



PROVEN GROWTH & INCOME VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2016



Managed by BERINGEA LLP



PROVEN GROWTH & INCOME VCT PLC

PRINCIPAL INVESTMENT OBJECTIVES

The Company's principal objective is to achieve long-term returns greater than those available from investing in a portfolio of quoted companies, by investing in:

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments including cash, liquidity funds, fixed interest securities, debt and debt-related securities in growth companies and non-qualifying venture capital investments,

within the conditions imposed on all VCTs and to minimise the risk of each investment and the portfolio as a whole.



FINANCIAL SUMMARY

	31 August 2016	31 August 2015	29 February 2016
Net asset value per share ("NAV")	80.2p	81.8p	80.0p
Dividends paid since class launch (originally as 'C' Shares)	39.6p	33.6p	35.6p
Total return (NAV plus dividends paid since 'C' Share class launch)	119.8p	115.4p	115.6p



CHAIRMAN'S STATEMENT

INTRODUCTION

I have pleasure in presenting the half year report for ProVen Growth and Income VCT plc (the "Company") for the six months ended 31 August 2016.

NET ASSET VALUE

At 31 August 2016, the net asset value ("NAV") per share was 80.2p, an increase of 4.2p per share since the year end (after adjusting for the dividend of 4.0p per share paid during the period).

PORTFOLIO ACTIVITY AND VALUATION

During the six months to 31 August 2016, a total of £2.8 million was invested. This included £1.5 million into two new investments, Thread and POQ Studio, and £1.3 million into existing portfolio companies to support their continued growth and development. After the period end a total of £1.2 million was invested into two new companies, ContactEngine and Honeycomb.TV.

In July 2016 the Company realised its investment in Big Data Partnership, generating a gain of £1.1 million. In addition, loan note repayments of £3.7 million were received during the period, which included full repayment of the loans with Linkdex, Peerius and SE Pharma. Shortly after the period end, the Company realised its investment in MyOptique, generating a gain of £2.7 million.

The venture capital investment portfolio showed a net unrealised gain of £3.7 million over the six month period.

Further detail on investment activity is provided in the Investment Manager's Report on pages 7 and 8.

RESULTS AND DIVIDENDS

The total return on ordinary activities after taxation for the six month period to 31 August 2016 was £3.7 million, comprising a revenue profit of £0.2 million and a capital profit of £3.5 million.

During the six month period, a final dividend of 4.0p per share in respect of the year ended 29 February 2016 was paid on 15 July 2016 following shareholder approval at the Company's AGM.

The Board has today declared an interim dividend of 2.0p per share which will be paid on 16 December 2016 to Shareholders on the register at 18 November 2016.

Shareholders are reminded that the Company operates a Dividend Reinvestment Scheme ("DRIS") for shareholders that wish to have their dividends reinvested in new shares and obtain further income tax relief on those shares. If you are not currently registered for the DRIS and wish to have your dividends paid

in the form of new shares, DRIS forms are available from the www.provenvcts.co.uk website or by contacting Beringea on 020 7845 7820. Shareholders will need to be registered for the DRIS prior to 18 November 2016 to be eligible to receive the forthcoming dividend as new shares.

FUND RAISING AND SHARE ISSUES

During the period, the Company allotted 519,805 shares at 78.3p per share under the Company's DRIS in respect of the dividend paid on 15 July 2016.

Shortly after the period end, on 21 September 2016, the Company launched an offer for subscription to raise up to £30 million, with an over allotment facility of up to a further £10 million.

SHARE BUYBACKS

The Company continues to operate a policy of purchasing its own shares as they become available in the market at a discount of approximately 5% to the latest published NAV.

During the period, the Company completed purchases of 916,309 shares at an average price of 74.7p per share and for aggregate consideration (net of costs) of £684,877. This represented 1.0% of the shares in issue at the start of the period. The shares were subsequently cancelled.

VCT LEGISLATION

The further changes to the VCT rules announced in March 2016, primarily around permitted non-qualifying investments from 6 April 2016, have now received Royal Assent. This places further restrictions on investments a VCT can make.

