

ProVen Growth & Income VCT plc  
Half-Yearly Report  
for the six months ended 31 August 2009



Managed by  
Beringea LLP

## Fund overview

### Investment Objectives

- to achieve a total return significantly greater than that available from direct investment in quoted businesses by investing in a portfolio of carefully selected smaller companies with excellent growth prospects;
- to minimise the risk of each investment and the portfolio as a whole; and
- to obtain and maintain VCT status in order to secure the substantial tax benefits available for investment in a VCT.

### Financial Summary

	31 Aug 2009	31 Aug 2008	28 Feb 2009
<b>Ordinary shares</b>			
Net asset value per share ("NAV")	43.6p	94.6p	57.1p
Dividends paid per share since launch	146.9p	101.9p	132.9p
Total return (NAV plus dividends paid since launch)	190.5p	196.5p	190.0p
<b>C shares</b>			
Net asset value per share ("NAV")	70.7p	85.0p	76.7p
Dividends paid per share since issue	9.6p	6.3p	8.3p
Total return (NAV plus dividends paid since issue)	80.3p	91.3p	85.0p
<b>D shares</b>			
Net asset value per share ("NAV")	93.4p	n/a	n/a
Dividends paid per share since issue	-	n/a	n/a
Total return (NAV plus dividends paid since issue)	93.4p	n/a	n/a

### Financial Highlights

<b>190.5p</b>	<b>Ordinary share net asset value total return</b> per share since launch (net asset value at 31 August 2009 plus cumulative dividends paid)
<b>80.3p</b>	<b>C share net asset value total return</b> per share since launch (net asset value at 31 August 2009 plus cumulative dividends paid)
<b>93.4p</b>	<b>D share net asset value total return</b> per share since launch (net asset value at 31 August 2009 plus cumulative dividends paid)

# Chairman's Statement

## Introduction

The six months ended 31 August 2009 has seen the stock markets settle and start to show some signs of recovery from the financial crises of 2008 and early 2009. However, with the UK economy still in recession, many businesses continue to face difficult conditions, particularly smaller companies which typically may not be as resilient as their larger counterparts.

The Board has formal regular meetings with the Investment Manager to discuss the performance of all investments and is also in frequent contact with the Investment Manager outside of these meetings. During this very difficult period, the Investment Manager has worked on and contributed to the resilience of many of the portfolio companies. As a result, the Directors are satisfied with the overall performance of the Company.

## Net Asset Values

### *Ordinary shares*

As at 31 August 2009, the Net Asset Value ("NAV") per Ordinary share stood at 43.6p, an increase of 0.5p per share or 1.2% since the year end (after adjusting for the dividends of 14.0p paid in the period).

### *C shares*

As at 31 August 2009, the NAV per C share stood at 70.7p, a decrease of 4.7p per share or 6.1% since the year end (after adjusting for the dividends of 1.35p paid in the period).

### *D shares*

As at 31 August 2009, the NAV per D share stood at 93.4p, a small decrease compared to the initial NAV, net of fundraising costs, of 94.5p per share. The decrease arises from running costs which exceed the income on cash deposits.

## Fundraising

Up to 31 August 2009, the "Linked D Share Offer" had raised gross proceeds for the Company of £5.3 million, which equates to £5.0 million net of fundraising costs. The Board believes this is a satisfactory outcome which helps to reduce the fixed running costs per share of all the Company's share classes. The Linked D Share Offer has been extended and will now close on 30 October 2009.

## C share tender offer

As planned at the C share launch, the Company undertook a tender offer in July 2009 to acquire a certain number of shares such that C share investors who tendered their basic entitlement have received the equivalent of at least 25p per £1 invested by way of dividends and tender offer proceeds. The Company acquired 5,079,999 C shares at a price of 75.35p per share under the tender offer. These shares were subsequently cancelled.

## Venture capital investments

No new investments were made by any pool during the period and there was one minor realisation within the Ordinary share pool where some loan stock was redeemed at par.

In valuing the investment portfolio at the period end, there have been some significant movements compared to the start of the period. Overall, the Ordinary share portfolio showed an unrealised gain of £188,000 and the C share portfolio a loss of £359,000.

Further details of the developments within the investment portfolios are included in the Investment Manager's Report on pages 5 and 6.

