

PROVEN GROWTH AND INCOME VCT PLC

HALF-YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED

31 AUGUST 2008



MANAGED BY
BERINGEA

SHAREHOLDER INFORMATION

Recent performance summary

	31 Aug 2008 pence	29 Feb 2008 pence	31 Aug 2007 pence
Ordinary shares			
Net asset value per Ordinary Share	94.60	121.60	126.00
Cumulative distributions per Ordinary Share	<u>101.90</u>	<u>81.90</u>	<u>75.90</u>
Total return per Ordinary Share	<u><u>196.50</u></u>	<u><u>203.50</u></u>	<u><u>201.90</u></u>
‘C’ shares			
Net asset value per ‘C’ Share	85.00	94.90	95.70
Cumulative distributions per ‘C’ Share	<u>6.25</u>	<u>3.00</u>	<u>2.00</u>
Total return value per ‘C’ Share	<u><u>91.25</u></u>	<u><u>97.90</u></u>	<u><u>97.70</u></u>

Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Half-Yearly Reports and Interim Management Statements can be found on the Company’s website: 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 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”.

Dividends

	Ordinary Shares	‘C’ Shares
Forthcoming		
Pence per share	31.0p	2.0p
Payment date	31 October 2008	31 October 2008
Ex dividend date	15 October 2008	15 October 2008

Historic

	Year ended 28 February							
	2002	2003	2004	2005	2006	2007	2008	Total
Pence per share								
Ordinary Shares	1.4	1.0	3.5	6.5	6.5	57.0	26.0	101.9
‘C’ Shares	n/a	n/a	n/a	n/a	n/a	2.0	4.25	6.25

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 www.capitaregistrars.com by clicking on “shareholders” and then “information”. Queries relating to dividends 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.

	Ordinary Shares	‘C’ Shares
TIDM/EPIC code	“PGO”	“PGOC”
Latest share price (8 October 2008):	87.0p per share	76.0p 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

The worsening economic conditions and unprecedented stockmarket volatility are creating a challenging environment for your Company. With the Company's investment valuations being heavily influenced by market comparables, it is unsurprising that both share classes have experienced some falls in net asset value over the six month period ended 31 August 2008.

Net Asset Values

Ordinary Shares

At 31 August 2008, the Company's Net Asset Value ("NAV") per Ordinary Share stood at 94.6p, a decrease of 7.0p (5.8%) per share since the previous year end (after adjusting for the dividends of 20p paid in the period).

'C' Shares

The NAV per 'C' Share at 31 August 2008 stood at 85.0p, a decrease of 6.65p (7.0%) per share since the previous year end (after adjusting for the dividends of 3.25p paid in the period).

Venture Capital Investments

Ordinary Share pool

The Ordinary Share pool made one significant realisation during the period. The investment in ILG Digital Limited was sold as part of a private equity transaction, generating proceeds of £2.2 million against an original cost of £600,000 million. The investment was first made in November 2005. The Board congratulates the Investment Manager on achieving another highly profitable investment disposal, which is even more impressive considering the short length of time between investment and exit.

The Ordinary Share pool also made one new investment of £350,000 in Optic Vision Limited, a security services provider, during the six months.

The Board has reviewed the valuations of the investments held at the period end and made several valuation adjustments. The largest adjustment has been to the investment in Espresso Group, a reduction of £572,000 to £1.7 million. The decline in valuation results

from slowing growth in the company's UK primary school business. The company is however expanding its secondary school and international businesses and remains a good prospect.

The net unrealised movement on the venture capital portfolio was a loss of £1.1 million over the period. Further details are included in the Investment Manager's Report.

'C' Share pool

The 'C' Share pool also had a holding in ILG Digital and was able to realise a gain of £213,000 against an original cost of £203,000.

The 'C' Share pool is still in the process of building its initial investment portfolio and continued to be very active throughout the period. The pool made four new investments and two significant follow-on investments at a total cost of £3.0 million.