The significant changes to the VCT regulations since November 2015 have affected the Company less than many other VCTs, as its investment strategy was already broadly aligned with the new rules.

OUTLOOK

Undoubtedly the biggest economic and political event during the period was the UK electorate's decision to leave the EU on 23 June 2016. At the time of writing, there is significant uncertainty over the manner and form of the withdrawal although latest indications are that the formal process will be started in early 2017. We cannot predict how this will play out across the current and, indeed, future portfolio. In general terms, however, the portfolio has been relatively unaffected since the vote: some companies with large foreign imports and exports have been impacted by exchange rate movements but this has always been a challenge for such businesses. Moreover, as the Investment Manager quite rightly points out, the nature

CHAIRMAN'S STATEMENT

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of smaller companies is that they are less dependent on the wider economy to grow than larger companies and so wider economic events should not necessarily impact the portfolio proportionately.

It is reassuring that there has been notable investment and disposal activity since the Referendum, reflected in the investments in POQ Studio, ContactEngine and Honeycomb.TV and the realisations of Big Data Partnership, MyOptique, Peerius and Linkdex. Good progress also continues to be made at a number of companies across the portfolio. The Investment Manager has recently hired three new investment executives to help manage the strong dealflow it is experiencing and to work with portfolio companies.

All things considered, I remain confident about the prospects for the Company.

Marc Vlessing

Chairman

8 November 2016

INVESTMENT MANAGER'S REPORT

INTRODUCTION

We have pleasure in presenting our half year report for ProVen Growth and Income VCT plc (the "Company") for the six month period to 31 August 2016.

INVESTMENT ACTIVITY AND PORTFOLIO VALUATION

At 31 August 2016, the Company's investment portfolio comprised 42 investments, of which 40 were unquoted, at a cost of £55.8 million and a valuation of £62.2 million. This represents an overall unrealised uplift on cost of £6.4 million or 11.5%.

During the period, the Company invested a further £2.8 million, comprising £1.5 million into two new companies and £1.3 million into four existing portfolio companies. The new investment into Thread (£620,000), a menswear e-commerce site which recommends styles and items based on an individual's tastes and preferences, was completed shortly after the year end and discussed in the previous full year report. In June, the Company completed an investment of £875,000 into POQ Studio, a platform provider for mobile ecommerce apps used by major fashion retailers.

The follow-on investments were made into Disposable Cubicle Curtains (£461,000), InContext Solutions (£400,000), Big Data Partnership (£253,000) and Network Locum (£169,000). The investment in Network Locum in August was part of a £5m funding round to support the rapid growth of the business, including the expansion of the sales team.

The Company generated realisation proceeds of £7.3 million. During the period, the Company's loan portfolio was reduced following the full repayment of the loans with SE Pharma (£2.1 million), Linkdex (£1.2 million) and Peerius (£276,000) following realisation events at these companies. In addition, the Company's investment in Big Data Partnership was sold to US listed technology company Teradata in July 2016 generating proceeds of £3.4m, a multiple of 1.5x cost.

Overall, the venture capital investment portfolio showed an uplift of £3.7 million, equivalent to 4.1p per share over the period. There were uplifts in value for, amongst others, MyOptique, Third Bridge and Simplestream. A summary of the top 20 venture capital investments, by value, is provided in the Summary of Investment Portfolio on page 9.

POST PERIOD END PORTFOLIO ACTIVITY

In September 2016, the Company's investment in MyOptique was acquired by the leading French eyewear company Essilor for proceeds of £6.3 million. The uplift in valuation since the start of the year is

INVESTMENT MANAGER'S REPORT

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reflected within the fair value of MyOptique as at 31 August 2016 and the disposal represented a realised gain above cost of £2.7 million.

The Company made two new investments in September 2016: £550,000 into ContactEngine, a software provider that automates its clients' customer communication, and £605,000 into Honeycomb.TV, a TV and video advertising management platform.

OUTLOOK

Despite the changes in VCT regulations, which have narrowed the range of potential investment opportunities for VCTs, and general increased competition across the venture capital market, we continue to experience a healthy flow of new investment opportunities for consideration. We have recently expanded our investment team with three new hires to ensure we can effectively manage and execute this dealflow.

