



PROVEN GROWTH & INCOME VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2017



Managed by BERINGEA LLP

PROVEN GROWTH & INCOME VCT PLC

PRINCIPAL INVESTMENT OBJECTIVE

The Company's investment 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 permitted for liquidity management purposes

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 2017	31 August 2016	28 February 2017
Net asset value per share ("NAV")	80.0p	80.2p	82.7p
Dividends paid since class launch (originally as 'C' Shares)	44.1p	39.6p	41.6p
Total return (NAV plus dividends paid since 'C' Share class launch)	124.1p	119.8p	124.3p



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 2017.

NET ASSET VALUE

During the six-month period, the net asset value ("NAV") per share decreased from 82.7p to 80.0p at 31 August 2017. Of the total decline of 2.7p, 2.5p reflected the dividend paid during the period.

PORTFOLIO ACTIVITY AND VALUATION

During the six months to 31 August 2017, a total of £4.6 million was invested. This included £3.1 million into two new investments, Deepcrawl and Smart Assistant, and £1.5 million into existing portfolio companies to support their continued growth and development. In addition, shares in Netcall plc, with a value of £0.3 million, were received as part of the disposal of MatsSoft.

The period has seen a number of significant disposals with Third Bridge, APM Healthcare, MatsSoft and Abzena all being fully realised in the six months to 31 August 2017. Aggregate proceeds of £19.7 million, including the value of Netcall plc shares received as part of the MatsSoft disposal, were generated on these four disposals. This represented a multiple of over 3.4x the combined cost of £5.7 million. In addition, the Company's loan balance with Celoxica was repaid in full in July 2017 and there were further loan repayments from Skills Matter and Conversity. In August 2017, the Company received a capital repayment of £3.9 million from Rapid Charge Grid as part of a restructuring exercise.

The venture capital investment portfolio showed a net unrealised loss for the six-month period of £3.6 million, predominantly as a result of valuation decreases for Blis Media and Maplin. These more than offset uplifts for, amongst others, Chess, Chargemaster and Simplestream.

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 2017 was £1.5 million.

During the six-month period, a final dividend of 2.5p per share in respect of the year ended 28 February 2017 was paid on 14 July 2017 following shareholder approval at the Company's AGM.

On 11 October 2017, the Board declared a special interim dividend of 10.25p per share which will be paid on 17 November 2017 to shareholders on the register at 20 October 2017. This dividend arises from the successful realisations of Third Bridge, APM Healthcare, MatsSoft and Abzena and represents a cash return of 12.8% on the opening NAV per share at 1 March 2017, adjusted for the dividend paid in July 2017, of 80.2p.

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 20 October 2017 to be eligible to receive the forthcoming dividend as new shares.

FUND RAISING AND SHARE ISSUES

As reported in the Company's annual report, an offer for subscription was launched in September 2016, which closed on 31 January 2017, raising gross proceeds of £38.8 million. Following allotments of £7.8 million in the year ended 28 February 2017, the remaining £31.0 million was allotted during the period.

The Company also allotted 545,760 shares at 81.5p per share during the period under the Company's DRIS in respect of the dividend paid on 14 July 2017.

In response to the continuing strong investor demand for VCT share issues, the Board announced on 11 October 2017 the intention to launch an offer for subscription for the Sterling equivalent of €5 million (approximately £4.4 million), the maximum amount allowed without the issue of a full prospectus.

Full details will be released in due course but the offer will be available exclusively to existing shareholders in ProVen VCT plc, ProVen Growth and Income VCT plc and ProVen Planned Exit VCT plc for an initial period after launch.

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.

CHAIRMAN'S STATEMENT

CONTINUED

During the period, the Company completed purchases of 707,413 shares at an average price of 77.3p per share and for aggregate consideration (net of costs) of £546,913. This represented 0.7% of the shares in issue at the start of the period. The shares were subsequently cancelled.

