

ProVen Growth and Income VCT plc

**Half-Yearly Financial Report
for the Six Months Ended 31 August 2007**

SHAREHOLDER INFORMATION

Recent Performance Summary

	31 Aug 2007 pence	28 Feb 2007 pence	31 Aug 2006 pence
Net asset value per Ordinary share	126.0	129.7	171.0
Cumulative distributions per Ordinary share	<u>75.9</u>	<u>68.9</u>	<u>18.9</u>
Total return per Ordinary share	<u><u>201.9</u></u>	<u><u>198.6</u></u>	<u><u>189.9</u></u>
Net asset value per 'C' share	95.7	97.2	95.1
Cumulative distributions per 'C' share	<u>2.0</u>	<u>-</u>	<u>-</u>
Net asset value per 'C' share	<u><u>97.7</u></u>	<u><u>97.2</u></u>	<u><u>95.1</u></u>

Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Interim Statements and Interim Management Statements can be found on the Company's website: www.provenvets.com

Dividend history, links to Company announcements and other financial information can be found on Downing's website at www.downing.co.uk by clicking on "VCT Information and Accounts". Shareholders can also check details of their shareholdings using Capita Registrar's website at www.capitaregistrars.com, by clicking on "Shareholders".

Dividend History

Pence per share	Year ended 28 February							Total
	2002	2003	2004	2005	2006	2007		
Ordinary Shares	1.4	1.0	3.5	6.5	6.5	57.0	75.9	
'C' Shares	n/a	n/a	n/a	n/a	n/a	2.0	2.0	

Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandate Forms can be downloaded from <http://www.capitaregistrars.com/shareholders/information>.

Queries relating to dividends and requests should be directed to the Company's Registrar, Capita Registrars, whose details are on the back cover of this document.

Share Prices

The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes.

TIDM/EPIC code	Ordinary shares "PGO"	'C' shares "PGOC"
Latest share price (29 October 2007):	109.0p per share	87.0p per share

Selling Shares

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. Disposing of your shares may have tax implications so you should consult your independent financial adviser if you have any queries.

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a Stockbroker to sell your shares. Downing Management Services Limited is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Contact details are shown on the back cover of this document.

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the results of Proven Growth & Income VCT plc for the six months ended 31 August 2007

Net Asset Values

At 31 August 2007, the Company's net asset value per Ordinary Share stood at 126.0p, an increase of 3.3p (2.5%) per share since the previous year end (after adjusting for dividends paid in the period).

The net asset value per 'C' share at 31 August 2007 stood at 95.7p, a small increase of 0.5p per share since 28 February 2007 (again after adjusting for dividends paid in the period).

Venture Capital Investments

Ordinary Share Pool

Two disposals took place from the Ordinary Share pool during the period. Oasis Healthcare plc was the subject of a takeover offer generating a realised gain in the period of £219,000. The remaining holding in AIM-quoted Cardpoint plc was also sold realising a gain against original cost of £44,000.

The Board has reviewed the valuations of the investments held at the period end and made several valuation adjustments. The net unrealised movement on the venture capital investments was a gain of £111,000 over the period.

'C' Share Pool

The Manager has been very active during the period in building the 'C' Share portfolio. Nine new investments were made at a total cost of £5.5 million. The 'C' Share pool now comprises eleven investments with a total cost of £6.4 million.

In reviewing the valuations at the period end, the Board has agreed two valuation adjustments such that the portfolio shows a small loss of £87,000 over the six months.

Further details of the investments and investment management activities are included in the Investment Manager's Report on page 3.

Liquidity Fund Investments

The Company holds a proportion of its surplus funds in AAA rated liquidity funds. At the period end the Company held £18.1 million in six such funds, the majority of which related to the 'C' Share pool. The Board expects to continue to hold these investments until funds are needed for venture capital investments.

Results

The return on ordinary activities after taxation for the period was £330,000 (comprising £313,000 revenue return and £17,000 capital return). Details of how this is analysed between the share pools is shown in note 7.

Dividend

The Company will pay an interim capital dividend of 6.0p per Ordinary Share.

A revenue dividend of 1.0p per C Share will also be paid. Both dividends will be paid on 6 December 2007 to Shareholders on the registers at 16 November 2007.