# Chairman's Statement continued

## Results and dividends

The Income Statement shows a loss on ordinary activities after taxation for the Company for the period of £908,000 (£354,000 revenue loss and £554,000 capital loss). Details of how this is analysed between the share pools is shown on pages 11 to 14.

No interim dividends will be paid in respect of any class of shares in respect of the six-months ended 31 August 2009.

## C share conversion and new Ordinary shares

In line with the intention set out at their launch, the C shares convert into Ordinary shares based on each share's relative NAV as at 31 August 2009. As part of this process, the Company has also undertaken a share consolidation of the Ordinary shares such that the new Ordinary shares now have the same NAV per share as the old C shares. The consolidation and conversion took place on 26 October 2009 and is summarised as follows:

1,000 Ordinary shares of 1p each      consolidated into      approximately 618 new Ordinary shares of 1.6187p each

1,000 C shares of 5p each              converted into              1,000 new Ordinary shares of 1.6187p each

Shareholders should expect to receive new share certificates in respect of the new Ordinary shares from the registrar by 9 November 2009. If you have not received new certificates by this date, please contact the registrar on 0871 664 0300.

## 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 34,633 Ordinary shares at an average price of 39.5p per share and 94,772 C shares at an average price of 67.0p per share. These shares were subsequently cancelled. No D 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-yearly 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 Ordinary share assets being invested in a single investment;
- ii. investment risk associated with investing in small and immature businesses;
- iii. investment risk arising from extremely volatile stock market 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 Ordinary share assets invested in a single investment involves additional risks, this situation is not unusual within the venture capital industry and has arisen in the Ordinary share pool as a result of strong growth in the value of one investment. The Board regularly reviews the position to ensure that the potential benefits of continuing to hold this investment outweigh the additional risk. The position is much less significant following the conversion of the C shares, which has effectively merged the Ordinary share and C share pools.

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 within the restrictions of the VCT regulations.

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

With the newly-raised D share pool and the funds also available for investment within the new Ordinary share pool (which arose from the merging of the original Ordinary and C share pools), the Investment Manager is looking to make a number of new investments alongside monitoring the existing portfolio.

Despite some optimism, the general economic outlook remains uncertain. While this will continue to create challenges for the Company's investment portfolio, it may also create opportunities for the Company to make new investments at attractive valuations, which may ultimately provide the Company with strong returns. I therefore expect a number of new investments to be made over the remainder of the year.

**Andrew Davison**

Chairman

28 October 2009

# Investment Manager's Report

## Introduction

We are pleased to present our review of the investment portfolio for the six month period ended 31 August 2009. Stock market indices recovered during the period with the FTSE All Share Index increasing by over 30% between 28 February 2009 and 31 August 2009. In spite of this, the broader economic environment continues to present considerable challenges for small and medium sized enterprises and their investors with unemployment still increasing and lending constrained. Some businesses will emerge from the current economic difficulties in a stronger position at the expense of their weaker rivals and we have therefore invested considerable time working with the portfolio companies to try to ensure that more ultimately fall into the former category.

Whilst headline activity in the portfolio has been muted – there were no new investments and only the scheduled repayment of loan notes by Espresso Group – we have continued to invest considerable time working with portfolio companies which we believe has contributed to their value. Some of this value is not readily obvious from a simple reading of valuations but we hope that the results of this activity will become apparent as time progresses.

## Portfolio activity and valuation

Following the period end, the Ordinary share and C share investment portfolios have merged and will be consolidated to form one pool of assets. However, they are discussed separately here.

### *Ordinary share pool*

At 31 August 2009, the Company's unquoted and quoted Ordinary share portfolio comprised 9 investments with a cost of £2.6 million and a valuation of £2.4 million. In addition, the Ordinary share pool held cash and liquidity funds of £530,000. No new investments were made during the period but Espresso loan notes were redeemed at cost in line with the agreed repayment schedule.

Nearly 50% of the value of the Ordinary shares is reflected in the value of Espresso Group. We spend considerable time with the company and have worked with key management to develop strategy. We continue to be very pleased with the progress of the business including the development of the non-primary school revenue streams to complement the market leading primary school product.