PATIENT CAPITAL REVIEW

In late 2016, HM Treasury announced its intention to conduct a review of the availability and effectiveness of 'patient capital' investment in the UK. A consultation paper "Financing growth in innovative firms" was published in August 2017 and the consultation period closed on 22 September 2017.

The Investment Manager, supported by the Board, has been actively involved in the recent consultation. It has made a response to the consultation highlighting the considerable benefits of the VCT scheme to the UK economy and making suggestions about how the scheme could be improved. It has also contributed to the responses made by the VCT Association, which comprises a number of leading VCT Managers, of which it is a member, as well as contributing to responses made by industry bodies such as the AIC and the BVCA. The conclusions of the review are expected to be announced as part of the Budget, scheduled for 22 November 2017.

The recommendations from the consultation may result in material changes to the VCT scheme. We hope, however, that the significant contribution that VCTs make to the UK economy by providing patient capital to support the growth of innovative UK companies will be recognised in any of the Government's decisions arising from the consultation.

OUTLOOK

It is encouraging to see the level of disposals achieved during the period, especially at valuations that result in significant gains for the Company. There are other exciting companies in the portfolio, including some of the more recent additions, which continue to show good progress and which could provide shareholders with strong returns in the future. However, it would be prudent to expect that some portfolio companies may be affected should the global and UK economy falter. I therefore look forward to the second half of the year with cautious optimism.

Marc Vlessing

Chairman

19 October 2017

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 2017.

INVESTMENT ACTIVITY AND PORTFOLIO VALUATION

At 31 August 2017, the Company's investment portfolio comprised 45 investments, of which 43 were unquoted, at a cost of £53.4 million and a valuation of £52.4 million. This represents an overall unrealised decline on cost of £1.0 million or 1.9%.

During the period, the Company invested a further £4.6 million, comprising £3.1 million into two new companies and £1.5 million into four existing portfolio companies. In addition, shares in Netcall plc, with a value of £0.3 million, were received as part of the disposal of MatsSoft.

The new investments in Smart Assistant (£2.1 million), a provider of interactive guided selling software that assists the online buying process, and Deepcrawl (£1.0 million), a leading web crawler and search marketing analytics company were both completed in July 2017.

The follow-on investments were made into Poq Studio (£875,000), Honeycomb.TV (£495,000), ContactEngine (£137,000) and Perfect Channel (£22,000) to support the continued growth and development of these companies.

The Company generated capital proceeds of £23.9 million, predominantly from the disposals of Third Bridge (£11.8 million), APM Healthcare (£4.1 million), MatsSoft (£2.8 million) and Abzena (£1.0 million). These disposals resulted in an aggregate gain of over £13 million on the original investment cost.

Third Bridge has been one of the Company's strongest performing portfolio companies over recent years, with revenues growing by over 6x during the Company's four and half year holding period. IK Investment Partners, a pan-European private equity company, acquired a minority stake in Third Bridge, allowing the Company to realise its investment in full at a multiple of over 5.7x cost and an annual rate of return of over 46%.

APM Healthcare's UK network of 18 pharmacies was acquired by Day Lewis Group, one of the largest independent pharmacy chains in the UK and Europe. The Company first invested in APM Healthcare in 2011 to support the company's expansion of its pharmacy network. Over the investment holding period, APM Healthcare delivered a total return, including loan stock interest, of 3x the initial investment cost.

The Company was able to take advantage of liquidity in the shares of Abzena plc, which were received as a result of the initial public offering of unquoted investment Polytherics Limited in 2014, and sell its remaining holding of shares. The overall return on the investment, including previous sales, was 43%.

INVESTMENT MANAGER'S REPORT

CONTINUED

In addition, a capital repayment of £3.9 million was received from Rapid Charge Grid in August 2017 as part of a restructuring exercise and other loan note repayments, including the final repayment of the Company's loan balance with Celoxica, totalled £0.3 million.

Overall, the venture capital investment portfolio showed an unrealised loss of £3.6 million, equivalent to 2.6p per share over the period. The unrealised loss was driven predominantly by valuation decreases for Blis Media, which was adversely impacted by declining advertising spend, Maplin, which faces challenging market conditions on the high street and from online competition, and Donatantonio, which has been affected by the depreciation in Sterling against the Euro.

