

# **ProVen 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	96.6	108.3	133.9
Cumulative distributions per Ordinary share	<u>68.2</u>	<u>53.2</u>	<u>22.2</u>
Total return per Ordinary share	<u><u>164.8</u></u>	<u><u>161.5</u></u>	<u><u>156.1</u></u>
Net asset value per 'C' share	95.6	n/a	n/a
Cumulative distributions per 'C' share	<u>-</u>	<u>n/a</u>	<u>n/a</u>
Total return per 'C' share	<u><u>95.6</u></u>	<u><u>n/a</u></u>	<u><u>n/a</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.provenvcts.com](http://www.provenvcts.com)

Dividend history, links to Company announcements and other financial information can be found on Downing's website at [www.downing.co.uk](http://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](http://www.capitaregistrars.com), by clicking on "Shareholders".

## Dividend History

Pence per share	Year ended 28 February							Total
	2001	2002	2003	2004	2005	2006	2007	
Ordinary Shares	2.4	2.3	1.0	3.5	6.5	6.5	46.0	68.2

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 Price

The share price can also be found on various financial websites with the following TIDM/EPIC codes

TIDM/EPIC code	Ordinary shares "PVN"	'C' shares "PVNC"
Latest share price (29 October 2007):	<b>80p per share</b>	<b>85p per share</b>

## 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

I am pleased to present the results of ProVen VCT plc for the six months ended 31 August 2007.

### **Fundraising**

As reported previously, the Company's 'C' Share offer closed on 31 May 2007 having raised £13.8 million net of costs. This provides the VCT with a larger asset base over which to spread its running costs.

### **Net Asset Value**

As at 31 August 2007, the Company's Ordinary share net asset value per share stood at 96.6p, an increase of 3.3p per share (3.0%) since the previous year end (after adjusting for dividends paid in the period).

The net asset value per 'C' Share stood at 95.6p at 31 August 2007, a small increase over the initial 'C' Share net asset value (after charging fundraising costs) of 94.5p per share.

### **Venture Capital Investments**

#### ***Ordinary Share Pool***

The Company made two significant disposals during the period. Oasis Healthcare plc was the subject of a takeover offer, generating a realised gain of £1.5 million, and an opportunity was taken to dispose of the holding in Cardpoint plc realising a gain of £229,000.

A number of new investments were made by the Ordinary Share Pool, at a total cost of £2 million.

The Board reviewed the valuations of the investments held at the period end and made a number of adjustments. The net unrealised movement on the venture capital investments was an increase of £276,000 over the period.

### ***C Share Pool***

A good start has been made in investing the 'C' Share funds. Five new investments were made in the period at a total cost of £2.4 million. As these investments have all been made recently, they have been valued at cost at the period end.

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 £4.7 million in three such funds, mainly relating 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 £903,000 (£234,000 revenue return and £669,000 capital return). Details of how this is analysed between the share pools is shown on note 7.

### **Dividend**

The Company will pay an interim capital dividend of 6.0p per Ordinary Share being a distribution of the gains made on Oasis Healthcare and Cardpoint.

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.

## **CHAIRMAN'S STATEMENT (continued)**

### **Repurchase of Shares**

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

During the period, the Company purchased 122,048 Ordinary shares at an average price of 81.9p per share. These shares were subsequently cancelled. No 'C' Shares were purchased in the period.

### **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 an investment is made, close monitoring of the business.

The Company's compliance with the VCT regulations is continually monitored by the Administrator, who reports regularly 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**

While working towards profitable exits for the more mature investments within the Ordinary Share Pool remains an important role, the Investment Manager's main focus is now on building the 'C' Share portfolio and also reinvesting surplus cash in the Ordinary Share pool.

With the turbulence experienced by world stockmarkets during August, the climate for investing may start to become more challenging. However, the Investment Manager continues to report satisfactory deal flow and the Board remains generally happy with the quality and quantity of new investment proposals being presented to it.



**Andrew Davison**  
Chairman

**30 October 2007**

# INVESTMENT MANAGER'S REPORT

## Introduction

This review covers the Company's six month period ended 31 August 2007. The total return attributable to the Ordinary Shares increased by 2.0% over the period compared to an increase in the total return on the FTSE All Share Index of 4.2%.