The UK electorate's decision to leave the EU in the June Referendum has had limited effect to date although we expect the consequences of this decision to play out over years, rather than months. The businesses in which we invest, however, are constantly adapting to new challenges and their relative small size makes them adaptable in ways that larger companies are not. Additionally, as we have outlined in the past, smaller companies are generally less dependent on the wider economy for growth and can, with the right products and management team, prosper across the economic cycle.

This confidence is supported by the investment activity, both acquisitions and disposals, during the period under review and notably since the Referendum decision. We therefore enter the second half of the financial year with optimism for the investment portfolio as a whole.

Beringea LLP

8 November 2016

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2016

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
MyOptique Limited	3,630	6,467	2,837	8.9%
Pulpitum Limited	5,800	5,303	(128)	7.3%
Third Bridge Group Limited	2,051	4,953	461	6.8%
Dryden Holdings Limited	5,000	4,835	(165)	6.7%
Sealskinz Holdings Limited	3,116	3,126	10	4.3%
APM Healthcare Limited	1,731	2,922	349	4.0%
Blis Media Limited	1,083	2,842	–	3.9%
Disposable Cubicle Curtains Limited	2,768	2,768	(325)	3.8%
Simplestream Limited	1,241	2,266	930	3.1%
InContext Solutions, Inc.	1,976	2,235	123	3.1%
D30 Holdings Limited	3,255	2,204	(43)	3.0%
MEL Topco Limited (t/a Maplin)	2,218	2,168	(297)	3.0%
Donatantonio Group Limited	1,096	2,135	(72)	2.9%
Cogora Group Limited	1,320	1,901	74	2.6%
Inskin Media Limited	1,435	1,614	(555)	2.2%
Chess Technologies Limited	1,568	1,544	301	2.1%
Response Tap Limited	1,440	1,440	(83)	2.0%
Matssoft Limited	1,140	1,403	459	2.0%
Litchfield Media Limited	1,420	1,372	(48)	1.9%
Watchfinder.co.uk Limited	551	1,330	173	1.8%
Other venture capital investments	12,003	7,356	(344)	10.1%
Total venture capital investments	55,842	62,184	3,657	85.5%
Cash at bank and in hand		10,578		14.5%
Total investments		72,762		100.0%

Other venture capital investments at 31 August 2016 comprise: 7Digital Group plc, Abzena plc, Amura Holdings Limited, Celoxica Limited, Chargemaster plc, Charterhouse Leisure Limited, Conversity Limited, Deltadot Limited, Dianomi Limited, Duncannon Holdings Limited, Fossgate Limited, Monica Vinader Limited, Network Locum Limited, Perfect Channel Limited, Poq Studio Limited, Omni Dental Sciences

SUMMARY OF INVESTMENT PORTFOLIO

CONTINUED

Limited, Senselogix Limited, Skills Matter Limited, Steribottle Global Limited, Thread Inc., Utility Exchange Online Limited and Vigilant Applications Limited.

With the exception of 7Digital Group plc and Abzena plc which are quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exception of Abzena plc, Amura Holdings Limited, Deltadot Limited, Dryden Holdings Limited, Duncannon Holdings Limited, Fossgate Limited and Omni Dental Sciences Limited, were also held by ProVen VCT plc, of which Beringea LLP is the investment manager.

Blis Media Limited is also held by ProVen Planned Exit VCT plc, of which Beringea LLP was the investment manager until 31 March 2016 when ProVen Planned Exit VCT plc was placed into Members Voluntary Liquidation. The liquidator has agreed that Beringea LLP will continue to manage the investment in Blis Media Limited on behalf of ProVen Planned Exit VCT plc until it is sold.