There was strong performance and valuation increases from a number of companies, notably Chess, Chargemaster and Simplestream, all of which continue to show strong revenue growth, but these were insufficient to offset the valuation decreases.

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

Since 31 August 2017, the Company has invested £1.4 million in Been There Done That Global Limited, a provider of a tech-enabled platform that develops brand media strategies.

OUTLOOK

We continue to see a healthy flow of new investment opportunities and expect to complete several of these before the end of the Company's financial year, together with a number of follow-on investments into existing portfolio companies. However, we continue to remain highly selective about the opportunities we pursue and to subject these to thorough due diligence.

As well as submitting our own response to HM Treasury's consultation on patient capital and providing evidence to support the submissions from key industry bodies such as the AIC and BVCA, we also joined with a number of leading VCT managers to form the VCT Association to collate and submit evidence to demonstrate the effectiveness of the VCT scheme. The VCT Association will continue its lobbying and engagement to promote the advantages of VCTs and its work with the Treasury to improve the effectiveness of the scheme. We will remain a leading contributor to these initiatives, as well as engaging in our own efforts.

Beringea LLP

19 October 2017

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2017

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
Chess Technologies Limited	1,568	5,835	2,777	5.3%
Dryden Holdings Limited	5,000	4,671	(65)	4.2%
Disposable Cubicle Curtains Limited	2,768	3,601	24	3.3%
D30 Holdings Ltd	3,550	3,110	279	2.8%
Sealskinz Holdings Limited	3,116	2,554	(635)	2.3%
Smart Information Systems GmbH (t/a Smart Assistant)	2,048	2,048	–	1.9%
Chargemaster plc	1,079	1,874	472	1.7%
Watchfinder.co.uk Limited	551	1,851	94	1.7%
Infinity Reliance Limited (t/a My 1st Years)	1,845	1,845	–	1.7%
Poq Studio Limited	1,750	1,750	–	1.6%
Whistle Sports, Inc.	1,696	1,696	–	1.5%
Rapid Charge Grid Limited	1,888	1,632	231	1.5%
Response Tap Limited	1,440	1,455	15	1.3%
Monica Vinader Limited	204	1,405	–	1.3%
Litchfield Media Limited	1,420	1,321	(23)	1.2%
Simplestream Limited	690	1,319	342	1.2%
InContext Solutions, Inc.	1,976	1,202	(330)	1.1%
Cogora Group Limited	1,320	1,192	(292)	1.1%
Donatantonio Group Limited	1,003	1,177	(618)	1.1%
Blis Media Limited	1,083	1,112	(3,447)	1.0%
Other venture capital investments	17,365	9,736	(2,414)	8.9%
Total venture capital investments	53,360	52,386	(3,590)	47.7%
Cash at bank and in hand		57,457		52.3%
Total investments		109,843		100.0%

Other venture capital investments at 31 August 2017 comprise: 7Digital Group plc, Amura Holdings Limited, Buckingham Gate Financial Services Limited, Charterhouse Leisure Limited, ContactEngine Limited, Conversity Limited, Deltadot Limited, Dianomi Limited, Duncannon Holdings Limited, Firefly Learning Limited, Honeycomb.TV Limited, Inskin Media Limited, MEL Topco Limited (t/a Maplin

SUMMARY OF INVESTMENT PORTFOLIO

CONTINUED

Electronics), Netcall plc, Network Locum Limited, Perfect Channel Limited, Omni Dental Sciences Limited, Senselogix Limited, Skills Matter Limited, Steribottle Global Limited, Thread Inc., TVPlayer Limited, Utility Exchange Online Limited, Vigilant Applications Limited and Written Byte Limited (t/a Deepcrawl).