### *C share pool*

At 31 August 2009, the Company's unquoted and quoted C share portfolio comprised 20 investments with a cost of £16.1 million and a valuation of £11.2 million. In addition, the C share pool held cash and liquidity funds of £2.8 million.

Value in the C share pool is more evenly spread when compared to the Ordinary share pool with no one investment accounting for more than 10% of the C share pool.

Both the Ordinary and C share pools have seen movements in valuations reflecting both individual portfolio company circumstances and wider changes to market comparables. Notable movements include Ashford Colour Press (Ordinary share pool), Donatantonio (C share pool), Path Group (C share pool) and Optima (C share pool).

### *D share pool*

Fundraising for the D share pool is, at the date of this report, still ongoing having raised a total of over £5 million despite the difficult market conditions. This very pleasing result provides a firm base for further fundraising and building a diversified portfolio. We have not yet made any investments from the D share funds.

# Investment Manager's Report continued

## Outlook

The turmoil of the economic environment over the last twelve months has created difficult trading conditions for small and medium size enterprises. With our assistance a number of our portfolio companies have adjusted their strategies to reflect a more defensive approach and this has resulted in the reduction in their cost bases. This has provided a level of value protection and a more prudent approach in investing for the future. As our experience of previous cycles has shown, adversity can create areas of opportunity and it is good to see that a number of portfolio companies continue to see strong growth with several following market opportunities to expand overseas.

Since 28 February 2009, the increase in stock market indices, together with improving economic sentiment in some areas, has been seen by some to be an indicator of economic recovery. Our view is that the climb to sustained positive economic growth will be slow and as such we remain wary of unproven and over-optimistic business opportunities.

We are now seeing a number of investment opportunities which reflect a more mature approach to business development. Entrepreneurs are balancing reasonable investment entry prices with a preference for knowledgeable and long term partners. We expect a number of new investments to complete in the short term.

**Beringea LLP**

28 October 2009

# Unaudited Balance Sheet

as at 31 August 2009

	31 Aug 2009 £'000	31 Aug 2008 £'000	28 Feb 2009 £'000
<b>Fixed assets</b>			
Investments	13,624	11,506	13,943
<b>Current assets</b>			
Debtors	5,318	550	1,514
Current investments	2,500	14,350	7,550
Cash at bank and in hand	619	1,450	973
<b>Creditors: amounts falling due within one year</b>	(230)	(215)	(1,035)
<b>Net current assets</b>	8,207	16,135	9,002
<b>Net assets</b>	21,831	27,641	22,945
<b>Capital and reserves</b>			
Called up share capital	1,105	1,314	1,311
Capital redemption reserve	275	12	15
Share premium account	4,955	22,998	22,998
Special distributable reserve	20,771	3,706	2,517
Capital reserve - realised	139	2,147	747
Investment holding losses	(5,062)	(2,920)	(4,891)
Revenue reserve	(352)	384	248
<b>Equity shareholders' funds</b>	21,831	27,641	22,945
<b>Net asset value per share:</b>			
<b>Ordinary share</b>	43.6p	94.6p	57.1p
<b>C share</b>	70.7p	85.0p	76.7p
<b>D share</b>	93.4p	n/a	n/a



# Unaudited Balance Sheet

as at 31 August 2009

Analysed by share pool

Ordinary shares	31 Aug 2009 £'000	31 Aug 2008 £'000	28 Feb 2009 £'000
<b>Fixed assets</b>			
Investments	2,447	2,718	2,406
<b>Current assets</b>			
Debtors	21	244	945
Current investments	1,470	2,170	1,470
Cash at bank and in hand	(935)	1,383	25
<b>Creditors: amounts falling due within one year</b>	<b>(41)</b>	<b>(68)</b>	<b>(956)</b>
<b>Net current assets</b>	<b>515</b>	<b>3,729</b>	<b>1,484</b>
<b>Net assets</b>	<b>2,962</b>	<b>6,447</b>	<b>3,890</b>
<b>Capital and reserves</b>			
Called up share capital	68	68	68
Capital redemption reserve	10	9	9
Share premium account	-	641	641
Special distributable reserve	2,826	3,706	2,517
Capital reserve - realised	153	2,221	971
Investment holding losses	(162)	(262)	(350)
Revenue reserve	67	64	34
<b>Equity shareholders' funds</b>	<b>2,962</b>	<b>6,447</b>	<b>3,890</b>

