INGENIOUS LIVE VCT 2

HALF-YEARLY FINANCIAL REPORT
For the six months ending
30 June 2008

WE ARE **INGENIOUS**

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THE COMPANY AND ITS ADVISERS

The Company	Ingenious Live VCT 2 plc
Directors	Patrick McKenna (Chairman) Paul Gregg* Piers Gregson* Andrew Morris*
Company Secretary	Sarah Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	5943531
Investment Manager & 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 1 Embankment Place London WC2N 6RH
Registrar	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Sponsor and Stockbroker	Brewin Dolphin Securities Limited 34 Lisbon Street Leeds LS1 4LX

* Independent director

** Ingenious Ventures is a trading division of Ingenious Asset Management Limited. Ingenious Ventures Limited was the Manager up until 1 March 2008, when the Investment Management and Administration Agreement was novated to Ingenious Asset Management Limited.

INTERIM MANAGEMENT REPORT

I am delighted to present the Company's half-yearly financial statements covering the six months to 30 June 2008 (the Reporting Period).

Overview of activities

The Company has continued to actively source and review investment propositions during the Reporting Period. It has now identified a number of exciting opportunities that are in the later stages of negotiation and we look forward to reporting the details of these investments in due course.

In January the Company agreed an investment of £402,000 with The Rival Organisation to co-promote an exciting three day music concert at Powderham Castle in Devon for the 25-27 July. An excellent long weekend of music saw performances from artists as diverse as Boyzone, Katie Melua and an evening of classic 80s greats which was the highlight of the weekend, with excellent weather and an audience of around 10,000. The first year has raised the profile of Powderham Castle as a strong music venue and we believe a strong base has been laid to develop the event in future years.

Since the Reporting Period the Company has also invested just over £1 million in both Creamfields and Underage and Field Day in July.

Creamfields

The Company completed its third investment to back the second day of leading dance music festival Creamfields. Now celebrating its tenth anniversary year, the event boasts an impressive line up including Kasabian and Fatboy Slim for the weekend of the 23–25 August. Creamfields has established itself as arguably the world's leading dance festival, and is ranked among the UK's top five annual live music events, alongside Glastonbury, V and Reading. The festival has regularly attracted audiences of in excess of 40,000 and is the only festival concept to be successfully exported globally with events staged in over 12 countries.

Underage and Field Day

Following the success of last year's sold out Underage and Field Day festivals, the Company agreed to provide further funding to co-promote the second year of the festivals. The event returned for another weekend of exceptional music in August in Victoria Park, London. Underage attracted an impressive line up of artists including Dizzee Rascal, Gallows, Foals, The Horrors, The Rascals, Bonde Do Role and The Maccabees, whilst Field Day resumed the charm of a village fête and featured Simian Mobile Disco and Laura Marling as headline acts.

VCT qualifying status

The Company is managed as a venture capital trust, enabling shareholders to benefit from both the income and capital gains tax relief available. Shareholders will be aware that in order to qualify for this tax relief 70% of net funds raised must be invested in VCT qualifying companies within three years. Now a year since close of fundraising, the Manager believes that the Company will meet this condition given the number of investment opportunities being pursued.

Results

The Company made a loss on ordinary activities of £0.15 million in the period to 30 June 2008. The Company's net asset value, however, remained relatively constant during the period at 95.4 pence per share down from 95.6 at the beginning of period.

Outlook

It was noted in our review of the market in the last Annual Report and Accounts that 2007 had seen more music festivals than ever before in the UK. Whilst 2008 has certainly produced a large and varied number of music events, it is currently prudent for any UK business to take into consideration the slowdown of the economy. We think that the economic environment represents both an opportunity and a challenge for the Company and its underlying investments. A downturn in economic activity is likely to affect consumer discretionary spending and may force individuals to be more cautious in spending decisions. But this often means they are more selective, and strong brands will prosper at the expense of weaker ones. Backed by excellent management teams, our investments have carved out their own unique identity in the live music industry to create recognisable and lasting brands. Combined with investments such as Creamfields, which has now enjoyed ten years as an established event, the Manager remains confident that the portfolio of investments is robust enough to withstand the economic factors facing the industry.

The Manager continues to see a good flow of high-quality investment opportunities and looks forward to announcing our first investments in the consumer and trade exhibitions sectors in the near future. We would reiterate our commitment that, in the current economic environment, we will only invest in opportunities that meet the most stringent of investment criteria as set out above.

I intend to report further on such activity in my full statement to accompany the annual report and financial statements for the year ending 31 December 2008.