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

All of the above investments, with the exception of Amura Holdings Limited, Deltadot Limited, Dryden Holdings Limited, Duncannon Holdings 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 InContext Solutions, Inc., Thread, Inc. and Whistle Sports, Inc. which are Delaware registered corporations in the United States of America and Smart Information Systems GmbH, which is registered in Austria.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

Investment activity during the six months ended 31 August 2017 is summarised as follows:

ADDITIONS

	Cost £'000
Smart Information Systems GmbH (t/a Smart Assistant)	2,048
Written Byte Limited (t/a Deepcrawl)	1,012
Poq Studio Limited	875
Honeycomb.TV Limited	495
Netcall plc*	324
ContactEngine Limited	137
Perfect Channel Limited	22
Total	4,913

DISPOSALS

	Cost £'000	Market value at 1 March 2017 £'000	Disposal proceeds £'000	Gain against cost £'000	Realised gain in period £'000
Third Bridge Group Limited	2,051	8,142	11,759	9,708	3,617
APM Healthcare Limited	1,731	2,957	4,144	2,413	1,187
Rapid Charge Grid Limited	3,912	3,912	3,912	–	–
MatsSoft Limited*	1,140	1,609	2,771	1,631	1,162
Abzena plc	791	652	987	196	335
Skills Matter Limited	170	170	170	–	–
Celoxica Limited	118	118	118	–	–
Conversivity Limited	35	–	38	3	38
Total	9,948	17,560	23,899	13,951	6,339

*MatsSoft Limited was disposed of during the period. As part of the disposal, the Company received shares in Netcall plc valued at £324,000 on the date of the disposal. The Netcall plc shares are shown as an addition and disposal, as part of the MatsSoft Limited disposal proceeds, in the tables above.

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2017

	(unaudited) Six months ended 31 Aug 2017			(unaudited) Six months ended 31 Aug 2016			(audited) Year ended 28 Feb 2017
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	537	–	537	595	–	595	900
Gains on investments	–	2,750	2,750	–	4,994	4,994	11,834
Investment management fee	(287)	(861)	(1,148)	(181)	(544)	(725)	(1,525)
Performance incentive fee	–	(340)	(340)	–	(897)	(897)	(2,634)
Other expenses	(274)	(6)	(280)	(207)	(12)	(219)	(448)
(Loss)/return on ordinary activities before taxation	(24)	1,543	1,519	207	3,541	3,748	8,127
Tax on ordinary activities	–	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders	(24)	1,543	1,519	207	3,541	3,748	8,127
Basic and diluted (loss)/return per share	(0.0p)	1.1p	1.1p	0.2p	4.0p	4.2p	8.8p

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 2017

	(unaudited) 31 Aug 2017 £'000	(unaudited) 31 Aug 2016 £'000	(audited) 28 Feb 2017 £'000
Fixed assets			
Investments	52,386	62,184	68,624
Current assets			
Debtors	530	401	553
Cash at bank and in hand	57,457	10,578	46,450
	57,987	10,979	47,003
Creditors: amounts falling due within one year	(765)	(1,403)	(3,283)
Net current assets	57,222	9,576	43,720
Net assets	109,608	71,760	112,344
Capital and reserves			
Called up share capital	2,219	1,447	1,594
Capital redemption reserve	1,159	1,136	1,148
Share premium account	64,758	26,030	33,863
Share capital to be issued	–	–	30,910
Special reserve	24,475	32,048	29,351
Capital reserve – realised	18,064	4,705	5,319
Revaluation reserve	(597)	6,719	10,605
Revenue reserve	(470)	(325)	(446)
Total equity shareholders' funds	109,608	71,760	112,344
Basic and diluted net asset value per share	80.0p	80.2p	82.7p

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 2017

Six months ended 31 August 2017

(unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Share capital to be issued £'000	Capital reserve – realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2017	1,594	1,148	33,863	29,351	30,910	5,319	10,605	(446)	112,344
Total comprehensive income	–	–	–	–	–	12,745	(11,202)	(24)	1,519
Issue of new shares	636	–	30,895	–	(30,910)	–	–	–	621
Share issue costs	–	–	–	(905)	–	–	–	–	(905)
Share buybacks and cancellation	(11)	11	–	(550)	–	–	–	–	(550)
Dividends paid	–	–	–	(3,421)	–	–	–	–	(3,421)
At 31 August 2017	2,219	1,159	64,758	24,475	–	18,064	(597)	(470)	109,608

