



Interim Financial Statements

**For the 6 months ended
30 September 2006**

GATEWAY VCT plc

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GATEWAY VCT plc

Financial Summary

	6 months ended 30 September 2006 (unaudited)	6 months ended 30 September 2005 (unaudited)	Audited Year ended 31 March 2006
Net asset value at period end before distributions	53.61p	64.70p	57.28p
Net asset value after distributions	52.61p	64.70p	56.28p
Loss per share for the period	0.61p	0.85p	1.10p

GATEWAY VCT plc

Directors and Advisers

DIRECTORS

M Teacher
D Svendsen
G Woolfman
N Metcalfe

All directors are non-executive

COMPANY SECRETARY

Cavendish Square Secretariat
Chelsea House
West Gate
London
W5 1DR

REGISTERED OFFICE

Chelsea House
West Gate
London
W5 1DR

SOLICITORS

Howard Kennedy
19 Cavendish Square
London
W1A 2AW

AUDITORS

Grant Thornton UK LLP
1 Westminster Way
Oxford
OX2 0PZ

INVESTMENT ADVISERS

Gateway Advisory and Management LLP
Chelsea House
Westgate
London
W5 1DR
Tel: 020 8991 4577

REGISTRARS

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA
Tel: 0870 1623100

VCT TAXATION ADVISERS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registered in England, Company No. - 03930317

GATEWAY VCT plc

Chairman's Report

We report the interim results for the six months ended 30 September 2006. When taking into account the realised and unrealised movements on both the listed and unlisted investments, there are total losses recognised during the period of £498,000 (2005: recognised losses of £664,000). A Statement of total recognised gains and losses is set out on page 5. The shareholders' funds at 30 September were £7.151 million representing 52.61p per share. This represents a reported reduction of 3.67p per share from the year end position at 31 March 2006.

During the period, having adjusted for purchases and sales of holdings, the movement in valuation of the listed technology stocks portfolio was down approximately 11%. This portfolio is being managed with a view to realising stocks when appropriate, and therefore the portfolio is subject to the greater volatility of the remaining individual holdings.

Approximately 36% (at bid price) of the market valuation of the overall Investment Portfolio is quoted on AIM, comprising holdings in seven companies. During the period the FTSE AIM All-Share index fell by approximately 8.5%. Our portfolio consists entirely of smaller technology related companies, and its value fell by approximately 14% over the period.

As we commented in the Report and Accounts for the year ended 31 March 2006, the Company's reported net asset value is particularly affected by volatility in relation to the investment in Sarantel. During the period the mid market price per share fell from 36p to a low of 9p and recovered to 18p. Since the period end it has reached 20p. During the period, Sarantel announced the appointment of a new non executive Chairman, and the appointment of two further non executive directors has been announced since the period end. We believe the company will benefit from the additional experience contributed by these board appointees.

The AIM portfolio would have shown a small increase in value for the period if the holding in Sarantel were excluded.

During the period other companies within the Investment Portfolio reported progress.

Vectura Group plc announced the successful outcome of a Phase II clinical study for one of its products, the treatment of patients with Parkinson's disease. It also raised £45m in a new share placing.

Pilat Media Global plc announced substantial increases in revenue and profits for its six month period, and the signing of a further contract with a major USA based broadcaster.

During the period Avidex Limited was acquired by the biotech company MediGene AG which is quoted on the Frankfurt stock exchange. As a result of the transaction we received shares in MediGene in exchange for our shares in Avidex, and the carrying value of our holding increased by approximately £73,000.

The Board terminated the Investment Advisory Agreement with Cavendish Asset Management Limited ("CAM") by mutual consent on 29 September 2006. CAM will continue to provide investment advisory and execution services to the Company in respect of quoted stocks and gilt holdings. The Company, Graham Woolfman and Andrew Sherski have become partners in a Limited Liability Partnership, and the Board, through this structure will manage the Company and its investment activities directly. The Board is confident that these arrangements will enable the ongoing management of the Company to be conducted in an efficient and properly resourced manner.

We continue to monitor and support investments closely, both for exit opportunities and follow on investment requirements. We also continue to examine new qualifying investment opportunities, and in this respect are mindful of the requirement for the Company to comply with the necessary Venture Capital Trust Regulations.

We believe that the outlook for the UK economy and our Investment Portfolio is broadly positive, although we are concerned that smaller companies including those quoted on AIM, will continue to be subject to volatile market conditions in the short to medium term.

Michael Teacher
CHAIRMAN
10 November 2006

GATEWAY VCT plc

Profit and Loss Account

	Unaudited 6 months ended 30 September 2006	Unaudited 6 months ended 30 September 2005	Audited Year ended 31 March 2006
	£000	£000	£000
(Loss)/profit on realisation of investments	(14)	(14)	13
Investments income	59	56	115
Investment management fees	(67)	(107)	(181)
Other expenses	(61)	(50)	(97)
Loss on ordinary activities before taxation	(83)	(115)	(150)
Taxation on loss on ordinary activities	-	-	-
Loss on ordinary activities after taxation	(83)	(115)	(150)
Loss per share	(0.61)p	(0.85)p	(1.10)p

Statement of total recognised gains and losses

	Unaudited 6 months ended 30 September 2006	Unaudited 6 months ended 30 September 2005	Audited Year ended 31 March 2006
	£000	£000	£000
Loss on ordinary activities after taxation	(83)	(115)	(150)
Unrealised loss on revaluation of investments	(435)	(591)	(1,554)
Previous unrealised losses realised in the period	20	42	31
Total losses recognised during the period	(498)	(664)	(1,673)