# Unaudited Balance Sheet

as at 31 August 2009

Analysed by share pool

C shares	31 Aug 2009 £'000	31 Aug 2008 £'000	28 Feb 2009 £'000
<b>Fixed assets</b>			
Investments	11,177	8,788	11,537
<b>Current assets</b>			
Debtors	105	306	569
Current investments	1,030	12,180	6,080
Cash at bank and in hand	1,738	67	948
<b>Creditors: amounts falling due within one year</b>	<b>(133)</b>	<b>(147)</b>	<b>(79)</b>
<b>Net current assets</b>	<b>2,740</b>	<b>12,406</b>	<b>7,518</b>
<b>Net assets</b>	<b>13,917</b>	<b>21,194</b>	<b>19,055</b>
<b>Capital and reserves</b>			
Called up share capital	984	1,246	1,243
Capital redemption reserve	265	3	6
Share premium account	-	22,357	22,357
Special distributable reserve	17,945	-	-
Capital reserve - realised	14	(74)	(224)
Investment holding losses	(4,900)	(2,658)	(4,541)
Revenue reserve	(391)	320	214
<b>Equity shareholders' funds</b>	<b>13,917</b>	<b>21,194</b>	<b>19,055</b>

# Unaudited Balance Sheet

as at 31 August 2009

Analysed by share pool

D shares	31 Aug 2009 £'000	31 Aug 2008 £'000	28 Feb 2009 £'000
<b>Fixed assets</b>			
Investments	-	n/a	n/a
<b>Current assets</b>			
Debtors	5,192	n/a	n/a
Current investments	-	n/a	n/a
Cash at bank and in hand	(184)	n/a	n/a
<b>Creditors:</b> amounts falling due within one year	(56)	n/a	n/a
<b>Net current assets</b>	4,952	n/a	n/a
<b>Net assets</b>	4,952	n/a	n/a
<b>Capital and reserves</b>			
Called up share capital	53	n/a	n/a
Capital redemption reserve	-	n/a	n/a
Share premium account	4,955	n/a	n/a
Special distributable reserve	-	n/a	n/a
Capital reserve - realised	(28)	n/a	n/a
Investment holding losses	-	n/a	n/a
Revenue reserve	(28)	n/a	n/a
<b>Equity shareholders' funds</b>	4,952	n/a	n/a

# Unaudited Income Statement

for the six months ended 31 August 2009

## Company Total

	Six months ended 31 August 2009		
	Revenue £'000	Capital £'000	Total £'000
Income	292	-	292
Gains/(losses) on investments	-	(171)	(171)
	292	(171)	121
Investment management fee	(66)	(199)	(265)
Performance incentive fees	(7)	(184)	(191)
Recoverable VAT	-	-	-
Other expenses	(573)	-	(573)
<b>Return/(loss) on ordinary activities before taxation</b>	<b>(354)</b>	<b>(554)</b>	<b>(908)</b>
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	<b>(354)</b>	<b>(554)</b>	<b>(908)</b>
<b>Basic and diluted return/(loss) per Ordinary share</b>	<b>1.0p</b>	<b>(0.4p)</b>	<b>0.6p</b>
<b>Basic and diluted return/(loss) per C share</b>	<b>(1.7p)</b>	<b>(2.1p)</b>	<b>(3.8p)</b>
<b>Basic and diluted return/(loss) per D share</b>	<b>(0.7p)</b>	<b>(0.7p)</b>	<b>(1.4p)</b>

## Ordinary shares

	Six months ended 31 August 2009		
	Revenue £'000	Capital £'000	Total £'000
Income	144	-	144
Gains/(losses) on investments	-	188	188
	144	188	332
Investment management fee	(9)	(31)	(40)
Performance incentive fees	(7)	(184)	(191)
Recoverable VAT	-	-	-
Other expenses	(61)	-	(61)
<b>Return/(loss) on ordinary activities before taxation</b>	<b>67</b>	<b>(27)</b>	<b>40</b>
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	<b>67</b>	<b>(27)</b>	<b>40</b>

