

# ProVen Growth & Income VCT plc

## Half-Yearly Report

For the Six Months Ended 31 August 2012



Managed by  
Beringea LLP





# Principal Investment Objectives

- to achieve a total return 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 2012 Pence	29 Feb 2012 Pence	31 Aug 2011 Pence
<b>Ordinary Shares *</b>			
Net asset value per share ("NAV")	78.5	82.2	79.7
Dividends paid **	18.6	14.1	14.1
Total return (NAV plus dividends paid)	97.1	96.3	93.8
<b>'D' Shares</b>			
Net asset value per share	89.7	86.8	89.9

\* The Ordinary Shares were originally created as 'C' Shares in 2006. The original Ordinary Shares merged with the 'C' Shares in October 2009 at which point the 'C' Shares were converted into Ordinary Shares on a one-for-one basis.

\*\* Dividends paid represents dividends paid in respect of the 'C' Shares between their launch in 2006 up until their conversion in 2009 and as Ordinary Shares since the 'C' Share conversion.

The table above reflects returns since the initial launch of the 'C' Share class (now the Ordinary Share class) and 'D' Share class. Returns for individual fundraisings are provided in the "Shareholder Information" section on page 23.

# Chairman's Statement

## Introduction

I am pleased to present my report for the six months ended 31 August 2012. In a difficult period for the economy, the performance of the Company's investment portfolio has been robust, with increases in total returns of both the Ordinary and 'D' Share classes.

## Net asset values

### Ordinary Shares

As at 31 August 2012, the net asset value ("NAV") per Ordinary Share stood at 78.5p, an increase of 0.8p per share or 0.9% since the year end (after adjusting for the 4.5p dividend paid on 31 August 2012).

### 'D' Shares

As at 31 August 2012, the NAV per 'D' Share stood at 89.7p, an increase of 2.9p per share or 3.3% since the year end.

## Venture capital investments

### Ordinary Share portfolio

The Ordinary Share pool made three follow-on investments in the period at a total cost of £510,000. Additionally, the Company received a new investment in Vigilant Applications Limited as part of the administration of the failed investment, Overtis Group Limited.

The investment in Ashford Colour Press Limited was sold in the period, producing a small realised gain. There was also one small partial loan stock redemption.

In reviewing the investment valuations at the period end, the Board has agreed a number of movements. The net effect of the movements was an unrealised loss of £236,000 alongside net realised gains of £79,000.

### 'D' Share portfolio

The 'D' Share pool completed four follow-on investments during the period, at a total cost of £498,000. In respect of disposals, there was one small loan stock redemption.

The net effect of investment valuation movements over the period was an unrealised gain of £279,000. The most notable increases were £73,000 in Tossed, on the back of improving trading results, and £172,000 in Senselogix, where there has been improved trading as well as new funding from a third party investor.

Further details of the developments within the investment portfolios are included in the Investment Manager's Report on pages 6 and 7.

## Results and dividends

The Income Statement shows a gain on ordinary activities after taxation for the Company during the period of £451,000 (£543,000 revenue surplus and £92,000 capital loss). Details of how this is analysed between the share pools is shown in the detailed Income Statement on page 11 and 12. No interim dividends will be paid.

## 'D' Share conversion

I can confirm that the proposals to convert the 'D' Shares into Ordinary Shares to give both groups of Shareholders exposure to a more diversified portfolio and simplify the structure of the Company were approved at the Shareholder meetings on 24 October 2012 and the conversion took place on 30 October 2012. 'D' Shareholders received approximately 1.1427 Ordinary Shares for each 'D' Share previously held. Former 'D' Shareholders should receive new certificates shortly.

The value of Shareholders' investments in the Company has not changed as a result of the Share conversion.

## 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 current policy is to purchase Ordinary Shares at a price equivalent to a 10% discount to the latest published NAV.

During the period, the Company purchased 644,424 Ordinary Shares at an average price of 73.5p per share and 19,300 'D' Shares at an average price of 83.3p per share. These shares were subsequently cancelled.

Shareholders who are considering selling their shares are reminded that the Company's Administrator, Downing LLP, is able to provide details of close periods and of the prices at which the Company has bought in shares. Contact details can be found on page 26 of this document.

## Outlook

The Company has a significant level of funds available for investment and the Manager reports a strong pipeline of potential investment opportunities. Now that the Company has just one share class, the format of the Company's reports to Shareholders in future will be simpler and should allow investors to track the ongoing performance of their investment more easily. The Board and the Manager believes that the combined portfolio of venture capital investments has the potential to deliver good returns to Shareholders, in line with the Company's investment objectives.