The VCT closed its 'C' Share fundraising on 31 May 2007 raising a total of £14.6 million (£13.8 million after expenses). The net asset value of the C shares increased to 95.6p compared to 94.5p at issue.

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 both the Ordinary Share and 'C' Share pools, and two further realisations from the Ordinary Share pool.

### *Ordinary Share Pool*

The Company invested £2 million in four companies: £900,000 in Optima, a marketing and data intelligence services provider; £480,000 in Saffron Media Group, a mobile telephone and web services content provider; £420,000 in Eagle Rock Entertainment, a producer and publisher of music and entertainment programmes; and £200,000 in Coolabi plc, an AIM quoted media company.

Oasis Healthcare, which was one of the VCT's earliest investments back in 2000, was sold after a period of sustained performance generating a total gain of 2.3 times the initial investment. In addition, the remaining holding in Cardpoint was sold at a profit to the initial cost.

### *C Share Pool*

The Company has made a strong start in investing the proceeds from the recent 'C' Share issue. A total of £2.4 million was invested in five companies: £1 million in the Vending Corporation, distributors of automated vending machines; £650,000 in Heritage Media Partners, the owner of the rights to a large image library; £371,000 in Charterhouse Leisure, which is developing a chain of restaurants under the brand name "Coal"; and investments of £275,000 and £126,000 in Steak Media and Dianomi, both of which provide online marketing services.

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.

## Portfolio Valuation

### *Ordinary Share Pool*

At 31 August 2007, the Company's quoted and unquoted Ordinary Share pool comprised 18 investments valued at £16.2 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 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 Steribottle has also been fully provided against (current year effect £114,000) given the uncertainty over trading. In all these cases we continue to be proactive in trying to recover and realise shareholder value.

In addition to the venture capital investments, the Ordinary Share pool held over £5 million in cash and liquidity funds.

# INVESTMENT MANAGER'S REPORT (continued)

## Portfolio Valuation (continued)

### *C Share Pool*

The new investments in the 'C' Share pool are valued at the cost of the investment in accordance with venture capital valuation guidelines. The 'C' Share pool has a further £11.5 million in cash and liquidity funds from which to fund further investments.

Further details of both portfolios are provided on page 9.

## Outlook

The recent 'C' Share fundraising has enabled the VCT to enter a new stage of its development and we have already made good progress towards investing the new funds. 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. Equally importantly we continue to take an active role in the management of the existing portfolio.

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
<b>Investments</b>	16,242	2,422	18,664	24,472	15,629
<b>Net current assets</b>	6,159	11,548	17,707	7,323	9,620
<b>Net assets</b>	22,401	13,970	36,371	31,795	25,249
<b>Capital and reserves</b>					
Called up share capital	1,159	3,655	4,814	1,187	1,165
Capital redemption reserve	138	-	138	110	132
Special reserve	12,863	-	12,863	13,780	13,145
Share premium account	3,759	10,161	13,920	3,759	3,759
Capital reserve - realised	2,242	(28)	2,214	2,918	4,348
Capital reserve - unrealised	2,097	-	2,097	9,806	2,376
Revenue reserve	143	182	325	235	324
<b>Equity shareholder's funds</b>	22,401	13,970	36,371	31,795	25,249
<b>Net asset value per:</b>					
<b>Ordinary Share</b>	<b>96.6p</b>			<b>133.9p</b>	<b>108.3p</b>
<b>'C' Share</b>		<b>95.6p</b>		<b>n/a</b>	<b>n/a</b>

## 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
<b>Opening shareholders' funds</b>	25,249	-	25,249	26,733	26,733
Issue of shares	-	14,620	14,620	-	-
Share issue costs	-	(804)	(804)	-	-
Repurchase of own shares	(100)	-	(100)	(297)	(711)
Total recognised gains for the period	749	154	903	6,196	7,394
Distributions paid in period	(3,497)	-	(3,497)	(837)	(8,167)
<b>Closing shareholders' funds</b>	22,401	13,970	36,371	31,795	25,249