Repurchase of Shares

The Company has a policy of purchasing its own shares that become available, at approximately a 10% discount to the latest published NAV, in order to help provide liquidity to those Shareholders that need it.

During the period the Company purchased 4,427 Ordinary Shares at an average price of 109.5p per share and 13,420 "C" shares at an average price 86.0p per share. These shares were subsequently cancelled.

CHAIRMAN'S STATEMENT (continued)

Risk and uncertainties

Under the Disclosure and Transparency Directive, the Board is now required in the Company's half year results, to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks facing the Company over the remainder of the financial period are as follows:

- (i) investment risk associated with a large proportion of the Company's assets being invested in a small number of investments;
- (ii) investment risk associated with investing in small and immature businesses; and
- (iii) failure to maintain approval as a VCT.

Although having a large proportion of the Company's assets invested in a small number of investments involves additional risks, this situation is not unusual within the venture capital industry and has arisen as a result of strong growth in the value of two investments. The Board regularly reviews the position to ensure that the potential benefits of continuing to hold these investments outweighs the additional risk.

In the case of the other key risks, the Board is also satisfied with the Company's approach. The Investment Manager follows a rigorous process in vetting and careful structuring of new investments and, after the investment is made, close monitoring of the business.

The Company's compliance with the VCT regulations is continually monitored by the Administrator, who regularly report to the Board on the current position. The Company also retains PricewaterhouseCoopers to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to a minimal level.

Outlook

The Investment Manager's main focus now is on new investing activities, particularly in respect of the 'C' Share pool. At 31 August 2007, approximately 26% of the 'C' Share funds were invested in VCT qualifying businesses. With the target of 70% to be invested by 28 February 2009, the Board receives regular updates from the Manager to ensure that the satisfactory rate of investments achieved to date is maintained and a good quality, well-diversified portfolio is built in a timely manner.

Despite the recent turbulence in stockmarkets, the Board is cautiously optimistic that the Manager can deliver further good results from this portfolio. Although there have been a number of major, profitable realisations in recent periods, the Ordinary Share portfolio still includes a number of maturing investments with bright prospects.



Andrew Davison
Chairman

30 October 2007

INVESTMENT MANAGER'S REVIEW

Introduction

This review covers the Company's six month period ended 31 August 2007. The total return attributable to the ordinary shares was 201.9p, more than double the initial subscription price, and an increase of 2.1% over the period. This compares to an increase in the total return on the FTSE All Share Index over the six month period of 4.2%.

The 'C' Shares show a total return of 97.7p compared to 94.5p at launch and a small increase of 0.5p over the total return at 28 February 2007.

The Company continued to comply with the VCT regulations throughout the period.

Portfolio Activity

The period has seen a significant number of new investments from the 'C' Share pool, and two further realisations from the ordinary share pool.

Ordinary Share Pool

During the period the Company made two realisations. Oasis Healthcare, which was one of the VCT's earliest investments back in 2001, was sold after a period of sustained performance generating a total gain of 2.3 times the initial investment. The Company's remaining holding in Cardpoint was finally sold at a small profit to the initial cost.

'C' Share Pool

The period saw good progress towards investing the proceeds of the 2005/2006 'C' Share fundraising. In total, nine new investments totalling £5.5 million were made.

	Amount
Company & activity	£'000
The Vending Corporation <i>Distribution of automated vending machines</i>	1,000
Optima Data Intelligence Services <i>Marketing and data intelligence services</i>	1,000
Eagle Rock Entertainment <i>Music and entertainment programming</i>	680
Saffron Media Group <i>Mobile telephone and web services content provider</i>	670
Heritage Media Partners <i>Image library rights owner</i>	650
Charterhouse Leisure <i>Development of "Coal" branded restaurants</i>	529
Steak Media <i>Online marketing services</i>	375
Dianomi <i>Online marketing services</i>	324
Coolabi <i>AIM-quoted character rights owner</i>	300
Total	5,528

An agreement has been reached to make further investments in both Heritage Media Partners and Charterhouse Leisure subject to satisfactory performance and the achievement of other targets.