In reviewing the investment valuations at the period end, the Board made several significant provisions against investments in businesses which have not been performing to plan. In total, four investments were revalued downwards. One AIM-quoted investment also saw a substantial fall in its share price over the period. However, three investments justified increases to their valuations. The net unrealised movement on the portfolio was a decrease of £2.1 million for the period.

Further details of the investments and investment management activities are included in the Investment Manager's Report on page 4.

Liquidity Fund Investments

The Company holds a proportion of its surplus funds in AAA rated liquidity funds. At the period end the Company held £14.4 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.

CHAIRMAN'S STATEMENT (continued)

Results

The Income Statement shows a loss on ordinary activities after taxation for the Company for the period of £2,114,000 (comprising £358,000 revenue return and £2,472,000 capital loss). Details of how this is analysed between the share pools is shown on page 6.

Dividend

Ordinary Shares

In view of the profitable realisation of ILG Digital, the Board intends to distribute these gains to Ordinary Shareholders. An interim dividend of 31.0p per Ordinary Share, comprising of 0.5p revenue and 30.5p capital, will be paid on 31 October 2008 to Ordinary Shareholders on the register at 17 October 2008.

Following the payment of this dividend, original Ordinary Shareholders will have received 132.9p per share in dividends on an investment with a net of income tax relief cost of 80p per share.

Assuming other targets are also met at the Company's year end, the payment of the above dividend will trigger a performance incentive fee to the Manager of 6.0p per Ordinary Share.

'C' Shares

The Company will also pay an interim dividend of 2.0p per 'C' Share, comprising of 1.15p revenue and 0.85p capital. The dividend will be paid on 31 October 2008 to 'C' Shareholders on the register at 17 October 2008. This will bring total dividends paid to 'C' Shareholders to 8.25p per share.

Fundraising

As reported previously, the small top-up fundraising to the Company's Ordinary Share offer closed on 7 April 2008 having raised £620,000 net of costs. 624,418 Ordinary Shares were issued at a price of approximately 105.08p per share.

Share buybacks

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

During the period the Company purchased 52,889 Ordinary Shares at an average price of 87.5p per share and 36,200 'C' shares at an average price 82.6p per share. These shares were subsequently cancelled.

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;
- (iii) investment risk arising from extremely volatile stockmarket conditions and their potential effect on investment valuation; and
- (iv) failure to maintain approval as a VCT.

CHAIRMAN'S STATEMENT (continued)

Risk and uncertainties (continued)

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 (ii), 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. In respect of (iii), the Company seeks to hold a diversified portfolio. However, the Company's ability to manage this risk is quite limited, primarily due to the restrictions arising from the VCT regulations.

The Company's compliance with the VCT regulations is continually monitored by the Administrator, who regularly reports 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 Company's 'C' Share pool needs to have 70% of its funds invested in VCT qualifying businesses by 28 February 2009. The Board is confident that this target will be achieved.

The current economic climate does create additional challenges for your Company, particularly for existing portfolio companies. However, with both pools having a reasonable level of cash and liquid assets available for investment, the Company might be able to take advantage of the conditions by securing new investments at more favourable pricing levels and benefit from the fact that funding from other sources is now less available.



Andrew Davison
Chairman

9 October 2008

INVESTMENT MANAGER'S REVIEW

Introduction

The six month period to 31 August 2008 and from 1 September 2008 to the date of this report has seen some of the most volatile and notable stockmarket movements in recent memory. Continued concerns over global liquidity and the financial stability of banks and other financial institutions has seen the radical transformation of the US investment banking industry and government and global central bank intervention in the capital markets on a massive scale. The general economic outlook is increasingly uncertain and, in the UK, economic growth slowed to a standstill in the second quarter of 2008.

The performance of the Company over the period has not escaped these events. The total returns attributable to the Ordinary Shares and 'C' Shares fell by 3.4% and 6.8% respectively in the six month period to 31 August 2008. This compares to a fall in the total return on the FTSE All Share Index of 2.3% over the same period.