Six months ended 31 August 2008			Year ended 28 Feb 2009
Revenue £'000	Capital £'000	Total £'000	Total £'000
729	-	729	1,188
-	(2,113)	(2,113)	(4,055)
729	(2,113)	(1,384)	(2,867)
(75)	(225)	(300)	(543)
(21)	(252)	(273)	(661)
-	-	-	206
(141)	(16)	(157)	(287)
492	(2,606)	(2,114)	(4,152)
(134)	134	-	-
358	(2,472)	(2,114)	(4,152)
0.7p	(7.5p)	(6.8p)	(13.3p)
1.3p	(7.9p)	(6.6p)	(13.0p)
-	-	-	-

Six months ended 31 August 2008			Year ended 28 Feb 2009
Revenue £'000	Capital £'000	Total £'000	Total £'000
140	-	140	188
-	(221)	(221)	(284)
140	(221)	(81)	(96)
(15)	(46)	(61)	(123)
(21)	(252)	(273)	(661)
-	-	-	56
(43)	-	(43)	(78)
61	(519)	(458)	(902)
(15)	15	-	-
46	(504)	(458)	(902)

# Unaudited Income Statement

for the six months ended 31 August 2009

## C shares

	Six months ended 31 August 2009		
	Revenue £'000	Capital £'000	Total £'000
Income	138	-	138
Gains/(losses) on investments	-	(359)	(359)
	138	(359)	(221)
Investment management fee	(47)	(140)	(187)
Performance incentive fees	-	-	-
Recoverable VAT	-	-	-
Other expenses	(484)	-	(484)
	(393)	(499)	(892)
<b>Return/(loss) on ordinary activities before taxation</b>			
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	(393)	(499)	(892)

## D shares

	Six months ended 31 August 2009		
	Revenue £'000	Capital £'000	Total £'000
Income	10	-	10
Gains/(losses) on investments	-	-	-
	10	-	10
Investment management fee	(10)	(28)	(38)
Performance incentive fees	-	-	-
Recoverable VAT	-	-	-
Other expenses	(28)	-	(28)
	(28)	(28)	(56)
<b>Return/(loss) on ordinary activities before taxation</b>	(28)	(28)	(56)
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	(28)	(28)	(56)

Six months ended 31 August 2008			Year ended 28 Feb 2009
Revenue £'000	Capital £'000	Total £'000	Total £'000
589	-	589	1,000
-	(1,892)	(1,892)	(3,771)
589	(1,892)	(1,303)	(2,771)
(60)	(179)	(239)	(420)
-	-	-	-
-	-	-	150
(98)	(16)	(114)	(209)
431	(2,087)	(1,656)	(3,250)
(119)	119	-	-
312	(1,968)	(1,656)	(3,250)

Six months ended 31 August 2008			Year ended 28 Feb 2009
Revenue £'000	Capital £'000	Total £'000	Total £'000
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

## Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 August 2009

	31 Aug 2009			31 Aug	28 Feb
	Ordinary	C	D	2008	2009
	shares	shares	shares	Total	Total
	£'000	£'000	£'000	£'000	£'000
Opening Shareholders' funds	3,890	19,055	-	22,945	31,285
Proceeds from share issues	-	-	5,154	5,154	656
Share issue costs	-	-	(146)	(146)	(36)
Purchase of own shares	(13)	(3,911)	-	(3,924)	(124)
Total recognised gain/(loss) for the year	40	(892)	(56)	(908)	(4,152)
Distributions paid in the period	(955)	(335)	-	(1,290)	(4,684)
Closing Shareholders' funds	2,962	13,917	4,952	21,831	27,945