INVESTMENT MANAGER'S REVIEW (continued)

Portfolio Valuation

Ordinary Share Pool

At 31 August 2007, the Company's quoted and unquoted Ordinary Share pool comprised 11 investments valued at £6.3 million. The major change for investments held at 28 February 2007 was a further uplift in the value of Espresso Broadband reflecting continued good progress within its core primary school market and the increasing contribution made by its newer, recent acquisitions. Offsetting this gain, in part, have been falls in the valuations of AIM companies Pilat and UBC Media. The Company's investment in Gyro has also fallen slightly as the result of the fall in market comparables although we continue to be pleased with the company's progress.

In addition to the venture capital investments, the Ordinary Share pool held over £1.2 million in cash and liquidity funds.

C Share Pool

At 31 August 2007, the Company's quoted and unquoted 'C' Share pool comprised 11 investments with a total value of £6.6 million. Nine of these investments were valued at cost in accordance with venture capital valuation guidelines, the exceptions being ILG and Gyro which were valued on an earnings multiple basis. In addition, the 'C' Share pool held over £17 million in cash and liquidity funds.

Further details of both portfolios are provided on page 9.

Outlook

The Company has made good progress towards investing the proceeds of the C share fundraising and, equally importantly, we continue to take an active role in the management of the existing portfolio. We are excited to be working again with proven entrepreneurs from previous portfolio companies following the Company's investments in Charterhouse Leisure (run by the management team from former portfolio company *Ma Potters*) and Steak Media (run by senior executives from *Espotting*) In addition, we are delighted to be backing new management teams with exciting ideas and visions.

The stockmarket falls of August 2007 demonstrate the dynamic environment in which we operate. Debt providers now appear to be taking a more cautious approach to funding new investments and this may have an effect on both new investment and possible exit opportunities. We believe, however, that strong, well managed businesses will continue to do well and are broadly pleased with the overall performance and positioning of the portfolios.

Beringea Limited

30 October 2007

UNAUDITED SUMMARISED BALANCE SHEET

as at 31 August 2007

	As at 31 Aug 2007			As at 31 Aug 2006	As at 28 Feb 2007
	Ordinary shares £'000	'C' Shares £'000	Total £'000	Total £'000	Total £'000
Investments	6,286	6,649	12,935	10,475	7,732
Net current assets	1,609	17,253	18,862	24,108	24,690
Net assets	<u>7,895</u>	<u>23,902</u>	<u>31,797</u>	<u>34,583</u>	<u>32,422</u>
Capital and reserves					
Called up share capital	63	1,248	1,311	1,312	1,312
Capital redemption reserve	8	1	9	8	8
Share premium account	27	22,357	22,384	22,384	22,384
Special reserve	4,905	-	4,905	5,189	4,977
Capital reserve - realised	713	(257)	456	389	722
Capital reserve - unrealised	2,074	237	2,311	4,897	2,337
Revenue reserve	105	316	421	404	682
Equity shareholder's funds	<u>7,895</u>	<u>23,902</u>	<u>31,797</u>	<u>34,583</u>	<u>32,422</u>
Net asset value per:					
Ordinary Share	126.0p			171.0p	129.7p
'C' Share		95.7p		95.1p	97.2p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Aug 2007			31 Aug 2006	28 Feb 2007
	Ordinary shares £'000	'C' Shares £'000	Total £'000	Total £'000	Total £'000
Opening shareholders' funds	8,134	24,288	32,422	11,074	11,074
Issue of shares	-	-	-	22,350	22,350
Share issue costs	-	-	-	(1,230)	(1,229)
Repurchase of own shares	(5)	(11)	(16)	(70)	(146)
Total recognised gains for the period	205	125	330	2,682	3,746
Distributions paid in period	(439)	(500)	(939)	(223)	(3,373)
Closing shareholders' funds	<u>7,895</u>	<u>23,902</u>	<u>31,797</u>	<u>34,583</u>	<u>32,422</u>