The Company has, however, continued its excellent distribution record with dividends of 20p per Ordinary Share and 3.25p per 'C' Share paid during the period and further dividends of 31p per Ordinary Share (largely from the profit on the sale of ILG Digital) and 2p per 'C' Share to be paid to Shareholders on 31 October 2008.

Portfolio Activity

Ordinary Share pool

The Company invested £350,000 into one new investment, Optic Vision, which provides electronic and physical security systems. The investment in ILG Digital was realised in May generating a capital profit of £1.6 million. The total sale proceeds were 2.7 times the initial cost of the investment.

'C' Share pool

Further progress was made on investing the proceeds of the 'C' Share funds raised in 2006. A total of £3.0 million was invested in four new investments and two existing investments:

Acquisitions	Cost £'000	
New		
Optic Vision	500	Security systems
Isango	650	Travel experiences aggregator
SPC International	625	IT repair/refurbishment
Chess Technologies	900	Design/manufacture of defence industry components
Follow on		
Heritage Partners	100	Image rights ownership, management and distribution
Charterhouse Leisure	235	Restaurants
	<hr/>	
	3,010	
	<hr/>	

The new investment in SPC was made alongside ProVen VCT which has had an interest in the company since 2003. This investment enabled SPC to refinance its existing bank facilities with the ProVen VCTs taking a charge over the company's freehold properties. The company has established an operation in Slovakia which is expected to increase overall group profitability.

Portfolio Valuation

Ordinary Share pool

At 31 August 2008, the Company's unquoted and quoted Ordinary Share portfolio comprised nine investments with a cost of £3.0 million and a valuation of £2.7 million. In addition, the Ordinary Share pool held cash and liquidity funds of £3.6 million.

Espresso Group continues to account for a significant proportion of the NAV of the Ordinary Share fund, approximately 27% at 31 August 2008. None of the remaining investments individually account for more than 6% of the Ordinary Share NAV.

INVESTMENT MANAGER'S REVIEW (continued)

Espresso has consolidated its position as the leading provider of educational content to the primary school sector with a UK market share of over 60%. The company launched a product for secondary schools in September 2007. This has been well received and in its first year has been purchased by over 10% of UK secondary schools. The company has also started to expand into international markets. The decline in valuation since 29 February 2008 reflects slowing growth in the UK primary school business. The UK secondary school market and international sales have taken over as the engines of the company's growth.

Elsewhere in the Ordinary Share portfolio there has been a decline in the valuation of Campden Media due to reduced profitability and a fall in market comparables.

'C' Share pool

At 31 August 2008, the unquoted and quoted 'C' Share investment portfolio comprised sixteen investments valued at £8.8 million against an original investment cost of £11.4 million. In addition, the 'C' Share pool held cash and liquidity funds of £12.2 million.

The majority of the investments are valued at or above cost either having been made recently and meeting investment expectations or, as in the case of Steak Media, performing better than our initial expectations.

The overall decline in valuation relative to investment cost is due largely to the decrease in valuations for The Vending Corporation ("TVC"), Donatantonio, Heritage Partners and Optima Data Intelligence Services. Full provision was made against TVC in the last financial year.

Donatantonio is a long established business but, shortly after the Company's investment, was hit by rising commodity prices and adverse exchange rate movements which impacted trading. Following significant input from our investment managers and the company's management team, the position has now stabilised.

Heritage Partners has struggled to achieve its forecast revenues and is seeking to reduce its cost base before developing new revenue streams.

Optimas' performance has been impacted by a delay to its acquisition strategy. This together with a fall in market comparables has adversely affected the value of our original investment. However, we remain optimistic about its future prospects.

Outlook

General economic uncertainty means that trading conditions are likely to remain challenging for many businesses for some time. During this period our investment managers will be working closely with existing portfolio companies to provide additional support where necessary. Periods of economic stress can, however, create opportunities for alert investors and we expect to see some attractive propositions over the next 12 months. We are already seeing more realism in the pricing of new potential deals.

We continue to adopt the same rigorous investment decision making process and investment management procedures which have made the performance of the Ordinary Shares one of the best of all VCT funds.