All venture capital investments are registered in England and Wales except for Thread Inc. and InContext Solutions which are Delaware registered corporations in the United States of America and Fossgate Limited which is registered in the Cayman Islands.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

Investment activity during the six months ended 31 August 2016 is summarised as follows:

ADDITIONS

	Cost £'000
Poq Studio Limited	875
Thread Inc.	620
Disposable Cubicle Curtains Limited	461
InContext Solutions, Inc.	400
Big Data Partnership Limited	253
Network Locum Limited	169
Other investments	2
Total	2,780

DISPOSALS

	Cost* £'000	Market value at 1 March 2016* £'000	Disposal proceeds £'000	Gain against cost £'000	Realised gain in period £'000
Big Data Partnership Limited	2,298	2,298	3,367	1,069	1,069
Speciality European Pharma Limited	2,052	2,052	2,052	–	–
Linkdex Limited	1,244	1,244	1,244	–	–
Peerius Limited	276	276	276	–	–
Eagle-i Music Limited	–	–	145	145	145
Celoxica Limited	132	132	132	–	–
Conversity Limited	34	–	34	–	34
Population Genetics Technologies Limited	–	15	15	15	–
Total	6,036	6,017	7,265	1,229	1,248

* Adjusted for purchases during the period

Of the investments above, Eagle-i Music Limited was realised in the prior period but received proceeds in the current period in excess of the amount previously accrued.

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	(unaudited) Six months ended 31 Aug 2016			(unaudited) Six months ended 31 Aug 2015			(audited) Year ended 29 Feb 2016
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	595	–	595	622	–	622	60
Gain/(loss) on investments	–	4,994	4,994	–	(474)	(474)	1,184
Investment management fee	(181)	(544)	(725)	(200)	(599)	(799)	(1,496)
Performance incentive fee	–	(897)	(897)	–	–	–	–
Other expenses	(207)	(12)	(219)	(172)	(4)	(176)	(439)
Return/(loss) on ordinary activities before taxation	207	3,541	3,748	250	(1,077)	(827)	(691)
Tax on ordinary activities	–	–	–	–	–	–	–
Return/(loss) attributable to equity shareholders	207	3,541	3,748	250	(1,077)	(827)	(691)
Basic and diluted return/(loss) per share	0.2p	4.0p	4.2p	0.3p	(1.3p)	(1.0p)	(0.8)p

All revenue and capital items in the above statement derive from continuing operations. The total column within this statement represents the Unaudited Condensed Income Statement of the Company.

The Company has no recognised gains or losses other than the results for the six month period as set out above.

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2016

	(unaudited) 31 Aug 2016 £'000	(unaudited) 31 Aug 2015 £'000	(audited) 29 Feb 2016 £'000
Fixed assets			
Investments	62,184	51,065	61,784
Current assets			
Debtors	401	174	626
Cash at bank and in hand	10,578	22,998	10,110
	10,979	23,172	10,736
Creditors: amounts falling due within one year	(1,403)	(607)	(649)
Net current assets	9,576	22,565	10,087
Net assets	71,760	73,630	71,871
Capital and reserves			
Called up share capital	1,447	1,457	1,454
Capital redemption reserve	1,136	1,115	1,121
Share premium account	26,030	25,445	25,631
Share capital to be issued	–	–	–
Special reserve	32,048	38,040	35,956
Capital reserve – realised	4,705	2,567	4,821
Revaluation reserve	6,719	5,306	3,062
Revenue reserve	(325)	(300)	(174)
Total equity shareholders' funds	71,760	73,630	71,871
Basic and diluted net asset value per share	80.2p	81.8p	80.0p

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

Six months ended 31 August 2016 (unaudited)

	Called up share capital £'000	Capital redemp- tion reserve £'000	Share premium account £'000	Special reserve £'000	Shares to be issued £'000	Capital reserve – realised £'000	Re- valuation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2016	1,454	1,121	25,631	35,956	–	4,821	3,062	(174)	71,871
Total comprehensive income	–	–	–	–	–	(116)	3,657	207	3,748
Share issue	8	–	399	–	–	–	–	–	407
Purchase of own shares	(15)	15	–	(688)	–	–	–	–	(688)
Dividends paid	–	–	–	(3,220)	–	–	–	(358)	(3,578)
At 31 August 2016	1,447	1,136	26,030	32,048	–	4,705	6,719	(325)	71,760

Six months ended 31 August 2015 (unaudited)