# INCOME STATEMENT

for the six months ended 31 August 2007

	<b>Six months ended 31 Aug 2007</b>		
	<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>
<b>Company Total</b>			
Income	583	-	583
Gains on investments	-	1,531	1,531
	583	1,531	2,114
Investment management fees	(103)	(308)	(411)
Performance incentive fees	(46)	(653)	(699)
Other expenses	(99)	(2)	(101)
	335	568	903
<b>Return on ordinary activities</b>			
Taxation	(101)	101	-
	234	669	903
<b>Return attributable to equity shareholders</b>			
	234	669	903
<b>Return per Ordinary share</b>	<b>0.2p</b>	<b>3.0p</b>	<b>3.2p</b>
<b>Return per "C" share</b>	<b>1.4p</b>	<b>(0.2p)</b>	<b>1.2p</b>
 <b>Ordinary Shares</b>			
Income	249	-	249
Gains on investments	-	1,531	1,531
	249	1,531	1,780
Investment management fees	(67)	(202)	(269)
Performance incentive fees	(46)	(653)	(699)
Other expenses	(61)	(2)	(63)
	75	674	749
<b>Return on ordinary activities before taxation</b>			
Taxation	(23)	23	-
	52	697	749
<b>Return attributable to equity shareholders</b>			
	52	697	749
 <b>'C' Shares</b>			
Income	334	-	334
Gains on investments	-	-	-
	334	-	334
Investment management fees	(36)	(106)	(142)
Other expenses	(38)	-	(38)
	260	(106)	154
<b>Return on ordinary activities before taxation</b>			
Taxation	(78)	78	-
	182	(28)	154
<b>Return attributable to equity shareholders</b>			
	182	(28)	154



<b>Six months ended 31 Aug 2006</b>			<b>Year ended 28 Feb 2007</b>
<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>	<b>Total £'000</b>
303	-	303	576
-	6,282	6,282	9,059
<u>303</u>	<u>6,282</u>	<u>6,585</u>	<u>9,635</u>
(74)	(221)	(295)	(639)
-	-	-	(1,416)
(94)	-	(94)	(186)
<u>135</u>	<u>6,061</u>	<u>6,196</u>	<u>7,394</u>
<u>(26)</u>	<u>26</u>	<u>-</u>	<u>-</u>
<u>109</u>	<u>6,087</u>	<u>6,196</u>	<u>7,394</u>
<b>0.5p n/a</b>	<b>25.1p n/a</b>	<b>25.6p n/a</b>	<b>30.5p n/a</b>
303	-	303	576
-	6,282	6,282	9,059
<u>303</u>	<u>6,282</u>	<u>6,585</u>	<u>9,635</u>
(74)	(221)	(295)	(639)
-	-	-	(1,416)
(94)	-	(94)	(186)
<u>135</u>	<u>6,061</u>	<u>6,196</u>	<u>7,394</u>
<u>(26)</u>	<u>26</u>	<u>-</u>	<u>-</u>
<u>109</u>	<u>6,087</u>	<u>6,196</u>	<u>7,394</u>
n/a	n/a	n/a	n/a
<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
n/a	n/a	n/a	n/a
<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
n/a	n/a	n/a	n/a
<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

# UNAUDITED CASH FLOW STATEMENT

for the six months ended 31 August 2007

	Six months ended 31 Aug 2007	Six months ended 31 Aug 2006	Year ended 28 Feb 2007
	Note	£'000	£'000
<b>Cash outflow from operating activities and returns on investments</b>	<b>1</b>	<u>(758)</u>	<u>(1,557)</u>
<b>Capital expenditure</b>			
Purchase of investments		(4,422)	(1,679)
Sale of investments		2,918	11,884
Net cash (outflow)/inflow from capital expenditure		<u>(1,504)</u>	<u>10,205</u>
<b>Equity distributions paid</b>		(3,497)	(8,167)
<b>Management of liquid resources</b>			
Purchase of current investments held as liquidity funds		(11,250)	-
Withdrawal from liquidity funds		2,500	950
<b>Net cash (outflow)/inflow before financing</b>		<u>(14,509)</u>	<u>1,431</u>
<b>Financing</b>			
Proceeds from share issue		10,130	4,491
Share issue costs		(804)	-
Purchase of own shares		(118)	(697)
<b>Net cash inflow/(outflow) from financing</b>		<u>9,208</u>	<u>3,794</u>
<b>(Decrease)/increase in cash</b>	<b>2</b>	<u>(5,301)</u>	<u>5,225</u>
<b>Notes to the cash flow statement:</b>			
<b>1 Cash flow from operating activities and returns on investments</b>			
Revenue return on ordinary activities before taxation		335	235
Expenses charged to capital		(963)	(1,900)
(Increase)/decrease in prepayments and accrued income		(85)	90
(Decrease)/increase in accruals and deferred income		(45)	18
Net cash outflow from operating activities		<u>(758)</u>	<u>(1,557)</u>
<b>2 Analysis of net funds</b>			
Beginning of period		8,709	3,484
Net cash (outflow)/inflow		(5,301)	5,225
End of period		<u>3,408</u>	<u>8,709</u>