INCOME STATEMENT

for the six months ended 31 August 2007

	Six months ended 31 Aug 2007		
	Revenue £'000	Capital £'000	Total £'000
Company Total			
Income	700	-	700
Gains on investments	-	236	236
	700	236	936
Investment management fees	(95)	(284)	(379)
Performance incentive fees	(13)	(75)	(88)
Other expenses	(139)	-	(139)
	453	(123)	330
Return on ordinary activities before taxation			
Taxation	(140)	140	-
	313	17	330
Return attributable to equity shareholders			
Return per Ordinary share	0.3p	3.0p	3.3p
Return per 'C' share	1.2p	(0.7p)	0.5p
 Ordinary Shares			
Income	110	-	110
Gains on investments	-	323	323
	110	323	433
Investment management fees	(24)	(73)	(97)
Performance incentive fees	(13)	(75)	(88)
Other expenses	(43)	-	(43)
	30	175	205
Return on ordinary activities before taxation			
Taxation	(11)	11	-
	19	186	205
Return attributable to equity shareholders			
 'C' Shares			
Income	590	-	590
(Losses)/gains on investments	-	(87)	(87)
	590	(87)	503
Investment management fees	(71)	(211)	(282)
Other expenses	(96)	-	(96)
	423	(298)	125
Return on ordinary activities before taxation			
Taxation	(129)	129	-
	294	(169)	125
Return attributable to equity shareholders			

	Six months ended 31 Aug 2006		Year ended 28 Feb 2007
Revenue £'000	Capital £'000	Total £'000	Total £'000
566	-	566	1,255
-	2,607	2,607	4,115
<u>566</u>	<u>2,607</u>	<u>3,173</u>	<u>5,370</u>
(90)	(269)	(359)	(759)
-	-	-	(604)
(132)	-	(132)	(258)
<u>344</u>	<u>2,338</u>	<u>2,682</u>	<u>3,749</u>
<u>(56)</u>	<u>56</u>	<u>-</u>	<u>(3)</u>
<u>288</u>	<u>2,394</u>	<u>2,682</u>	<u>3,746</u>
0.2p	39.6p	39.8p	48.5p
1.2p	(0.6p)	0.6p	2.8p
80	-	80	200
-	2,607	2,607	3,791
<u>80</u>	<u>2,607</u>	<u>2,687</u>	<u>3,991</u>
(26)	(78)	(104)	(222)
-	-	-	(604)
(44)	-	(44)	(89)
<u>10</u>	<u>2,529</u>	<u>2,539</u>	<u>3,076</u>
<u>6</u>	<u>(6)</u>	<u>-</u>	<u>(3)</u>
<u>16</u>	<u>2,523</u>	<u>2,539</u>	<u>3,073</u>
486	-	486	1,055
-	-	-	324
<u>486</u>	<u>-</u>	<u>486</u>	<u>1,379</u>
(64)	(191)	(255)	(537)
(88)	-	(88)	(169)
<u>334</u>	<u>(191)</u>	<u>143</u>	<u>673</u>
<u>(62)</u>	<u>62</u>	<u>-</u>	<u>-</u>
<u>272</u>	<u>(129)</u>	<u>143</u>	<u>673</u>

UNAUDITED CASH FLOW STATEMENT

for the six months ended 31 August 2007

	Note	Six months ended 31 Aug 2007 £'000	Six months ended 31 Aug 2006 £'000	Year ended 28 Feb 2007 £'000
Cash (outflow)/inflow from operating activities and returns on investments	1	(605)	126	387
Capital expenditure				
Purchase of investments		(5,528)	(261)	(1,145)
Sale of investments		562	-	4,799
Net cash (outflow)/inflow from capital expenditure		(4,966)	(261)	3,654
Equity distributions paid		(939)	(223)	(3,373)
Management of liquid resources				
Purchase of current investments held as liquidity funds		-	(23,600)	(24,600)
Withdrawal from liquidity funds		3,900	-	3,000
		3,900	(23,600)	(21,600)
Net cash outflow before financing		(2,610)	(23,958)	(20,932)
Financing				
Proceeds from share issue		-	18,266	18,266
Share issue costs		-	(1,254)	(1,254)
Purchase of own shares		(16)	(59)	(146)
Net cash (outflow)/inflow from financing		(16)	16,953	16,866
Decrease in cash	2	(2,626)	(7,005)	(4,066)

Notes to the cash flow statement:

1 Cash flow from operating activities and returns on investments

Net revenue before taxation	453	344	807
Expenses charged to capital	(360)	(269)	(1,173)
Increase in other debtors	(48)	(110)	(53)
(Decrease)/increase in accruals and other creditors	(650)	161	806
Net cash (outflow)/inflow from operating activities	(605)	126	387