**Marc Vlessing**

Chairman

31 October 2012

# Investment Manager's Report

## Introduction

We set out below our half yearly report to 31 August 2012 for ProVen Growth and Income VCT plc. Despite an economic background which continues to be challenging, the overall performance of the companies in the investment portfolio has been resilient and we continue to see a good flow of companies looking for equity investment.

## Portfolio activity and valuation

### Ordinary Share pool

At 31 August 2012, the Company's Ordinary Share portfolio comprised holdings in 21 companies, of which 18 were unquoted and 3 were quoted, at a valuation of £15.2 million and original acquisition cost of £13.9 million. In addition, the Ordinary Share pool held £11.3 million in cash and liquidity funds.

Further funding was provided to Fjordnet £260,000, Utility Exchange £167,000 and Campden Media, £83,000 during the period. Ashford Colour Press was sold to its management in June, generating a modest capital profit on the initial investment but with an overall return since investment of 8% per annum including interest received on loan notes. Overtis Group went into administration during the period and is therefore treated as realised although, as mentioned in the Chairman's Statement, the Company received an investment in Vigilant Applications Limited as part of the administration process.

The value of the Ordinary Share portfolio decreased by £236,000 during the period. This movement reflects a combination of both individual portfolio company performance and the impact of wider market comparables which are used in valuations.

### 'D' Share pool

At 31 August 2012, the Company's 'D' Share portfolio comprised 10 unquoted holdings with a valuation of £3.2 million and cost of £3.1 million. In addition, the 'D' Share pool held £4.2 million in cash and liquidity funds.

Further funding was provided to APM Healthcare £238,000, Utility Exchange £146,000, Senselogix £64,000 and Fjordnet £50,000. In addition, the Company received founder shares in Long Eaton Healthcare, a GP centre pharmacy, by virtue of its original investment in APM Healthcare.

The value of the 'D' Share portfolio increased by £279,000 over the period, primarily as a result of uplifts in the valuations of Senselogix, Tossed and Fjordnet.

## Post period end developments

Following the half year end, an investment of £1,115,000 (Ordinary Share £750,000; 'D' Share £365,000), as part of total funding of £1.8 million from Beringea managed VCTs, was made into Inskin Media. Inskin is a UK based company that has developed a range of technologies for the rapidly growing area of online video advertising. The company has established itself as a significant player in the UK market by its ability to provide innovative technology formats which have been proven to drive higher yields for online media owners and strong returns for advertising campaigns. With its established strong network of premium publishers, the company is planning to extend its reach into additional digital platforms such as mobile, tablets and connected TVs and into new geographies. A further investment of £233,000 was made into Speed-Trap Holdings in the 'D' Share portfolio to support the company's further development.

We are pleased that Shareholders approved the merger of the Company's two share classes after the period end. At the date of this report there is one investment portfolio in which all Shareholders have an interest at a cost and valuation of £17.0 million and £18.0 million respectively. This gives all Shareholders access to a broader range of unquoted investments and lowers the overall risk profile of their investment. In addition, the Company's cash and liquid funds ensure that the Company is able to take advantage of new investment opportunities.

## Outlook

As some Shareholders may be aware, the VCT regulations under which the Company operates changed during the period. These changes included an increase in the maximum VCT qualifying investment in any one company in any 12 month period to £5 million and an increase in the gross assets and maximum employees of a VCT qualifying company. These changes mean that the Company can invest in larger, and therefore potentially lower risk, businesses and also invest further funds in established and successful portfolio companies which may have outgrown the previous VCT limits. We are also pleased with progress made by a number of the portfolio companies during what has been, and continues to be, a difficult period for businesses in general and smaller companies in particular. We are optimistic that, with stable economic conditions, the investment portfolio has the potential to deliver strong realised returns for Shareholders.