Beringea Limited

9 October 2008

INCOME STATEMENT

for the six months ended 31 August 2008

	Six months ended 31 Aug 2008		
	Revenue £'000	Capital £'000	Total £'000
Company Total			
Income	729	-	729
(Losses)/gains on investments	-	(2,113)	(2,113)
	<u>729</u>	<u>(2,113)</u>	<u>(1,384)</u>
Investment management fees	(75)	(225)	(300)
Performance incentive fees	(21)	(252)	(273)
Other expenses	(141)	(16)	(157)
	<u>492</u>	<u>(2,606)</u>	<u>(2,114)</u>
Return/(losses) on ordinary activities before taxation			
Taxation	(134)	134	-
	<u>358</u>	<u>(2,472)</u>	<u>(2,114)</u>
Return/(losses) attributable to equity Shareholders			
Return per Ordinary Share	0.7p	(7.5p)	(6.8p)
Return per 'C' Share	1.3p	(7.9p)	(6.6p)
Ordinary Shares			
Income	140	-	140
(Losses)/gains on investments	-	(221)	(221)
	<u>140</u>	<u>(221)</u>	<u>(81)</u>
Investment management fees	(15)	(46)	(61)
Performance incentive fees	(21)	(252)	(273)
Other expenses	(43)	-	(43)
	<u>61</u>	<u>(519)</u>	<u>(458)</u>
Return/(losses) on ordinary activities before taxation			
Taxation	(15)	15	-
	<u>46</u>	<u>(504)</u>	<u>(458)</u>
Return/(losses) attributable to equity Shareholders			
'C' Shares			
Income	589	-	589
Losses on investments	-	(1,892)	(1,892)
	<u>589</u>	<u>(1,892)</u>	<u>(1,303)</u>
Investment management fees	(60)	(179)	(239)
Other expenses	(98)	(16)	(114)
	<u>431</u>	<u>(2,087)</u>	<u>(1,656)</u>
Return/(losses) on ordinary activities before taxation			
Taxation	(119)	119	-
	<u>312</u>	<u>(1,968)</u>	<u>(1,656)</u>
Return/(losses) attributable to equity Shareholders			

Six months ended 31 Aug 2007			Year ended 29 Feb 2008
Revenue £'000	Capital £'000	Total £'000	Total £'000
700	-	700	1,374
-	236	236	306
<u>700</u>	<u>236</u>	<u>936</u>	<u>1,680</u>
(95)	(284)	(379)	(761)
(13)	(75)	(88)	(150)
(139)	-	(139)	(290)
<u>453</u>	<u>(123)</u>	<u>330</u>	<u>479</u>
(140)	140	-	-
<u>313</u>	<u>17</u>	<u>330</u>	<u>479</u>
0.3p	3.0p	3.3p	4.9p
1.2p	(0.7p)	0.5p	0.7p
110	-	110	201
-	323	323	551
<u>110</u>	<u>323</u>	<u>433</u>	<u>752</u>
(24)	(73)	(97)	(207)
(13)	(75)	(88)	(150)
(43)	-	(43)	(88)
<u>30</u>	<u>175</u>	<u>205</u>	<u>307</u>
(11)	11	-	-
<u>19</u>	<u>186</u>	<u>205</u>	<u>307</u>
590	-	590	1,173
-	(87)	(87)	(245)
<u>590</u>	<u>(87)</u>	<u>503</u>	<u>928</u>
(71)	(211)	(282)	(554)
(96)	-	(96)	(202)
<u>423</u>	<u>(298)</u>	<u>125</u>	<u>172</u>
(129)	129	-	-
<u>294</u>	<u>(169)</u>	<u>125</u>	<u>172</u>