Six months ended 31 August 2016

(unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Share capital to be issued £'000	Capital reserve – realised £'000	Revaluation 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
Issue of new shares	8	–	399	–	–	–	–	–	407
Share buybacks and cancellation	(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

The special reserve, capital reserve - realised and revenue reserve are distributable reserves. The distributable reserves are reduced by losses of £372,000 (2016: £372,000) which are included in the revaluation reserve. Reserves available for distribution therefore amount to £41,697,000 (2016: £36,056,000).

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 2017

	Note	(unaudited) Six months ended 31 Aug 2017 £'000	(unaudited) Six months ended 31 Aug 2016 £'000	(audited) Year ended 28 Feb 2017 £'000
Net cash used in operating activities	A	(3,731)	(118)	(1,314)
Cashflows from investing activities				
Purchase of investments		(4,616)	(2,780)	(9,166)
Sale of investments		23,575	7,265	14,540
Net cash from investing activities		18,959	4,485	5,374
Cashflows from financing activities				
Proceeds from share issues		31,087	–	7,754
Share issue costs		(905)	–	(155)
Purchase of own shares		(517)	(728)	(1,328)
Share capital to be issued		(30,910)	–	30,910
Equity dividends paid		(2,976)	(3,171)	(4,901)
Net cash (used in)/from financing		(4,221)	(3,899)	32,280
Increase in cash and cash equivalents	B	11,007	468	36,340
Notes to the cash flow statement:				
A. Cash used in operating activities				
Return on ordinary activities before taxation		1,519	3,748	8,127
Gain on investments		(2,750)	(4,886)	(11,834)
Decrease/(increase) in prepayments, accrued income and other debtors		23	225	(280)
(Decrease)/increase in accruals and other creditors		(2,523)	795	2,673
Net cash used in operating activities		(3,731)	(118)	(1,314)
B. Analysis of net funds				
Beginning of period/year		46,450	10,110	10,110
Net cash inflows		11,007	468	36,340
End of period/year		57,457	10,578	46,450

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 2017

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”) issued by the Association of Investment Companies (“AIC”) which was revised in January 2017.

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 28 February 2017.

a) *Presentation of Income Statement*

In order to better reflect the activities of an investment company and, in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The 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 Part 6 of the Income Tax Act 2007.

b) *Investments*

Investments, including equity and loan stock, are recognised at their trade date and measured at “fair value through profit or loss” 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 (“IPEV Guidelines”) issued in December 2015, together with Sections 11 and 12 of FRS102.

Publicly traded investments are measured using bid prices in accordance with the IPEV Guidelines.

Key judgements and estimates

The valuation methodologies used by the Directors for estimating 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.

Gains and losses arising from changes in fair value are included in the Unaudited Condensed Income Statement for the period as a capital item and transaction costs on acquisition or disposal of the investment are expensed.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

Investments are derecognised when the contractual rights to the cash flows from the asset expire or the Company transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

- All revenue and capital items in the Unaudited Condensed Income Statement derive from continuing operations.
- There are no other items of comprehensive income other than those disclosed in the Unaudited Condensed Income Statement.
- 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.
- The comparative figures are in respect of the year ended 28 February 2017 and the six-month period ended 31 August 2016.
- Basic and diluted return per share for the period has been calculated on 135,948,450 shares, being the weighted average number of shares in issue during the period.
- Basic and diluted NAV per share for the period has been calculated on 137,082,823 shares, being the number of shares in issue at the period end.

8. DIVIDENDS

		(unaudited) Six months ended 31 Aug 2017			(unaudited) Six months ended 31 Aug 2016			(audited) Year ended 28 Feb 2017
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
2016 Final	4.0	–	–	–	358	3,220	3,578	3,578
2017 Interim	2.0	–	–	–	–	–	–	1,968
2017 Final	2.5	–	3,421	3,421	–	–	–	–
Total dividends paid		–	3,421	3,421	358	3,220	3,578	5,546

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

The Company has no contingent liabilities, guarantees or financial commitments at 31 August 2017.