Patrick McKenna
Chairman

18 August 2008

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';
- and the half-yearly management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

The half yearly financial report was approved by the Board on 18 August and the above responsibility statement was signed on its behalf by

Patrick McKenna

Chairman

18 August 2008

INCOME STATEMENT (UNAUDITED)
for the six months ended 30 June 2008

		Six months ended 30 June 2008		
		Revenue	Capital	Total
	Note	£'000	£'000	£'000
Loss on disposal of investments		-	(21)	(21)
Increase in fair value of investments held		-	109	109
Investment income		4	60	64
Arrangement fees		-	-	-
Investment management fees		(52)	(52)	(104)
Other expenses		(63)	-	(63)
(Loss)/profit on ordinary activities before taxation		(111)	96	(15)
Tax on ordinary activities		-	-	-
(Loss)/profit attributable to equity shareholders		(111)	96	(15)
Basic and diluted return per share (pence)	2	(1.2)	1.0	(0.2)

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)
as at 30 June 2007

	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Opening shareholders' funds	**8,836**	-	-
Capital subscribed	**-**	8,201	9,227
Issue costs	**-**	(329)	(370)
Loss for the period	**(15)**	(111)	(21)
Closing shareholders' funds	**8,821**	7,761	8,836

INCOME STATEMENT (UNAUDITED) continued

Ten months ended 30 June 2007			Period ended 31 December 2007		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	-	-	-	-	-
-	21	21	-	186	186
35	-	35	69	63	132
(82)	-	(82)	(92)	-	(92)
(22)	(21)	(43)	(70)	(70)	(140)
(42)	-	(42)	(103)	(4)	(107)
(111)	-	(111)	(196)	175	(21)
-	-	-	-	-	-
(111)	-	(111)	(196)	175	(21)
(5.1)	-	(5.1)	(3.8)	3.4	(0.4)

BALANCE SHEET (UNAUDITED)
as at 30 June 2008

	Note	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Fixed assets				
Qualifying investments		**565**	-	163
Current assets				
Debtors		**8**	29	15
Non-Qualifying investments	3	**8,192**	7,602	8,514
Cash at bank and in hand		**76**	161	174
Creditors: amounts falling due within one year		**(20)**	(31)	(30)
Net current assets		**8,256**	7,761	8,673
Net assets		**8,821**	7,761	8,836
Capital and reserves				
Called-up share capital		**92**	82	92
Share premium account	4	**4,383**	7,790	8,765
Other reserves	4	**4,383**	-	-
Capital reserves				
realised	4	**(24)**	(21)	(11)
unrealised	4	**295**	21	186
Revenue reserve	4	**(308)**	(111)	(196)
Shareholders' funds		**8,821**	7,761	8,836
Net asset value (pence per share)	5	**95.4**	94.5	95.6

CASH FLOW STATEMENT (UNAUDITED)
for the six months ended 30 June 2008

	Six months ended 30 June 2008 £'000	Ten months ended 30 June 2007 £'000	Period ended 31 December 2007 £'000
Net cash outflow from operating activities	**(106)**	(130)	(192)
Capital expenditure and financial investment			
Purchase of qualifying investments	**(402)**	-	(163)
Purchase of non-qualifying investments	**(1,220)**	(7,581)	(8,559)
Disposal of non-qualifying investments	**1,630**	-	230
Net cash inflow/(outflow) from capital expenditure and financial investment	**8**	(7,581)	(8,492)
Financing			
Issue of redeemable preference shares	-	50	50
Repurchase of redeemable preference shares	-	(50)	(50)
Issue of ordinary shares	-	8,201	9,227
Expenses of the issue of ordinary shares	-	(329)	(369)
Net cash inflow from financing	-	7,872	8,858
Increase in cash	**(98)**	161	174

Reconciliation of Loss Before Taxation to Net Cash Flow from Operating Activities

	£'000	£'000	£'000
Loss on ordinary activities before tax	**(15)**	(111)	(21)
Gains on investments	**21**	-	-
Increase in fair value of investments held	**(109)**	(21)	(186)
Decrease/(increase) in debtors	**7**	(29)	(15)
(Decrease)/increase creditors	**(10)**	31	30
Net cash outflow/(inflow) from operating activities	**(106)**	(130)	(192)

Reconciliation of Net Cash Flow to Movement in Net Funds

	£'000	£'000	£'000
Opening cash balances	**174**	-	-
Net cash (outflow)/inflow	**(98)**	161	174
Closing cash balances	**76**	161	174

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
for the six months ending 30 June 2008

1. Accounting Policies

(a) Basis of Accounting

The financial statements for the half year ended 30 June 2008 have been prepared in compliance with the UK Generally Accepted Accounting Practice, and with the Statement of Recommended Practice (the SORP) entitled "Financial Statements of Investment Trust Companies" which was issued in January 2003 and revised in December 2005.

These financial statements have been drawn up adopting the accounting policies set out in the statutory accounts for the period ended 31 December 2007.

(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.

Investee Companies

Unquoted investments including equity and loan investments are stated at fair value in accordance with the International Private Equity and Venture Capital Guidelines and Financial Reporting Standard 26 "Financial Instruments: Recognition and Measurement" (FRS 26). They are designated at fair value through profit and loss in accordance with FRS 26.