	Called up share capital £'000	Capital redemp- tion reserve £'000	Share premium account £'000	Special reserve £'000	Shares to be issued £'000	Capital reserve – realised £'000	Re- valuation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2015	1,173	1,105	10,089	41,128	3,125	3,213	5,737	(327)	65,243
Total comprehensive income	–	–	–	–	–	(646)	(431)	250	(827)
Share issue	294	–	15,356	–	(3,125)	–	–	–	12,525
Share issue costs	–	–	–	(585)	–	–	–	–	(585)
Purchase of own shares	(10)	10	–	(478)	–	–	–	–	(478)
Dividends paid	–	–	–	(2,025)	–	–	–	(223)	(2,248)
At 31 August 2015	1,457	1,115	25,445	38,040	–	2,567	5,306	(300)	73,630

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. The distributable reserves are reduced by losses of £3,145,000 (2015: £3,145,000) which are included in the revaluation reserve. Reserves available for distribution therefore amount to £33,268,000 (2015: £37,162,000).

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

	Note	(unaudited) Six months ended 31 Aug 2016 £'000	(unaudited) Six months ended 31 Aug 2015 £'000	(audited) Year ended 29 Feb 2016 £'000
Net cash used in operating activities	A	(118)	(309)	(738)
Net cashflows from investing activities				
Purchase of investments		(2,780)	(9,386)	(24,564)
Disposal of investments		7,265	1,418	6,121
Net cash from investing activities		4,485	(7,968)	(18,443)
Net cashflows from financing activities				
Proceeds from share issues		–	12,287	12,287
Share issue costs		–	(585)	(585)
Purchase of own shares		(728)	(478)	(854)
Share capital to be issued		–	–	–
Equity dividends paid		(3,171)	(2,010)	(3,618)
Net cash from financing		(3,899)	9,214	7,230
Increase/(decrease) in cash and cash equivalents	B	468	937	(11,951)
Notes to the cash flow statement:				
A. Net cash used in operating activities				
Return/(loss) on ordinary activities before taxation		3,748	(827)	(691)
(Gain)/loss on investments		(4,886)	474	(60)
Decrease/(increase) in debtors		225	69	(94)
Increase/(decrease) in creditors		795	(25)	107
Net cash used in operating activities		(118)	(309)	(738)
B. Analysis of net funds				
Beginning of period/year		10,110	22,061	22,061
Net cash inflows/(outflows)		468	937	(11,951)
End of period/year		10,578	22,998	10,110

The accompanying notes form an integral part of this half-yearly report.

NOTES TO THE HALF-YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Basis of preparation

The Company has prepared its financial statements under Financial Reporting Standard 102 ("FRS102") and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the "SORP"), which was revised in November 2014 by the Association of Investment Companies.

The following accounting policies have been applied consistently throughout the period. Further details of principal accounting policies were disclosed in the Annual Report and Accounts for the year ended 29 February 2016.

a) *Presentation of Income Statement*

In accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in S274 of the Income Tax Act 2007.

b) *Investments*

Investments, including equity and loan stock, are designated as "fair value through profit or loss" assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") issued in December 2015, together with FRS102.

The valuation methodologies used by the Directors for assessing the fair value of unquoted investments are as follows:

- investments are usually retained at cost for twelve months following investment, except where a company's performance against plan is significantly below the expectations on which the investment was made in which case a provision against cost is made as appropriate;
- where a company is in the early stage of development it will normally continue to be held at cost as the best estimate of fair value, reviewed for impairment on the basis described above;

- where a company is well established after an appropriate period, the investment may be valued by applying a suitable earnings or revenue multiple to that company's maintainable earnings or revenue. The multiple used is based on comparable listed companies or a sector but discounted to reflect factors such as the different sizes of the comparable businesses, different growth rates and the lack of marketability of unquoted shares;
- where a value is indicated by a material arms-length transaction by a third party in the shares of the company, the valuation will normally be based on this, reviewed for impairment as appropriate;
- where alternative methods of valuation, such as net assets of the business or the discounted cash flows arising from the business are more appropriate, then such methods may be used; and
- where repayment of the equity is not probable, redemption premiums will be recognised.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value. Methodologies are applied consistently from year to year except where a change results in a better estimate of fair value.