### **Beringea LLP**

31 October 2012

# Unaudited Balance Sheet

as at 31 August 2012

## Company Total

	31 Aug 2012 £'000	31 Aug 2011 £'000	29 Feb 2012 £'000
<b>Fixed assets</b>			
Investments	18,450	16,061	17,621
<b>Current assets</b>			
Debtors	260	241	1,208
Current investments	2,500	2,500	2,500
Cash at bank and in hand	12,962	16,156	14,402
	15,722	18,897	18,110
<b>Creditors:</b> amounts falling due within one year	(309)	(287)	(347)
<b>Net current assets</b>	15,413	18,610	17,763
<b>Net assets</b>	33,863	34,671	35,384
<b>Capital and reserves</b>			
Called up share capital	628	636	638
Capital redemption reserve	977	961	966
Share premium account	17,797	17,418	17,758
Special reserve	11,802	15,504	14,513
Capital reserve – realised	1,430	1,389	1,459
Revaluation reserve	1,435	(545)	614
Revenue reserve	(206)	(692)	(564)
<b>Equity shareholders' funds</b>	33,863	34,671	35,384
<b>Net asset value per Ordinary Share:</b>	78.5p	79.7p	82.2p
<b>Net asset value per 'D' Share:</b>	89.7p	89.9p	86.8p



# Unaudited Balance Sheet

as at 31 August 2012

## Ordinary Shares

	31 Aug 2012 £'000	31 Aug 2011 £'000	29 Feb 2012 £'000
<b>Fixed assets</b>			
Investments	15,226	13,709	15,168
<b>Current assets</b>			
Debtors	233	223	1,189
Current investments	1,250	1,250	1,250
Cash at bank and in hand	10,026	12,313	10,897
	11,509	13,789	13,336
<b>Creditors:</b> amounts falling due within one year	(244)	(232)	(271)
<b>Net current assets</b>	11,265	13,554	13,065
<b>Net assets</b>	26,491	27,263	28,233
<b>Capital and reserves</b>			
Called up share capital	546	554	556
Capital redemption reserve	976	960	965
Share premium account	10,012	9,633	9,973
Special reserve	11,802	15,504	14,513
Capital reserve – realised	1,765	1,625	1,752
Revaluation reserve	1360	(520)	818
Revenue reserve	30	(493)	(344)
<b>Equity shareholders' funds</b>	26,491	27,263	28,233
<b>Net asset value per Ordinary Share</b>	78.5p	79.7p	82.2p

# Unaudited Balance Sheet

as at 31 August 2012

## 'D' Shares

	31 Aug 2012 £'000	31 Aug 2011 £'000	29 Feb 2012 £'000
<b>Fixed assets</b>			
Investments	3,224	2,352	2,453
<b>Current assets</b>			
Debtors	27	18	19
Current investments	1,250	1,250	1,250
Cash at bank and in hand	2,936	3,843	3,505
	4,213	5,111	4,774
<b>Creditors:</b> amounts falling due within one year	(65)	(55)	(76)
<b>Net current assets</b>	4,148	5,056	4,698
<b>Net assets</b>	7,372	7,408	7,151
<b>Capital and reserves</b>			
Called up share capital	82	82	82
Capital redemption reserve	1	1	1
Share premium account	7,785	7,785	7,785
Special reserve	–	–	–
Capital reserve – realised	(335)	(236)	(293)
Revaluation reserve	75	(25)	(204)
Revenue reserve	(236)	(199)	(220)
<b>Equity shareholders' funds</b>	7,372	7,408	7,151
<b>Net asset value per 'D' Share</b>	89.7p	89.9p	86.8p

# Unaudited Income Statement

## for the six months ended 31 August 2012

### Company Total

	Six months ended 31 Aug 2012			Six months ended 31 Aug 2011			Year ended 29 Feb 2012
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	824	–	824	279	–	279	663
Gains/(losses) on investments	–	122	122	–	(490)	(490)	236
	824	122	946	279	(490)	(211)	899
Investment management fee	(71)	(214)	(285)	(89)	(270)	(359)	(718)
Performance incentive fees	–	–	–	–	–	–	–
Other expenses	(210)	–	(210)	(162)	–	(162)	(322)
<b>Return/(loss) on ordinary activities before taxation</b>	543	(92)	451	28	(760)	(732)	(141)
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return/(loss) attributable to equity shareholders</b>	543	(92)	451	28	(760)	(732)	(141)
<b>Basic and diluted return/(loss) per Ordinary Share</b>	1.6p	(1.0p)	0.6p	0.2p	(2.4p)	(2.2p)	0.4p
<b>Basic and diluted return/(loss) per 'D' Share</b>	0.0p	2.9p	2.9p	(0.3p)	0.1p	(0.2p)	(3.2p)