10. CALLED UP SHARE CAPITAL

During the six months to 31 August 2017, 38,743,426 shares were issued with an aggregate nominal value of £627,150 pursuant to the offer for subscription dated 21 September 2016. The aggregate consideration for the shares was £31,086,915, which excluded share issue costs of £905,310.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted 545,760 shares to subscribing shareholders on 14 July 2017. The aggregate consideration for the shares was £444,794.

During the six months to 31 August 2017, the Company repurchased 707,413 shares for an aggregate consideration (net of costs) of £546,913 being an average price of 77.3p per share and which represented 0.7% 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 £2,750.

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 instruments quoted in an active market.

Level 2: Reflects financial instruments that have been valued using inputs, other than quoted prices, that are observable.

Level 3: Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

	(unaudited) 31 August 2017				(audited) 28 February 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	333	–	–	333	665	–	–	665
Loan notes	–	–	17,813	17,813	–	–	24,940	24,940
Unquoted equity	–	–	21,959	21,959	–	–	35,510	35,510
Preference shares	–	–	12,281	12,281	–	–	7,509	7,509
Total	333	–	52,053	52,386	665	–	67,959	68,624

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 2017, £1,148,000 was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £205,000.

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 2017 amounted to £26,000 of which £13,000 remained outstanding at the period end.

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 2018, a performance incentive fee of £340,000 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 2017.

Beringea LLP also acted as promoter for the share offer during the period. The fees in the period amount to £1,229,000 out of which Beringea paid the costs of the offer including initial commission. At the period end, the Company owed Beringea LLP £nil in respect of these services.

Beringea LLP may charge arrangement fees, in line with industry practice, to companies in which it invests. It may also receive directors fees or monitoring fees from investee companies. These costs are borne by the investee company and not the Company. In the six-month period to 31 August 2017, £157,000 was payable to Beringea LLP for arrangement fees under such arrangements.

Directors and monitoring fees payable to Beringea LLP in the six-month period to 31 August 2017 amounted to £299,000.

During the six months to 31 August 2017, an amount of £62,000 was payable to the Directors of the Company as remuneration for services provided to the Company. 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 28 February 2017 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 unqualified.
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;

NOTES TO THE HALF-YEARLY REPORT

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- (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 (iii) 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.

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

Since 31 August 2017, the Company has invested £1.4 million in Been There Done That Global Limited, a provider of a tech-enabled platform that develops brand media strategies.

On 11 October 2017, the Board declared an interim dividend of 10.25p per share which will be paid on 17 November 2017 to shareholders on the register at 20 October 2017.

Also on 11 October 2017, the Board announced the intention to launch an offer for subscription for the Sterling equivalent of €5 million (approximately £4.4 million). Full details will be released in due course.

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 18 October 2017	81.5p 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, by calling 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 via a stockbroker. Shareholders are advised to seek advice from their tax adviser, before selling shares.

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. 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 is able to provide details of close periods (when the Company is prohibited from buying in shares) and 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

UNSOLICITED CALLS TO SHAREHOLDERS

We are aware of cases in previous years of Shareholders in VCTs having received unsolicited telephone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that

SHAREHOLDER INFORMATION

CONTINUED

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 the Company's share register by third parties to the maximum extent permissible under the Companies Act 2006. If you receive either an unexpected telephone 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 and Half-Yearly Reports 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.signalshares.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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COMPANY SECRETARY AND ADMINISTRATION MANAGER

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London WC2H 9LT

Tel: 020 7845 7820

INVESTMENT MANAGER

Beringea LLP

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London WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.co.uk

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REGISTRAR

Capita Registrars

The Registry

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Tel: 0371 664 0324

(calls charged 10p per minute plus network extras).

www.capitaregistrars.com

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