Where an investee company has gone into receivership or liquidation, or the loss in value below cost is considered to be permanent, or there is little likelihood of a recovery from a company in administration, the loss on the investment, although not physically disposed of, is treated as being realised.

All investee companies are held as part of an investment portfolio and measured at fair value. Therefore, it is not the policy for investee companies to be consolidated and any gains or losses arising from changes in fair value are included in the Unaudited Condensed Income Statement for the period as a capital item.

2. All revenue and capital items in the Unaudited Condensed Income Statement derive from continuing operations.
3. There are no other items of comprehensive income other than those disclosed in the Unaudited Condensed Income Statement.
4. The Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers and derives its income from investments made in shares, securities and bank deposits.

NOTES TO THE HALF-YEARLY REPORT

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5. The comparative figures are in respect of the year ended 29 February 2016 and the six month period ended 31 August 2015.
6. Basic and diluted return per share for the period has been calculated on 89,732,064 shares, being the weighted average number of shares in issue during the period.
7. Basic and diluted NAV per share for the period has been calculated on 89,479,641 shares, being the number of shares in issue at the period end.

8. DIVIDENDS

		(unaudited) Six months ended 31 Aug 2016			(unaudited) Six months ended 31 Aug 2015			(audited) Year ended 29 Feb 2016
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
2015 Final	2.5	–	–	–	223	2,025	2,248	2,248
2016 Interim	2.0	–	–	–	–	–	–	1,797
2016 Final	4.0	358	3,220	3,578	–	–	–	–
Total dividends paid		358	3,220	3,578	223	2,025	2,248	4,045

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

The Company has no contingent liabilities, guarantees or financial commitments at 31 August 2016.

10. CALLED UP SHARE CAPITAL

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted 519,805 shares to subscribing shareholders on 15 July 2016. The aggregate consideration for the shares was £407,007.

During the six months to 31 August 2016, the Company repurchased 916,309 shares for an aggregate consideration (net of costs) of £684,877 being an average price of 74.7p per share and which represented 1.0% of the Company's issued share capital at the start of the year. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £3,430.

11. FINANCIAL INSTRUMENTS

Investments are valued at fair value as determined using the measurement policies described in note 1.

The Company has categorised its financial instruments that are measured subsequent to initial recognition at fair value, using the fair value hierarchy as follows:

- Level 1:** Reflects financial instruments that have been valued based on the unadjusted quoted price in an active market for identical assets.
- Level 2:** Reflects financial instruments that have been valued using valuation techniques with observable inputs.
- Level 3:** Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

	(unaudited) 31 Aug 2016				(audited) 29 Feb 2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	765	–	–	765	893	–	–	893
Loan notes	–	–	27,756	27,756	–	–	32,175	32,175
Unquoted equity	–	–	28,904	28,904	–	–	25,268	25,268
Preference shares	–	–	4,759	4,759	–	–	3,448	3,448
Total	765	–	61,419	62,184	893	–	60,891	61,784

12. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

In the opinion of the Directors there is no immediate or ultimate controlling party.

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's investment manager during the period. During the six months ended 31 August 2016, £725,000 was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £365,000.

From 13 January 2015 Beringea LLP was appointed Administration Manager of the Company. Fees paid to Beringea in its capacity as Administration Manager for the six months ended 31 August 2016 amounted to £25,000 of which £13,000 remained outstanding at the period end.

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CONTINUED

As the Company's investment manager, Beringea LLP is also entitled to receive a performance incentive fee based on the Company's performance for each financial year to 28 February. The performance incentive fee arrangements are set out, in detail, in the Annual Report and Accounts. For the year ending 28 February 2017, based on results to 31 August 2016, a performance incentive fee of £897,000 has been accrued. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised. As a result, no performance incentive fee is payable at 31 August 2016.