## Analysed by share class:

### Ordinary Share pool

	Six months ended 31 Aug 2012			Six months ended 31 Aug 2011			Year ended 29 Feb 2012
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	769	–	769	240	–	240	585
(Losses)/gains on investments	–	(157)	(157)	–	(555)	(555)	350
	769	(157)	612	240	(555)	(315)	935
Investment management fee	(57)	(171)	(228)	(71)	(215)	(286)	(570)
Performance incentive fees	–	–	–	–	–	–	–
Other expenses	(170)	–	(170)	(119)	–	(119)	(243)
<b>Return/(loss) on ordinary activities before taxation</b>	542	(328)	214	50	(770)	(720)	122
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return/(loss) attributable to equity shareholders</b>	542	(328)	214	50	(770)	(720)	122

### 'D' Share pool

	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	55	–	55	39	–	39	78
Gains/(losses) on investments	–	279	279	–	65	65	(114)
	55	279	334	39	65	104	(36)
Investment management fee	(14)	(43)	(57)	(18)	(55)	(73)	(148)
Performance incentive fees	–	–	–	–	–	–	–
Other expenses	(40)	–	(40)	(43)	–	(43)	(79)
<b>Return/(loss) on ordinary activities before taxation</b>	1	236	237	(22)	10	(12)	(263)
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return/(loss) attributable to equity shareholders</b>	1	236	237	(22)	10	(12)	(263)

# Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 August 2012

	31 Aug 2012			31 Aug 2011	29 Feb 2012
	Ordinary Shares £'000	'D' Shares £'000	Total £'000	Total £'000	Total £'000
Opening shareholders' funds	28,233	7,151	35,384	28,241	28,241
Proceeds from share issues	39	–	39	9,652	10,020
Share issue costs	–	–	–	(528)	(549)
Purchase of own shares	(476)	(16)	(492)	(415)	(640)
Total recognised gain/(loss) for the year	214	237	451	(732)	(141)
Distributions paid in the period	(1,519)	–	(1,519)	(1,547)	(1,547)
<b>Closing shareholders' funds</b>	<b>26,491</b>	<b>7,372</b>	<b>33,863</b>	<b>34,671</b>	<b>35,384</b>

# Unaudited Cash Flow Statement

## for the six months ended 31 August 2012

	Note	Six months ended 31 Aug 2012 £'000	Six months ended 31 Aug 2011 £'000	Year ended 29 Feb 2012 £'000
<b>Net cash inflow/(outflow) from operating activities</b>	<b>A</b>	196	(302)	(1,649)
<b>Capital expenditure</b>				
Purchase of investments		(1,008)	(663)	(3,514)
Disposal of investments		1,345	976	2,019
Net cash inflow/(outflow) from capital expenditure		337	313	(1,495)
<b>Equity distributions paid</b>		(1,520)	(1,547)	(1,547)
<b>Net cash outflow before financing</b>		(987)	(1,536)	(4,691)
<b>Financing</b>				
Proceeds from share issue		39	8,373	10,020
Share issue costs		–	(528)	(549)
Purchase of own shares		(492)	(286)	(511)
<b>Net cash (outflow)/inflow from financing</b>		(453)	7,559	8,960
<b>(Decrease)/increase in cash</b>	<b>B</b>	(1,440)	6,023	4,269

		Six months ended 31 Aug 2012	Six months ended 31 Aug 2011	Year ended 31 Feb 2012
	Note	£'000	£'000	£'000
<b>Notes to the cash flow statement:</b>				
<b>A Net cash flow from operating activities</b>				
Return/(loss) on ordinary activities before taxation		451	(732)	(141)
(Gains)/losses on investments		(122)	490	(236)
Increase in debtors		(95)	(51)	(45)
Decrease in creditors		(38)	(9)	(1,227)
Net cash inflow/(outflow) from operating activities		196	(302)	(1,649)
<b>B Analysis of net funds</b>				
Beginning of period		14,402	10,133	10,133
Net cash (outflow)/inflow		(1,440)	6,023	4,269
End of period		12,962	16,156	14,402