2 Analysis of net funds

Beginning of period	3,123	7,189	7,189
Net cash outflow	(2,626)	(7,005)	(4,066)
End of period	497	184	3,123

SUMMARY OF INVESTMENT PORTFOLIO

as at 31 August 2007

	Cost £'000	Valuation £'000	% of portfolio by value	Movement in the period £'000
Ordinary Share pool				
Venture capital investments				
Espresso Broadband Limited	784	2,416	32.0%	374
ILG Digital Limited (formerly i-Level Limited)	600	1,595	21.1%	(38)
Gyro International Limited	500	896	11.9%	(127)
Campden Media Limited	488	594	7.9%	67
Ashford Colour Press Limited	550	466	6.2%	7
UBC Media plc *	400	143	1.9%	(63)
Pilat Media Global plc *	50	119	1.6%	(67)
Sports Holdings Limited	260	39	0.5%	(37)
Immedia Broadcasting plc *	171	18	0.2%	(5)
Baby Innovations S.A. t/a Steribottle	209	-	-	-
Campus Communications Group Limited (formerly – JVTV Holdings Limited)	200	-	-	-
Total venture capital investments	4,212	6,286	83.3%	111
Liquidity funds		1,000	13.2%	
Cash at bank and in hand		264	3.5%	
Ordinary Share Pool – Total		7,550	100.0%	
C' Share pool				
Venture capital investments				
Optima Data Intelligence Limited	1,000	1,000	4.2%	-
The Vending Corporation Limited	1,000	1,000	4.2%	-
Gyro International Limited	681	821	3.4%	(80)
Eagle Rock Entertainment Group Limited	680	680	2.8%	-
Saffron Media Group Limited	670	670	2.8%	-
Heritage Partners Limited	650	650	2.7%	-
Charterhouse Leisure Limited	529	529	2.2%	-
Steak Media Limited	375	375	1.6%	-
Dianomi Limited	324	324	1.4%	-
Coolabi plc*	300	300	1.2%	-
ILG Digital Limited (formerly i-Level Limited)	203	300	1.2%	(7)
Total venture capital investments	6,412	6,649	27.7%	(87)
Liquidity funds		17,100	71.3%	
Cash at bank and in hand		233	1.0%	
'C' Share Pool – Total		23,982	100.0%	
Company Total		31,532		

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

SUMMARY OF INVESTMENT MOVEMENTS

For the six months ended 31 August 2007

Additions

	£'000
'C' Share Portfolio	
Optima Data Intelligence Services Limited	1,000
The Vending Corporation Limited	1,000
Eagle Rock Entertainment Group Limited	680
Saffron Media Group Limited	670
Heritage Partners Limited	650
Charterhouse Leisure Limited	529
Steak Media Limited	375
Dianomi Limited	324
Coolabi plc	300
	<u>5,528</u>

Disposals

	Cost £'000	Market value at 1 March 2007 £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Total realised gain/(loss) £'000
Ordinary Share Portfolio					
Cardpoint plc	129	176	173	44	(3)
Oasis Healthcare plc	170	172	389	219	217
	<u>299</u>	<u>348</u>	<u>562</u>	<u>263</u>	<u>214</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. The unaudited interim results cover the six months to 31 August 2007 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 28 February 2007 which were prepared under UK Generally Accepted Accounting Practice (“UK GAAP”) and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” revised December 2005 (“SORP”).
2. All revenue and capital items in the Income Statement derive from continuing operations.
3. There are no recognised gains or losses other than those disclosed in the Income Statement.
4. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
5. The comparative figures were in respect of the period ended 31 August 2006 and the year ended 28 February 2007 respectively.
6. Net Asset Value per share calculations are based on the following:

	Ordinary Shares	‘C’ Shares
Net Assets (£’000)	<u>7,895</u>	<u>23,902</u>
Number of shares in issue at period end	<u>6,267,239</u>	<u>24,979,862</u>

7. Return per share calculations are based on the following:

	Ordinary Shares	‘C’ Shares
Revenue return per share based on: Net revenue profit after taxation (£’000)	<u>19</u>	<u>294</u>
Weighted average number of shares in issue	<u>6,270,752</u>	<u>24,979,862</u>
Capital return per share based on: Net capital gain/(loss) after taxation (£’000)	<u>186</u>	<u>(169)</u>
Weighted average number of shares in issue	<u>6,270,752</u>	<u>24,966,242</u>