UNAUDITED SUMMARISED BALANCE SHEET

as at 31 August 2008

	As at 31 Aug 2008			As at 31 Aug 2007	As at 29 Feb 2008
	Ordinary Shares £'000	'C' Shares £'000	Total £'000	Total £'000	Total £'000
Investments	2,718	8,788	11,506	12,935	12,849
Net current assets	3,729	12,406	16,135	18,862	18,436
Net assets	<u>6,447</u>	<u>21,194</u>	<u>27,641</u>	<u>31,797</u>	<u>31,285</u>
Capital and reserves					
Called up share capital	68	1,246	1,314	1,311	1,310
Capital redemption reserve	9	3	12	9	10
Share premium account	641	22,357	22,998	22,384	22,384
Special reserve	3,706	-	3,706	4,905	3,639
Capital reserve - realised	2,221	(74)	2,147	456	2,449
Capital reserve - unrealised	(262)	(2,658)	(2,920)	2,311	1,022
Revenue reserve	64	320	384	421	471
Equity Shareholders' funds	<u>6,447</u>	<u>21,194</u>	<u>27,641</u>	<u>31,797</u>	<u>31,285</u>
Net asset value per:					
Ordinary Share	94.6p	-	94.6p	126.0p	121.6p
'C' Share	-	85.0p	85.0p	95.7p	94.9p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Aug 2008			31 Aug 2007	29 Feb 2008
	Ordinary Shares £'000	'C' Shares £'000	Total £'000	Total £'000	Total £'000
Opening Shareholders' funds	7,594	23,691	31,285	32,422	32,422
Issue of shares	643	-	643	-	-
Share issue costs	(23)	-	(23)	-	-
Repurchase of own shares	(47)	(30)	(77)	(16)	(52)
Total recognised (losses)/gains for the period	(458)	(1,656)	(2,114)	330	479
Distributions paid in period	(1,262)	(811)	(2,073)	(939)	(1,564)
Closing Shareholders' funds	<u>6,447</u>	<u>21,194</u>	<u>27,641</u>	<u>31,797</u>	<u>31,285</u>

UNAUDITED CASH FLOW STATEMENT

for the six months ended 31 August 2008

	Six months ended 31 Aug 2008 £'000	Six months ended 31 Aug 2007 £'000	Year ended 29 Feb 2008 £'000
Cash outflow from operating activities and returns on investments	1 (329)	(605)	(446)
Capital expenditure			
Purchase of investments	(3,402)	(5,528)	(8,442)
Sale of investments	2,617	562	3,797
Net cash outflow from capital expenditure	<u>(785)</u>	<u>(4,966)</u>	<u>(4,645)</u>
Equity distributions paid	(2,073)	(939)	(1,564)
Management of liquid resources			
Purchase of current investments held as liquidity funds	-	-	(3,720)
Withdrawal from liquidity funds	2,200	3,900	9,170
	<u>2,200</u>	<u>3,900</u>	<u>5,450</u>
Net cash outflow before financing	(987)	(2,610)	(1,205)
Financing			
Proceeds from share issue	640	-	16
Share issue costs	(36)	-	-
Purchase of own shares	(76)	(16)	(25)
Net cash inflow/(outflow) from financing	<u>528</u>	<u>(16)</u>	<u>(9)</u>
Decrease in cash	2 (459)	(2,626)	(1,214)
Notes to the cash flow statement:			
1 Cash flow from operating activities and returns on investments			
Net revenue before taxation	492	453	897
Expenses charged to capital	(493)	(360)	(724)
Increase in other debtors	(125)	(48)	(95)
Decrease in accruals and other creditors	(203)	(650)	(524)
Net cash outflow from operating activities	<u>(329)</u>	<u>(605)</u>	<u>(446)</u>
2 Analysis of net funds			
Beginning of period	1,909	3,123	3,123
Net cash outflow	(459)	(2,626)	(1,214)
End of period	<u>1,450</u>	<u>497</u>	<u>1,909</u>