# Summary of Investment Portfolio

as at 31 August 2012

Ordinary Share pool	Cost £'000	Valuation £'000	Valuation in movement in the period £'000	% of portfolio by value
<b>Top ten venture capital investments (by value)</b>				
Espresso Group Limited	1,582	2,584	149	9.8%
Donatantonio Limited	1,366	2,175	(163)	8.2%
Fjordnet Limited	1,660	2,273	368	8.6%
Charterhouse Leisure Limited	1,000	1,125	69	4.2%
Blis Media Limited	621	1,125	(247)	4.2%
Cross Solar PV Limited	978	978	–	3.7%
Campden Media Limited	840	884	24	3.4%
Eagle-i Music Limited	804	804	–	3.0%
Eagle Rock Entertainment Group Limited	680	780	(26)	2.9%
Chess Technologies Limited	900	721	(375)	2.7%
	10,431	13,449	(201)	50.7%
Other venture capital investments	3,435	1,777	(35)	6.7%
	13,866	15,226	(236)	57.4%
Liquidity fund investments		1,250		4.8%
Cash at bank and in hand		10,026		37.8%
<b>Ordinary Share pool total</b>		26,502		100.0%



<b>'D' Share pool</b>	<b>Cost £'000</b>	<b>Valuation £'000</b>	<b>Valuation in movement in the period £'000</b>	<b>% of portfolio by value</b>
<b>Venture capital investments (by value)</b>				
Tossed Limited	624	745	73	10.1%
MatsSoft Limited	650	669	19	9.0%
APM Healthcare Limited	425	425	–	5.7%
Utility Exchange Online Limited	380	380	–	5.1%
Monica Vinader Limited	138	292	(23)	4.0%
Senselogix Limited	196	231	172	3.1%
Speed-Trap Holdings Limited	295	181	–	2.4%
Fjordnet Limited	326	191	40	2.6%
Cinergy International (UK) Limited	115	104	(8)	1.4%
Long Eaton Healthcare Limited	–	6	6	0.1%
	3,149	3,224	279	43.5%
Liquidity fund investments		1,250		16.9%
Cash at bank and in hand		2,936		39.6%
<b>'D' Share pool total</b>		7,410		100.0%

Other venture capital investments in the Ordinary Share pool at 31 August 2012 comprise: SPC International Limited, Utility Exchange Online Limited, Dianomi Limited, MatsSoft Limited, Pilat Media Global plc, UBC Media Group plc, Sports Holdings Limited, Immedia Broadcasting plc, Vigilant Applications Limited, Isango! Limited and Baby Innovations S.A. t/a Steribottle.

With the exclusion of Pilat Media Global plc, UBC Media Group plc and Immedia plc which are quoted on AIM, all venture capital investments are unquoted.

# Summary of Investment Movements

## for the six months ended 31 August 2012

### Additions

Cost  
£'000

<b>Ordinary Share pool</b>	
Fjordnet Limited	260
Utility Exchange Online Limited	167
Campden Media Limited	83
	510
<b>'D' Share pool</b>	
APM Healthcare Limited	238
Utility Exchange Online Limited	146
Senselogix Limited	64
Fjordnet Limited	50
	498

### Disposals

	Cost £'000	Market value at 1 Mar 2012* £'000	Disposal proceeds £'000	Gain/(loss) against cost £'000	Realised gain in period £'000
<b>Ordinary Share pool</b>					
Ashford Colour Press Limited	275	210	289	15	79
Sports Holdings Limited	6	6	6	–	–
Overtis Group Limited	713	–	–	(713)	–
	994	216	295	(698)	79
<b>'D' Share pool</b>					
Senselogix Limited	6	6	6	–	–
	6	6	6	–	–
	1,000	222	301	(698)	79

\* Adjusted for investments made since 1 March 2012

# Notes to the Unaudited Financial Statements

1. The unaudited half-yearly results cover the six months to 31 August 2012 and have been prepared in accordance with UK Generally Accepted Accounting Practice (“UK GAAP”). Where presentational guidance set out in the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” revised January 2009 (“SORP”) is consistent with the requirements of UK GAAP, the Directors have sought to prepare the financial statements on a consistent basis compliant with the recommendations of the SORP.
2. All revenue and capital items in the Income Statement derive from continuing operations.
3. There are no recognised gains or losses other than those disclosed in the Income Statement.
4. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
5. The comparative figures were in respect of the period ended 31 August 2011 and the year ended 29 February 2012.
6. Return per share for the period has been calculated on the following:

	Ordinary Shares	‘D’ Shares
Revenue return per share based on: Net revenue profit/(loss) after taxation (£’000)	542	1
Capital return per share based on: Net capital (loss)/gain after taxation (£’000)	(328)	236
Weighted average number of shares in issue	34,176,462	8,228,707

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

	Ordinary Shares	‘D’ Shares
Net assets (£’000)	26,491	7,372
Number of shares in issue at period end	33,737,573	8,217,514