# Unaudited Cash Flow Statement

for the six months ended 31 August 2009

	Note	Six months ended 31 August 2009 £'000	Six months ended 31 August 2008 £'000	Year ended 28 Feb 2009 £'000
<b>Net cash outflow from operating activities</b>	<b>A</b>	(4,442)	(329)	(776)
<b>Capital expenditure</b>				
Purchase of investments		-	(3,402)	(8,037)
Disposal of investments		147	2,617	3,084
Net cash inflow/(outflow) from capital expenditure		147	(785)	(4,953)
<b>Equity distributions paid</b>		(1,290)	(2,073)	(4,684)
<b>Management of liquid resources</b>				
Purchase of current investments held as liquidity funds		-	-	(1,300)
Withdrawal from liquidity funds		5,050	2,200	10,300
<b>Net cash inflow/(outflow) from liquid resources</b>		5,050	2,200	9,000
<b>Net cash inflow before financing</b>		(535)	(987)	(1,413)
<b>Financing</b>				
Proceeds from share issue		5,008	640	637
Share issue costs		(902)	(36)	(36)
Purchase of own shares		(3,925)	(76)	(124)
<b>Net cash inflow from financing</b>		181	528	477
<b>Increase/(decrease) in cash</b>	<b>B</b>	(354)	(459)	(936)
<b>Notes to the cash flow statement:</b>				
<b>A Net cash flow from operating activities</b>				
Return/(loss) on ordinary activities before taxation		(354)	492	805
Expenses charged to capital		(383)	(493)	(902)
(Increase)/decrease in debtors		(3,804)	(125)	(368)
Increase/(decrease) in creditors		99	(203)	(311)
Net cash outflow from operating activities		(4,442)	(329)	(776)
<b>B Analysis of net funds</b>				
Beginning of period		973	1,909	1,909
Net cash inflow/(outflow)		(354)	(459)	(936)
End of period		619	1,450	973

## Summary of Investment Portfolio

as at 31 August 2009

Ordinary share pool	Cost £'000	Valuation £'000	Valuation movement in the period £'000	% of portfolio by value
<b>Venture capital investments</b>				
Espresso Group Limited	481	1,433	(15)	48.1%
Ashford Colour Press Limited	413	339	182	11.4%
Overtis Group Limited	350	307	(43)	10.3%
Campden Media Limited	488	207	-	6.9%
Pilat Media Global plc*	50	60	35	2.0%
UBC Media plc*	400	47	(16)	1.6%
Sports Holdings Limited	48	48	48	1.6%
Immedia Group plc*	170	6	(3)	0.2%
Baby Innovations S.A. t/a Steribottle	209	-	-	0.0%
	<b>2,609</b>	<b>2,447</b>	<b>188</b>	<b>82.1%</b>
Liquidity fund investments		1,470		49.3%
Cash at bank and in hand		(935)		(31.4%)
<b>Ordinary share pool total</b>		<b>2,982</b>		<b>100.0%</b>

C share pool	Cost £'000	Valuation £'000	Valuation movement in the period £'000	% of portfolio by value
<b>Ten largest venture capital investments (by value)</b>				
Espresso Group Limited	1,101	1,100	-	7.9%
Fjordnet Limited	1,000	1,000	-	7.2%
Lazurite Limited	1,000	1,000	-	7.2%
Prelude Media Limited	1,000	1,000	-	7.2%
Eagle Rock Entertainment Group Limited	680	933	56	6.7%
Donatantonio Limited	1,366	940	289	6.7%
Chess Technology Limited	900	883	(17)	6.3%
Path Group Limited	1,000	842	(158)	6.0%
Charterhouse Leisure Limited	1,000	774	(27)	5.5%
Saffron Media Group Limited	670	676	6	4.8%
	<b>9,717</b>	<b>9,148</b>	<b>149</b>	<b>65.5%</b>
Other venture capital investments	6,360	2,029	(508)	14.6%
	<b>16,077</b>	<b>11,177</b>	<b>(359)</b>	<b>80.1%</b>
Liquidity fund investments		1,030		7.4%
Cash at bank and in hand		1,738		12.5%
<b>C share pool total</b>		<b>13,945</b>		<b>100.0%</b>

No investments were held by the D share pool in the period.

All venture capital investments are unquoted unless otherwise stated.

\* Quoted on AIM

# Summary of Investment Movements

for the six months ended 31 August 2009

## Additions

No additions were made in the period.

## Disposals

Ordinary share Portfolio

	Cost £'000	Market value at 1 March 2009 £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
Espresso Group Limited	147	147	147	-	-

No disposals were made by the C share pool or the D share pool in the period.