SUMMARY OF INVESTMENT PORTFOLIO

as at 31 August 2008

	Cost £'000	Valuation £'000	% of portfolio by value	Movement in the period £'000
Ordinary Share pool				
Venture capital investments				
Espresso Group Limited	784	1,720	27.4%	(572)
Optic Vision Limited	350	350	5.6%	-
Ashford Colour Press Limited	481	333	5.3%	(123)
Campden Media Limited	488	136	2.2%	(350)
UBC Media plc*	400	119	1.9%	-
Pilat Media Global plc*	50	47	0.7%	(45)
Immedia Group plc*	171	13	0.2%	(2)
Sports Holdings Limited	48	-	-	-
Baby Innovations S.A. t/a Steribottle	209	-	-	-
Total venture capital investments	2,981	2,718	43.3%	(1,092)
Liquidity funds		2,170	34.6%	
Cash at bank and in hand		1,383	22.1%	
Ordinary Share pool – Total		6,271	100.0%	
C' Share pool				
Top ten venture capital investments				
Eagle Rock Entertainment Group Limited	680	1,048	5.0%	133
Path Group Limited	1,000	1,000	4.7%	-
Chess Technologies Limited	900	900	4.3%	-
SPC International Limited	625	793	3.8%	168
Charterhouse Leisure Limited	765	765	3.6%	-
Saffron Media Group Limited	670	670	3.2%	-
Isango Limited	650	650	3.1%	-
Steak Media Limited	375	503	2.4%	(24)
Optic Vision Limited	500	500	2.4%	-
Optima Data Intelligence Services Limited	1,000	464	2.2%	(536)
	7,165	7,293	34.7%	(259)
Other venture capital investments	4,281	1,495	7.1%	(1,797)
Total investments	11,446	8,788	41.8%	(2,056)
Liquidity funds		12,180	57.9%	
Cash at bank and in hand		66	0.3%	
'C' Share pool – Total		21,034	100.0%	
Company Total		27,305		

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

SUMMARY OF INVESTMENT MOVEMENTS

for the six months ended 31 August 2008

Additions

	£'000
Ordinary Share Portfolio	
Optic Vision Limited	350
	<hr/> <hr/>
'C' Share Portfolio	
Chess Technologies Limited	900
Isango Limited	650
SPC International Limited	625
Optic Vision Limited	500
Charterhouse Leisure Limited	235
Heritage Partners Limited	100
Coolabi plc	26
Donatantonio Limited	16
	<hr/> <hr/>
	3,052

Disposals

	Cost £'000	Market value at 1 March 2008 £'000	Disposal Proceeds £'000	Gain against cost £'000	Realised gain/(loss) in period £'000
Ordinary Share Portfolio					
ILG Digital Limited	600	1,345	2,216	1,616	871
					<hr/> <hr/>
'C' Share Portfolio					
ILG Digital Limited	203	253	416	213	163
					<hr/> <hr/>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

- The unaudited half yearly results cover the six months to 31 August 2008 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 29 February 2008 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 are in respect of the period ended 31 August 2007 and the year ended 29 February 2008 respectively.
- Net Asset Value per share calculations are based on the following:

	Ordinary Shares	'C' Shares
Net Assets (£'000)	<u>6,447</u>	<u>21,194</u>
Number of shares in issue at period end	<u>6,816,160</u>	<u>24,920,042</u>

- 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>46</u>	<u>312</u>
Weighted average number of shares in issue	<u>6,742,333</u>	<u>24,946,251</u>
Capital return per share based on:		
Net capital (loss) after taxation (£'000)	<u>(504)</u>	<u>(1,968)</u>
Weighted average number of shares in issue	<u>6,742,333</u>	<u>24,946,251</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

8. Dividends

Paid in year	31 Aug 2008			31 Aug 2007			29 Feb 2008
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Ordinary Share dividends							
2008 final	103	-	103	-	-	-	-
2008 second interim	-	1,159	1,159	-	-	-	-
2008 first interim	-	-	-	-	-	-	376
2007 second interim	-	-	-	63	376	439	439
	<u>103</u>	<u>1,159</u>	<u>1,262</u>	<u>63</u>	<u>376</u>	<u>439</u>	<u>815</u>
'C' Share dividends							
2008 final	312	-	312	-	-	-	-
2008 second interim	-	499	499	-	-	-	-
2008 first interim	-	-	-	-	-	-	249
2007 first interim	-	-	-	500	-	500	500
	<u>312</u>	<u>499</u>	<u>811</u>	<u>500</u>	<u>-</u>	<u>500</u>	<u>749</u>