## 8. Dividends

	Six months to 31 Aug 2012			Six months to 31 Aug 2011			Year ended 29 Feb 2012
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
<b>Ordinary Share dividends paid in period</b>							
2012 Final	169	1,351	1,520	172	1,375	1,547	1,547

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	Revaluation reserve £'000	Revenue reserve £'000
<b>At 1 March 2012</b>	966	17,758	14,513	1,459	614	(564)
Purchase of own shares	11	–	(476)	–	–	(16)
Issue of new shares	–	39	–	–	–	–
Expenses capitalised	–	–	–	(214)	–	–
Tax relief on capital expenses	–	–	–	–	–	–
Gains/(losses) on investments	–	–	–	79	43	–
Retained revenue	–	–	–	–	–	543
Transfer between reserves	–	–	(2,235)	1,457	778	–
Distributions paid	–	–	–	(1,351)	–	(169)
<b>At 31 August 2012</b>	977	17,797	11,802	1,430	1,435	(206)

The Special reserve, Capital reserve-realised and Revenue reserve are all distributable reserves. The Revaluation reserve includes losses of £2,293,000 which are included in the calculation of distributable reserves. Total distributable reserves are £10,733,000.

## 10. Contingent liabilities, guarantees and financial commitments

The Company has guaranteed bank borrowings on 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.

11. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 29 February 2012 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's 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. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is 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 year are as follows:

- i. investment risk associated with investing in small and immature businesses;
- ii. investment risk arising from extremely volatile stock market conditions and their potential effect on investment valuation; and
- iii. failure to maintain approval as a VCT.

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 and the general nature of investing in small unquoted businesses.

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.

#### 14. Going concern

The Company has considerable financial resources both at the period end and at the date of this report, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they believe 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.

15. 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

## Shareholder Investment and Returns Analysis

The table below shows the investment returns per £1 invested for each fundraising. No account has been taken of the possible benefit of any capital gains tax deferral (available for new investments up to and including tax year 2003/2004) or of additional shares that may have been available through early bird or financial intermediary discounts. The analysis assumes that 'C' Shareholders did not take part in the 'C' Share tender offer in July 2009; for those 'C' Shareholders who did take part, the total return would remain unchanged but the shareholder would receive an additional distribution offset by a reduced "current valuation".

Original share class	Tax year	Allotment date(s)	Income tax relief	Net cost with initial income tax relief	Dividends received	Current valuation	Total return
Ordinary	2000/01	All dates	20%	80.0p	152.5p	48.5p	201.0p
Ordinary	2001/02	All dates	20%	80.0p	152.5p	48.5p	201.0p
Ordinary	2007/08	All dates	30%	70.0p	48.1p	46.2p	94.3p
Ordinary	2008/09	All dates	30%	70.0p	48.1p	46.2p	94.3p
Ordinary	2009/10	All dates	30%	70.0p	11.3p	98.7p	110.0p
Ordinary	2010/11	To 28/05/10	30%	70.0p	11.3p	98.7p	110.0p
Ordinary	2010/11	From 29/05/10	30%	70.0p	9.9p	86.6p	95.9p
Ordinary	2011/12	To 02/06/11	30%	70.0p	9.9p	86.6p	95.9p
Ordinary	2011/12	24/08/11	30%	70.0p	5.2p	91.0p	96.2p
Ordinary	2011/12	31/10/11	30%	70.0p	5.3p	93.0p	98.3p
C	2005/06	All	40%	60.0p	18.6p	78.5p	97.1p
D	All	All	30%	70.0p	0.0p	89.7p	89.7p

## Share prices

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

	Ordinary Shares
TIDM/EPIC code	PGOO
Latest share price (30 October 2012):	64.0p per share

## 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). 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 page 26 of this document.

## 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 LLP 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 page 26 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.

## Share scam warning

We have become aware that a number of shareholders of VCTs managed by both Beringea and other VCT houses have recently received unsolicited telephone calls from companies purporting to be acting on behalf of clients who are looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". Shareholders are warned to be very suspicious if they receive any similar type of telephone call.

If you have any questions, or receive any calls, then please advise us at [info@beringea.co.uk](mailto:info@beringea.co.uk) or call Beringea on 020 7845 7820.

## Directors

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

## Investment Manager

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## Company Secretary and Administration Manager

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## Registered Office

39 Earlham Street  
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Registered No. 4125326

## Registrar

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
[www.capitaregistrars.com](http://www.capitaregistrars.com)  
Tel: 0871 664 0324

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