8. Dividends

	31 August 2007			31 August 2006			28 Feb 2007
Paid in year	Revenue £’000	Capital £’000	Total £’000	Revenue £’000	Capital £’000	Total £’000	Total £’000
Ordinary Share dividends							
2007 second interim	63	376	439	-	-	-	-
2007 first interim	-	-	-	-	-	-	3,150
2006 second interim	-	-	-	32	191	223	223
	<u>63</u>	<u>376</u>	<u>439</u>	<u>32</u>	<u>191</u>	<u>223</u>	<u>3,373</u>
‘C’ Share dividends							
2007 first interim	500	-	500	-	-	-	-

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

9. Reserves

	Share Capital £'000	Special reserve £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve - unrealised £'000	Capital reserve - realised £'000	Revenue Reserve £'000
At 1 March 2007	1,312	4,977	8	22,384	2,337	722	682
Shares repurchased	(1)	(5)	1	-	-	-	(11)
Expenses capitalised	-	-	-	-	-	(219)	-
Gains on investments	-	-	-	-	23	213	-
Realisation of revaluations from previous years	-	-	-	-	(49)	49	-
Distributions paid	-	-	-	-	-	(376)	(563)
Transfer between reserves	-	(67)	-	-	-	67	-
Retained net revenue for the period	-	-	-	-	-	-	313
At 31 August 2007	<u>1,311</u>	<u>4,905</u>	<u>9</u>	<u>22,384</u>	<u>2,311</u>	<u>456</u>	<u>421</u>

Analysed as:

Ordinary Shares	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2007	63	4,977	8	27	2,013	897	149
Shares repurchased	-	(5)	-	-	-	-	-
Expenses capitalised	-	-	-	-	-	(137)	-
Gains on investments	-	-	-	-	110	213	-
Realisation of revaluations from previous years	-	-	-	-	(49)	49	-
Distributions paid	-	-	-	-	-	(376)	(63)
Transfer between reserves	-	(67)	-	-	-	67	-
Retained net revenue for the period	-	-	-	-	-	-	19
At 31 August 2007	<u>63</u>	<u>4,905</u>	<u>8</u>	<u>27</u>	<u>2,074</u>	<u>713</u>	<u>105</u>

'C' Shares	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2007	1,249	-	-	22,357	324	(175)	533
Shares repurchased	(1)	-	1	-	-	-	(11)
Expenses capitalised	-	-	-	-	-	(82)	-
Losses on investments	-	-	-	-	(87)	-	-
Distributions paid	-	-	-	-	-	-	(500)
Retained net revenue for the period	-	-	-	-	-	-	294
At 31 August 2007	<u>1,248</u>	<u>-</u>	<u>1</u>	<u>22,357</u>	<u>237</u>	<u>(257)</u>	<u>316</u>

The Special Reserve is a distributable reserve that allows the Company to make market purchases of its own shares and to pay distributions. The Ordinary Capital reserve – realised and Revenue Reserves are also distributable reserves.

10. The unaudited financial statements set out herein 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. The figures for the year ended 28 February 2007 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the auditors' report on those financial statements was unqualified.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

(continued)

- 11.** On 4 October 2007, Shareholder approval was granted for a minor amendment to the Performance Incentive Fee Arrangements with the Investment Manager, Beringea Limited. The amendment replaced a hurdle that was based on net asset value in the original arrangements with an equivalent hurdle based on a performance value calculated by adding net asset value to cumulative dividends paid. The adoption of this amendment helps avoid a possible situation that could arise where the Investment Manager might not have been incentivised to support the payment of a dividend, although has this no material affect on the current financial position of the Company.
- 12.** The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with the “Statement: Half-Yearly Financial Reports” issued by the UK Accounting Standards Board and the half-yearly financial report includes a fair review of the information required by:
- a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication 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
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
- 13.** Copies of the unaudited interim results will be sent to shareholders shortly. Further copies can be obtained from the Company’s Registered Office.

Directors

Andrew Davison (Chairman)
David Eberly
Nicholas Lewis
James Stewart
Marc Vlessing

Secretary and Administrator

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