Note of historical cost profits and losses

	Unaudited 6 months ended 30 September 2006	Unaudited 6 months ended 30 September 2005	Audited Year ended 31 March 2006
	£000	£000	£000
Loss on ordinary activities before taxation	(83)	(115)	(150)
Historical cost loss on ordinary activities before taxation	(83)	(115)	(150)
Historical cost loss on ordinary activities retained	(83)	(115)	(150)

GATEWAY VCT plc

Balance Sheet

	Unaudited 6 months ended 30 September 2006	Unaudited 6 months ended 30 September 2005	Audited Year ended 31 March 2006
	£000	£000	£000
Investments	7,076	8,425	7,533
Net current assets	75	369	116
Net assets	7,151	8,794	7,649
<u>Capital and Reserves</u>			
Called-up share capital	679	679	679
Special distributable reserve	8,102	8,102	8,102
Capital redemption reserve fund	1	1	1
Revaluation reserve	(1,058)	254	(643)
Profit and loss account	(573)	(242)	(490)
Total shareholders' funds	7,151	8,794	7,649
Net asset value per ordinary share	52.61p	64.70p	56.28p

Changes in Equity

	Unaudited 6 months ended 30 September 2006	Unaudited 6 months ended 30 September 2005	Audited Year ended 31 March 2006
	£000	£000	£000
Shareholders' funds at beginning of period	7,649	9,463	9,463
Total losses recognised in the period	(498)	(664)	(1,673)
Repurchase of ordinary share capital	-	(5)	(5)
Dividends	-	-	(136)
	7,151	8,794	7,649

GATEWAY VCT plc

Cash Flow Statement

	Unaudited 6 months ended 30 September 2006		Unaudited 6 months ended 30 September 2005		Audited Year ended 31 March 2006	
	£000	£000	£000	£000	£000	£000
Net cash outflow from operating activities		(78)		(138)		(187)
Returns on investment and servicing of finance						
Dividends paid		-		-		(136)
Capital expenditure and financial investments						
Purchase of investments	(6)		(146)		(284)	
Sale of investments	36		357		440	
Net cash inflow/(outflow) from financial investments		30		211		156
Financing						
Payments to redeem the Company's shares		-		(5)		(5)
(Decrease)/increase in cash at bank		<u>(48)</u>		<u>68</u>		<u>(172)</u>
Analysis of cash balance						
At 1 April		194		366		366
Net cash (outflow)/inflow for the period		(48)		68		(172)
Cash balance at 30 September 2006		<u>146</u>		<u>434</u>		<u>194</u>

Notes :-

1. The financial information given above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended 31 March 2006 have been extracted from the financial statements for that period; the auditors' report on those financial statements under section 235 of the Companies Act 1985 was unqualified.

The comparative figures at 30 September 2005 have been restated to conform with the presentation adopted in the 2006 annual report as a result of the implementation of new accounting standards. This restatement had no effect on net assets or net asset value per share.

2. Loss per share is based on 13,591,734 ordinary shares, being the weighted average number of shares in issue for this period (13,606,072 for the period ended 30 September 2005 and 13,598,802 for the period ended 31 March 2006).
3. The net asset values per Ordinary Share are based on 13,591,734 shares in issue at each of the period ends.
4. Copies of the Interim Report are being sent to shareholders and can be obtained from the registered office: Chelsea House, West Gate, London, W5 1DR.

GATEWAY VCT plc

Investment Portfolio

	Holding	Per unaudited Balance Sheet as at 30 September 2006			
		Cost £	Valuation £	% of Net Assets	Gain/ (Loss) £
Qualifying Investments					
Listed Overseas					
Medigene AG	54,478	581,066	218,457	3.05	(362,609)
AIM					
Galapagos Genomics NV	9,868	127,200	53,287	0.75	(73,913)
OMG plc	233,333	175,000	68,250	0.95	(106,750)
Deltex Medical plc	800,000	200,000	152,000	2.13	(48,000)
Sarantel Group plc	2,452,448	810,223	416,916	5.83	(393,307)
Pilat Media Global plc	1,200,000	240,000	756,000	10.57	516,000
ANGLE plc	126,582	100,000	105,063	1.47	5,063
Vectura Group plc	1,147,035	553,164	1,043,802	14.60	490,638
Unlisted					
Jacobs Rimell Ltd	246,489	943,929	427,620	5.98	(516,309)
Burgundy Global Ltd - ordinary B shares	147,058	750,000	-	0.00	(750,000)
Burgundy Global Ltd - ordinary C shares	217,392	100,000	100,000	1.40	-
Burgundy Global Ltd - loan notes of £1 each	500,000	500,000	1,000,000	13.98	500,000
Networks by Wireless Ltd	700,000	700,000	700,000	9.79	-
Qualifying Investments Sub Total		5,780,582	5,041,395	70.50	(739,187)
Non-Qualifying Investments					
Quoted Stocks		754,667	492,914	6.89	(261,753)
Gilts – Treasury 5.75% 2009		1,597,895	1,541,850	21.56	(56,045)
Non Qualifying Investments Sub Total		2,352,562	2,034,764	28.45	(317,798)
Total Investment Portfolio		8,133,144	7,076,159	98.95	(1,056,985)

Notes:-

- Balance sheet values in respect of quoted stocks have been calculated using bid market prices.
- Unquoted investments are stated at historic cost or fair value (as per the International Private Equity and Venture Capital Valuation guidelines) unless, in the opinion of the directors, there has been a diminution in value, in which case this has been provided for.
- Shares are non-qualifying if they have been acquired in the market rather than as a result of a new issue.