## Notes to the unaudited Financial Statements

- The unaudited half yearly results cover the six months to 31 August 2009 and have been prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" revised December 2005 ("SORP") and in accordance with the accounting policies set out in the statutory accounts for the year ended 28 February 2009 which were prepared under UK Generally Accepted Accounting Practice ("UK GAAP").
- 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 2008 and the year ended 28 February 2009.
- Return per share for the period has been calculated on the following:

	Ordinary shares	C shares	D shares
Revenue return per share based on:			
Net revenue profit/(loss) after taxation (£'000)	67	(393)	(28)
Weighted average number of shares in issue	6,814,007	23,606,105	3,972,229
Capital return per share based on:			
Net capital profit/(loss) after taxation (£'000)	(27)	(499)	(38)
Weighted average number of shares in issue	6,814,007	23,606,105	3,972,229

- NAV per share for the period has been calculated on the following:

	Ordinary shares	C shares	D shares
Net Assets (£'000)	2,962	13,917	4,952
Number of shares in issue at period end	6,789,560	19,680,936	5,299,272

## Notes to the unaudited Financial Statements continued

### 8. Dividends

	31 Aug 2009			31 Aug 2008			28 Feb 2009
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
<b>Ordinary share dividends paid in period</b>							
Paid in period							
2009 Final	34	921	955	-	-	-	-
2009 Interim	-	-	-	-	-	-	2,113
2008 Final	-	-	-	103	-	103	103
2008 Interim	-	-	-	-	1,159	1,159	1,159
	<b>34</b>	<b>921</b>	<b>955</b>	<b>103</b>	<b>1,159</b>	<b>1,262</b>	<b>3,375</b>
<b>C share dividends paid in period</b>							
2009 Final	212	123	335	-	-	-	-
2009 Interim	-	-	-	-	-	-	498
2008 Final	-	-	-	312	-	312	312
2008 Interim	-	-	-	-	499	499	499
	<b>212</b>	<b>123</b>	<b>335</b>	<b>312</b>	<b>499</b>	<b>811</b>	<b>1,309</b>

No dividends have been paid in respect of the D shares to date.

### 9. Reserves

	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve - realised £'000	Unrealised holding losses £'000	Revenue reserve £'000
<b>At 1 March 2009</b>	15	22,998	2,517	747	(4,891)	248
Purchase of own shares	260	-	(3,925)	-	-	-
Issue of new shares	-	4,955	-	-	-	-
Expenses capitalised	-	-	-	(383)	-	-
Tax relief on capital expenses	-	-	-	-	-	-
Gains/(losses) on investments	-	-	-	-	(171)	-
Retained revenue	-	-	-	-	-	(354)
Transfer between reserves	-	(22,998)	22,179	819	-	-
Distributions paid	-	-	-	(1,044)	-	(246)
<b>At 31 August 2009</b>	<b>275</b>	<b>4,955</b>	<b>20,771</b>	<b>139</b>	<b>(5,062)</b>	<b>(352)</b>

### 10. Contingent liabilities, guarantees and financial commitments

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 £112,500.

Apart from the above, the Company has no contingent liabilities, guarantees and financial commitments.

## Notes to the unaudited Financial Statements continued

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 28 February 2009 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. Further copies can be obtained from the Company's Registered Office and will be available for download from **[www.provenvcts.com](http://www.provenvcts.com)** and **[www.downing.co.uk](http://www.downing.co.uk)**.

# Shareholder Information

## 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](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 Registrars' website at [www.capitaregistrars.com](http://www.capitaregistrars.com), by clicking on "Shareholders".

## Dividends

Dividends are paid by the registrar on behalf of the Company. 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. Queries relating to dividends and requests for mandate forms should therefore be directed to the Company's registrar, Capita Registrars, whose details are on the back cover of this document.

## Share price

The Company's share price can be found on various financial websites with the following TIDM/EPIC code:

	Ordinary shares	D shares
TIDM/EPIC code	"PGOO"	"PGOD"
Latest share price (28 October 2009):	62.5p per share	100.0p per share

Following the C share conversion and Ordinary share consolidation, the new Ordinary shares have the TIDM code of "PGOO". Previously, Ordinary shares had a TIDM of "PGO" and C shares of "PGOC".

## Buying and selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange using a stockbroker. Disposing of your shares may have tax implications, therefore, you should contact 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.

### Directors

Andrew Davison (Chairman)  
Nicholas Lewis  
Malcolm Moss  
James Stewart  
Marc Vlessing

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### Registered Office

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Registered No. 3911323

### Registrar

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(calls cost 10p per minute plus network extras,  
lines open 8:30am to 5:30pm Monday to Friday)