:

Entity	Note	Expenditure Paid			Amounts Due		
		30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
<i>Ingenious Asset Management Limited</i>							
- Investment management fee	b	166	128	280	-	-	-
- Administration fee	b	32	23	53	-	-	-
- Irrecoverable VAT	b	2	1	-	2	2	3
<i>Ingenious Media Investments Limited</i>							
- Arrangement fee	a	232	320	369	-	-	-

Transactions Between Related Parties

Ingenious Media Consulting Limited, a company which is a wholly-owned subsidiary in the Ingenious Group, which is controlled by Patrick McKenna, has entered into consultancy agreements with each of the Company's investee companies to provide management services. For the provision of such services, consulting fees totalling £68k excluding VAT (31 December 2010: £89k; 30 June 2010: £22k), have been invoiced for the period, £7k remains outstanding as at 30 June 2011 (31 December 2010: £Nil; 30 June 2010: £Nil).

6. The unaudited half-yearly financial report for the period ended 30 June 2011 has been properly prepared as defined in section 838(4) of the Companies Act 2006, for the purpose of the proposed payment of a D Share dividend in August 2011. The half-yearly financial report has been delivered to the Registrar of Companies.

The Company's statutory financial statements for the year ended 31 December 2010 have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 (2) or section 498 (3) of the Companies Act 2006.

7. Copies of the half-yearly financial report are being sent, or made available electronically, to all shareholders. Further copies can be downloaded from the Company's website: www.ingeniousvcts.co.uk

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