9. Reserves

	Special reserve £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve - unrealised £'000	Capital reserve - realised £'000	Revenue reserve £'000
At 1 March 2008	3,639	10	22,384	1,022	2,449	471
Issue of new shares	-	-	637	-	-	-
Share issue costs	-	-	(23)	-	-	-
Shares repurchased	(47)	2	-	-	-	(30)
Expenses capitalised	-	-	-	-	(493)	-
Tax relief on capital expenses	-	-	-	-	134	-
(Losses)/gains on investments	-	-	-	(3,147)	1,034	-
Realisation of revaluations from previous years	-	-	-	(795)	795	-
Distributions paid	-	-	-	-	(1,658)	(415)
Transfer between reserves	114	-	-	-	(114)	-
Retained net revenue for the period	-	-	-	-	-	358
At 31 August 2008	<u>3,706</u>	<u>12</u>	<u>22,998</u>	<u>(2,920)</u>	<u>2,147</u>	<u>384</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

9. Reserves (continued)

Analysed as:	Special reserve	Capital redemption reserve	Share premium	Capital reserve - unrealised	Capital reserve - realised	Revenue reserve
Ordinary Shares	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2008	3,639	9	27	1,575	2,161	121
Issue of new shares	-	-	637	-	-	-
Share issue costs	-	-	(23)	-	-	-
Shares repurchased	(47)	-	-	-	-	-
Expenses capitalised	-	-	-	-	(298)	-
Tax relief on capital expenses	-	-	-	-	15	-
(Losses)/gains on investments	-	-	-	(1,092)	871	-
Realisation of revaluations from previous years	-	-	-	(745)	745	-
Distributions paid	-	-	-	-	(1,159)	(103)
Transfer between reserves	114	-	-	-	(114)	-
Retained net revenue for the period	-	-	-	-	-	46
At 31 August 2008	<u>3,706</u>	<u>9</u>	<u>641</u>	<u>(262)</u>	<u>2,221</u>	<u>64</u>
'C' Shares	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2008	-	1	22,357	(553)	288	350
Shares repurchased	-	2	-	-	-	(30)
Expenses capitalised	-	-	-	-	(195)	-
Tax relief on capital expenses	-	-	-	-	119	-
(Losses)/gains on investments	-	-	-	(2,055)	163	-
Realisation of revaluations from previous years	-	-	-	(50)	50	-
Distributions paid	-	-	-	-	(499)	(312)
Retained net revenue for the period	-	-	-	-	-	312
At 31 August 2008	<u>-</u>	<u>3</u>	<u>22,357</u>	<u>(2,658)</u>	<u>(74)</u>	<u>320</u>

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

10. Contingent liability

The Company has guaranteed bank borrowings of one of its investments, Donatantonio Limited, amounting to £225,000. A third party has provided a guarantee to the Company amounting to £112,500 in respect of the above guarantee such that the Company's net exposure is £125,000.

11. 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 29 February 2008 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.
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 half yearly results will be sent to Shareholders shortly. Further copies can be obtained from the Company's Registered Office and will be available for download from www.provenvcts.com and www.downing.co.uk.

Directors

Andrew Davison (Chairman)

Nicholas Lewis

Malcolm Moss

James Stewart

Marc Vlessing

Secretary and Administrator

Grant Whitehouse

Downing Management Services Limited

Kings Scholars House

230 Vauxhall Bridge Road

London SW1V 1AU

www.downing.co.uk

Tel: 020 7416 7780

Registered Office

39 Earlham Street

London WC2H 9LT

Registered No. 4125326

Investment Manager

Beringea Limited

39 Earlham Street

London WC2H 9LT

www.provenvets.co.uk

Tel: 020 7845 7820

Registrar

Capita Registrars

Northern House

Woodsome Park

Fenay Bridge

Huddersfield

HD8 0GA

www.capitaregistrars.com

Tel: 0871 664 0300

(calls cost 10p per minute plus network extras)