Beringea LLP may charge arrangement and exit fees, in line with industry practice, to companies in which it invests. It may also receive directors fees or monitoring fees from investee companies. In the six month period to 31 August 2016, amounts of £33,200 and £224,000 were payable to Beringea LLP for arrangement fees and exit fees respectively under such arrangements. Directors and monitoring fees payable to Beringea LLP in the six month period to 31 August 2016 amounted to £293,000.

During the six months to 31 August 2016, an amount of £58,000 was payable to the Directors of the Company as remuneration for services. No amount was outstanding at the period end.

13. The unaudited financial statements set out herein have not been subject to review by the auditor and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. They have therefore not been delivered to the Registrar of Companies. The figures for the year ended 29 February 2016 have been extracted from the financial statements for that period, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unmodified.
14. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 issued by the Financial Reporting Council 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.

15. RISK AND UNCERTAINTIES

Under the Disclosure and Transparency Directive, the Board is required in the Company's half-yearly results, to report on the 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 year are as follows:

- (i) investment risk associated with investing in small and immature businesses;
- (ii) investment risk arising from volatile stock market conditions and their potential effect on the value of the Company's venture capital investments and the exit opportunity for those investments; and
- (iii) breach of VCT regulations.

In the case of (i), the Board is 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 (ii), 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 Administration Manager, who reports regularly to the Board on the current position. The Company also retains Philip Hare & Associates LLP 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.

16. GOING CONCERN

The Directors have reviewed the Company's financial resources at the period end and concluded that the Company is well placed to manage its business risks.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

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.co.uk**.

17. POST BALANCE SHEET EVENTS

In September 2016, the Company's investment in MyOptique was disposed for proceeds of £6.3 million, representing a realised gain of £2.7 million.

The Company made two further new investments in September 2016: £550,000 into ContactEngine, a software provider that automates its clients' customer communication, and £605,000 into Honeycomb.TV, a TV and video advertising management platform.

SHAREHOLDER INFORMATION

SHARE PRICE

The Company's share prices can be found on various financial websites, including the London Stock Exchange (www.londonstockexchange.com) with the following TIDM/EPIC codes:

TIDM/EPIC code	PGOO
Latest share price 7 November 2016	74.0p per share

A link to the share price is also available on Beringea's dedicated VCT website (www.provenvcts.co.uk).

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, on 0371 664 0324 (calls charged at 10p per minute plus network extras), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, BR3 4TU.

BUYING AND SELLING SHARES

The Company's shares can be bought and sold in the same way as those of any other company listed on the London Stock Exchange using a stockbroker. Shareholders are advised to seek advice from their tax adviser, before selling shares.

The Company currently 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. If you are considering selling your shares or trading them in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure").

Panmure are able to provide details of the price at which they will buy shares. Panmure can be contacted as follows:

Chris Lloyd – 020 7886 2716 chris.lloyd@panmure.com

Paul Nolan – 020 7886 2717 paul.nolan@panmure.com

SHAREHOLDER INFORMATION

CONTINUED

UNSOLICITED CALLS TO SHAREHOLDERS

We are aware of cases of Shareholders in other VCTs having received unsolicited phone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that the Company, Beringea or the Company Registrar, Capita Registrars, would make unsolicited telephone calls, or send e-mails, to Shareholders. Shareholders can, however, expect official documentation in connection with the Company and may receive details of investment activity and new VCT offers from the Investment Manager. Furthermore, please be assured that the Company limits access to its share register to the maximum extent permissible under the Companies Act 2006. If you receive either an unexpected phone call or correspondence about which you have concerns, please contact Beringea LLP, the Company Secretary, on **020 7845 7820**.

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.

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 Investment Manager's website: www.provenvcts.co.uk. Shareholders can also check details of their shareholdings using Capital Asset Services' website www.capitaregistrars.com. Please note that to access this facility investors will need to quote the reference number shown on their share/dividend certificate.

COMPANY INFORMATION

DIRECTORS

Marc Vlesing (Chairman)
Natasha Christie-Miller
Malcolm Moss
James Stewart

all of:

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Tel: 020 7845 7820

INVESTMENT MANAGER

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REGISTRAR

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The Registry
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Beckenham BR3 4TU
Tel: 0371 664 0324

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

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