The guidelines set out six permissible valuation methodologies, of these the two methodologies most applicable to the VCT 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 of up to a year is often applied as the long stop date for such a valuation.

2 - Discounted cash flows/earnings of the underlying business, calculating the net present value of expected future cashflows of the investee companies. In relation to the VCT 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.

The adopted approach fair values the investments at the "price of recent investment" (i.e. cost) in their first year of investment. Subsequently, 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.

Open Ended Investment Companies

The Company's investments in interest bearing money market open ended investment companies (OEICs) are valued at fair value, which is deemed to be mark-to-market. 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 the capital return within the income statement.

(c) Investment Income

Interest income is included on an accruals basis using the effective interest method.

(d) 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.

2. Basic and Diluted Return per Share

The calculation of basic return per share is based on the return on ordinary activities after tax for the period and on a weighted average of 9,242,845 ordinary shares in issue for the six months ended 30 June 2008 (31 December 2007: 5,156,960; 30 June 2007: 2,193,434).

There are no dilutive elements and therefore the basic return per share is the same as the diluted return per share.

3. Non-qualifying investments

In order to safeguard the capital available for investment in 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. Reserves

	Share premium £'000	Other reserve £'000	Capital realised £'000	Capital unrealised £'000	Revenue reserve £'000	Total reserves £'000
At 1 January 2008	8,765	-	(11)	186	(196)	8,744
Loss on disposal of investments	-	-	(21)	-	-	(21)
Increase in fair value of investments held	-	-	-	109	-	109
Investment Income	-	-	60	-	3	63
Investment management fees	-	-	(52)	-	(52)	(104)
Other expenses	-	-	-	-	(63)	(63)
Reduction of share premium account	(4,382)	4,383	-	-	-	1
At 30 June 2008	4,383	4,383	(24)	295	(308)	8,729

On 31 January 2008, the Company registered the court order dated 19 December 2007 which confirmed the reduction of the Company's share premium account by £4,382,670. The purpose of the reduction was to enable the company to create a distributable reserve for the purpose of purchasing shares in the market.

5. Net Asset Value per Share

The net asset value per share has been calculated based on 9,242,845 ordinary shares being the number of ordinary shares in issue as at 30 June 2008 (31 December 2007: 9,242,845; 30 June 2007: 8,216,606).

6. Contingent Asset

The Company had a contingent asset subsequent to the balance sheet date relating to VAT recoverable. The contingent asset has arisen as a result of an announcement by HM Revenue & Customs in Brief 35/08 that it accepts that VCT management should have fallen within the VAT exemption for fund management introduced on 1 January 1990, and now invites claims for VAT charged retrospectively.

The amount of VAT recoverable is yet to be finalised.

7. Related Party Transactions

The Company has appointed Ingenious Media Investments Limited, a company in which Patrick McKenna is a director, to be their promoter. Ingenious Media Investments Limited is ultimately owned by Ingenious Media Holdings Plc which is controlled by Patrick McKenna.

The Company has appointed Ingenious Ventures to provide investment management and administrative services. Ingenious Ventures Limited was the Manager up until 1 March 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 Ventures Limited and Ingenious Asset Management Limited, which are both wholly owned subsidiaries within the Ingenious Media Holdings plc group, which is controlled by Patrick McKenna.

The funds invested in OEICs, are also managed by Ingenious Asset Management Limited.

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

Entity	**30 June 2008 Expenditure paid £'000**	30 June 2007 Expenditure paid £'000	31 December 2007 Expenditure paid £'000	**30 June 2008 Amounts due £'000**	30 June 2007 Amounts due £'000	31 December 2007 Amounts due £'000
Ingenious Ventures						
- Investment management fee	**104**	43	140	**-**	-	-
- Administration fee	**11**	5	15	**-**	-	-
Ingenious Media Investments Limited						
- Arrangement fee	**-**	82	461	**-**	-	-
				Amounts receivable £'000	Amounts receivable £'000	Amounts receivable £'000
Ingenious Media Investments Limited						
- Expenses recharged				**-**	-	12

Ingenious Media Consulting Limited, a company in which Patrick McKenna is a director, has entered into consultancy agreements with each of the investee companies to provide management services. For the provision of such services, consulting fees totalling £36,498 including VAT (31 December 2007: nil; 30 June 2007: nil), have been invoiced for the period, none of which remains outstanding as at 30 June 2008.

Patrick McKenna is a director of The Young Vic (a registered charity) which holds 0.2% of the equity in each of the investee companies.

8. The unaudited half-yearly financial statements for the period ended 30 June 2007 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies.

9. Copies of the half-yearly report are being sent to all shareholders. Further copies can be obtained from the Company's Registered Office at 15 Golden Square, London, W1F 9JG.

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