## SUMMARY OF INVESTMENT PORTFOLIO

as at 31 August 2007

	Cost £'000	Valuation £'000	% of portfolio by value	Movement in the period £'000
<b>Ordinary Share pool</b>				
<b>Top ten venture capital investments</b>				
Espresso Broadband Limited	2,048	6,341	29.4%	1,009
ILG Digital Limited (formerly i-Level Limited)	1,345	3,274	15.2%	(77)
Campden Media Limited	975	1,187	5.5%	134
SPC International Limited	1,146	901	4.2%	(209)
Optima Data Intelligence Services Limited	900	900	4.2%	-
Ashford Colour Press Limited	1,000	847	3.9%	14
Gyro International Limited	652	788	3.6%	(78)
Saffron Media Group Limited	480	480	2.2%	-
Eagle Rock Entertainment Group Limited	420	420	1.9%	-
Pilat Media Global plc*	173	415	1.9%	(233)
	<u>9,139</u>	<u>15,553</u>	<u>72.0%</u>	<u>560</u>
<b>Other venture capital investments</b>	<u>5,006</u>	<u>689</u>	<u>3.2%</u>	<u>(284)</u>
<b>Total investments</b>	<u>14,145</u>	<u>16,242</u>	<u>75.2%</u>	<u>276</u>
<b>Net current assets (including cash and liquidity funds)</b>		<u>5,346</u>	<u>24.8%</u>	
<b>Ordinary Share pool - Total</b>		<u>21,588</u>	<u>100.0%</u>	
<b>'C' Share pool</b>				
The Vending Corporation Limited	1,000	1,000	7.2%	-
Heritage Partners Limited	650	650	4.6%	-
Charterhouse Leisure Limited	371	371	2.6%	-
Steak Media Limited	275	275	2.0%	-
Dianomi Limited	126	126	0.9%	-
	<u>2,422</u>	<u>2,422</u>	<u>17.3%</u>	<u>-</u>
<b>Net current assets (including cash and liquidity funds)</b>		<u>11,561</u>	<u>82.7%</u>	
<b>'C' Share pool - Total</b>		<u>13,983</u>	<u>100.0%</u>	
<b>Company Total</b>		<u>35,571</u>		

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

	<b>£'000</b>
<b>Ordinary Share Portfolio</b>	
Optima Data Intelligence Services Limited	900
Saffron Media Group Limited	480
Eagle Rock Entertainment Group Limited	420
Coolabi plc	200
	<u>2,000</u>
<b>“C” Share Portfolio</b>	
The Vending Corporation Limited	1,000
Heritage Partners Limited	650
Charterhouse Leisure Limited	371
Steak Media Limited	275
Dianomi Limited	126
	<u>2,422</u>

### Disposals

	<b>Cost £'000</b>	<b>Market value at 1 March 2007 £'000</b>	<b>Disposal Proceeds £'000</b>	<b>Gain/(loss) against cost £'000</b>	<b>Total realised gain/(loss ) £'000</b>
<b>Ordinary Share Portfolio</b>					
Cardpoint plc	438	680	666	228	(14)
Chiaros – retention release	-	-	33	33	33
Oasis Healthcare plc	670	982	2,218	1,548	1,236
	<u>1,108</u>	<u>1,662</u>	<u>2,917</u>	<u>1,809</u>	<u>1,255</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

- 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").
- All revenue and capital items in the Income Statement derive from continuing operations.
- There are no recognised gains or losses other than those disclosed in the Income Statement.
- The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- The comparative figures were in respect of the period ended 31 August 2006 and the year ended 28 February 2007 respectively.
- Net Asset Value per share calculations are based on the following:

	<b>Ordinary Shares</b>	<b>'C' Shares</b>
Net Assets (£'000)	<u>22,401</u>	<u>13,970</u>
Number of shares in issue at period end	<u>23,187,968</u>	<u>14,620,454</u>

- Return per share calculations are based on the following:

	<b>Ordinary Shares</b>	<b>'C' Shares</b>
Revenue return per share based on:		
Net revenue profit after taxation (£'000)	<u>52</u>	<u>182</u>
Weighted average number of shares in issue	<u>23,308,297</u>	<u>13,072,138</u>
Capital return per share based on:		
Net capital gain/(loss) after taxation (£'000)	<u>697</u>	<u>(28)</u>
Weighted average number of shares in issue	<u>23,308,297</u>	<u>13,072,138</u>

- Dividends**

	<b>31 August 2007</b>			<b>31 August 2006</b>			<b>28 Feb 2007</b>
	<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>	<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>	<b>Total £'000</b>
<b>Paid in period</b>							
2007 Second interim	233	3,264	3,497	-	-	-	-
2007 First interim	-	-	-	-	-	-	7,330
2006 Second interim	-	-	-	478	359	837	837
	<u>233</u>	<u>3,264</u>	<u>3,497</u>	<u>478</u>	<u>359</u>	<u>837</u>	<u>8,167</u>

## NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

### 9. Reserves

	Share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
<b>At 1 March 2007</b>	1,165	132	13,145	3,759	4,348	2,376	324
Issue of new shares	3,655	-	-	10,965	-	-	-
Share issue costs	-	-	-	(804)	-	-	-
Shares repurchased	(6)	6	(100)	-	-	-	-
Expenses charged to capital	-	-	-	-	(863)	-	-
Realised gains in year	-	-	-	-	1,255	-	-
Increase in unrealised appreciation	-	-	-	-	-	276	-
Realisation of revaluations from previous years	-	-	-	-	555	(555)	-
Distributions paid	-	-	-	-	(3,263)	-	(233)
Transfer between reserves	-	-	(182)	-	182	-	-
Retained net revenue	-	-	-	-	-	-	234
<b>At 31 August 2007</b>	<b>4,814</b>	<b>138</b>	<b>12,863</b>	<b>13,920</b>	<b>2,214</b>	<b>2,097</b>	<b>325</b>

#### Analysed as:

	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Ordinary shares</b>							
<b>At 1 March 2007</b>	1,165	132	13,145	3,759	4,348	2,376	324
Shares repurchased	(6)	6	(100)	-	-	-	-
Expenses charged to capital	-	-	-	-	(835)	-	-
Realised gains in year	-	-	-	-	1,255	-	-
Increase in unrealised appreciation	-	-	-	-	-	276	-
Realisation of revaluations from previous years	-	-	-	-	555	(555)	-
Distributions paid	-	-	-	-	(3,263)	-	(233)
Transfer between reserves	-	-	(182)	-	182	-	-
Retained net revenue	-	-	-	-	-	-	52
<b>At 31 August 2007</b>	<b>1,159</b>	<b>138</b>	<b>12,863</b>	<b>3,759</b>	<b>2,242</b>	<b>2,097</b>	<b>143</b>
<b>“C” shares</b>							
<b>At 1 March 2007</b>	-	-	-	-	-	-	-
Issue of new shares	3,655	-	-	10,965	-	-	-
Share issue costs	-	-	-	(804)	-	-	-
Expenses charged to capital	-	-	-	-	(28)	-	-
Retained net revenue	-	-	-	-	-	-	182
<b>At 31 August 2007</b>	<b>3,655</b>	<b>-</b>	<b>-</b>	<b>10,161</b>	<b>(28)</b>	<b>-</b>	<b>182</b>

The Special Reserve, Capital Reserve – realised and Revenue Reserve are all distributable reserves.

## **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**(continued)**

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.
11. 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.
12. 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)  
Barry Dean  
David Eberly  
Nicholas Lewis

### **Secretary and Administrator**

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### **Registered Office**

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Registered No. 3911323

### **Investment Manager**

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### **Registrar**

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