

# ProVen 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")	50.8	49.4	55.9
Dividends paid per share since launch	114.0	114.0	107.7
Total return (NAV plus dividends paid since launch)	164.8	163.4	163.6
<b>'C' Shares</b>			
Net asset value per share ("NAV")	93.6	87.4	82.0
Dividends paid per share since issue	4.8	4.8	4.8
Total return (NAV plus dividends paid since issue)	98.4	92.2	86.8
<b>'D' Shares</b>			
Net asset value per share ("NAV")	88.6	86.4	88.8
Dividends paid per share since issue	–	–	–
Total return (NAV plus dividends paid since issue)	88.6	86.4	88.8

The table above reflects returns since the initial launch of the relevant share classes. Returns for individual fundraisings are provided in the "Shareholder Information" section on page 27.

## Financial Highlights

<b>164.8p</b>	<b>Ordinary Share net asset value total return</b> per share since launch (net asset value at 31 August 2012 plus cumulative dividends paid)
<b>98.4p</b>	<b>'C' Share net asset value total return</b> per share since launch (net asset value at 31 August 2012 plus cumulative dividends paid)
<b>88.6p</b>	<b>'D' Share net asset value total return</b> per share since launch (net asset value at 31 August 2012 plus cumulative dividends paid)

# 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 net asset values of all three share classes.

## Net asset values

### Ordinary Shares

As at 31 August 2012, the net asset value ("NAV") per Ordinary Share stood at 50.8p, an increase of 1.4p per share or 2.8% since the year end.

### 'C' Shares

As at 31 August 2012, the NAV per 'C' Share stood at 93.6p, an increase of 6.2p per share or 7.1% since the year end.

### 'D' Shares

As at 31 August 2012, the NAV per 'D' Share stood at 88.6p, an increase of 2.2p per share or 2.5% 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 £372,000. 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 were also two small partial loan stock redemptions.

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 gain of £865,000 alongside net realised gains of £144,000.

### 'C' Share portfolio

The 'C' Share portfolio has a high proportion of its assets invested in venture capital investments limiting its ability to make further venture capital investments. It completed one follow-on investment during the period at a cost of £40,000.

The net effect of investment valuation movements over the period was an unrealised gain of £413,000.

## 'D' Share portfolio

The 'D' Share pool completed four follow-on investments during the period at a cost of £588,000.

The net effect of investment valuation movements over the period was an unrealised gain of £232,000.

Further details of the developments within the investment portfolios are included in the Investment Manager's Report on pages 7 and 8.

## Results and dividends

The Income Statement shows a return on ordinary activities after taxation for the Company during the period of £2,019,000 (£698,000 revenue return and £1,321,000 capital return). Details of how this is analysed between the various share pools is shown in the detailed Income Statement on pages 13 to 15. No interim dividends will be paid.

## 'C' Share Tender Offer

On 20 June 2012, the Company issued a circular detailing proposals for a tender offer in which the Company would purchase up to 3,338,475 'C' Shares at a price of 87.4p per 'C' Share. Applications to tender 1,198,996 'C' Shares were received by the deadline of 3 August 2012 and these shares were subsequently purchased for cancellation on 30 August 2012 for a total of £1,048,000.

## Fundraising

The Company's Ordinary Share offer for subscription which opened on 8 December 2011 continued to raise new funds during the period. The offer closed on 30 August 2012, having raised gross proceeds of £12.5 million. These new funds ensure that the Company remains in a position to take advantage of new investment opportunities as they arise, as well as providing a larger asset base over which the Company's fixed running costs are spread.

## Ordinary Share consolidation, 'C' Share conversion and 'D' Share conversion

Shareholders will be aware of the recent proposals to convert the 'C' Shares and 'D' Shares into Ordinary Shares to give all groups of Shareholders exposure to a more diversified portfolio and simplify the structure of the Company.

Following Shareholder approval at the AGM and Shareholder meetings on 24 October 2012, the share conversions took place on 30 October 2012. Immediately prior to the conversions, the Ordinary Shares were consolidated such that Ordinary Shareholders received one New Ordinary Share for every two original Ordinary Shares. As a result, the net asset value of the New Ordinary Shares is double that of the original Ordinary Shares. The pro-forma NAV of the New Ordinary Shares as at 31 August 2012 was therefore 101.6p per share.

Under the share conversions, 'C' Shareholders received approximately 0.9213 New Ordinary Shares for each 'C' Share held previously and 'D' Shareholders received approximately 0.8720 New Ordinary Shares for each 'D' Share held previously.

The value of Shareholders' investments in the Company has not changed as a result of the Ordinary Share consolidation and the share conversions. New share certificates will be sent to all Shareholders shortly.

## 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 New Ordinary Shares at a price equivalent to a 10% discount to the latest published NAV.

During the period, the Company purchased 136,350 Ordinary Shares at an average price of 44.1p per share; 523,598 'C' Shares at an average price of 78.8p per share (in addition to those purchased under the tender offer as described above); and 21,893 'D' Shares at an average price of 82.9p 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 30 of this document.

## Shareholder event

On 22 October 2012, some one hundred Shareholders attended the annual Shareholder event for Beringea-managed VCTs at which portfolio company, Think, talked about its progress since investment by the Company. A number of other portfolio companies were also in attendance to talk about their businesses with Shareholders. The event seems to have been well received and I would like to thank those Shareholders who made time to attend.

## Outlook

Following the successful offer for subscription, the Company now has a significant level of funds available for investment. The Manager reports a strong pipeline of potential investment opportunities and so we expect to see further new investment activity over the remainder of the year.

With 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 believe 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.

**Andrew Davison**

Chairman

31 October 2012

# Investment Manager's Report

## Introduction

We set out below our half yearly report to 31 August 2012 for ProVen 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 15 companies, of which 13 were unquoted and 2 were quoted, at a valuation of £13.3 million and original acquisition cost of £10.2 million. In addition, the Ordinary Share pool held £13.4 million in cash and liquidity funds, most of this from the recent fundraising which closed at the period end.

Further funding was provided to Campden Media £167,000, Fjordnet £100,000 and Senseloxig £105,000 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 Ordinary Share portfolio showed an overall gain of £1.0 million over the period with Espresso and Think accounting for the majority of the uplift following continued strong performance from both companies.

### 'C' Share pool

At 31 August 2012, the Company's 'C' Share portfolio comprised 20 unquoted holdings with a cost of £8.5 million and a valuation of £11.5 million. In addition, the 'C' Share pool held £0.4 million in cash and liquidity funds.

Activity on the 'C' Share portfolio was limited to a further investment of £40,000 in Utility Exchange and the administration/investment in Overtis/Vigilant Applications described above. The portfolio showed an overall gain of £413,000 over the period.

### 'D' Share pool

At 31 August 2012, the Company's 'D' Share portfolio comprised 10 unquoted holdings with a cost and valuation of £2.8 million. In addition, the 'D' Share pool held £4.5 million in cash and liquidity funds.

Further funding was provided to APM Healthcare £238,000, Utility Exchange £146,000, Fjordnet £140,000 and Senselogix £64,000. In addition, the Company received founder shares in Long Eaton Healthcare, a GP centre pharmacy, by virtue of its original investment in APM Healthcare.

## Post period end developments

Following the half year end, an investment of £365,000 from the 'D' Share portfolio, as part of total funding of £1.8 million from Beringea managed VCTs, was made into Inskin Media. Inskin Media 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 £610,000 (Ordinary Share £372,000, 'D' Share £238,000) was also made into Speed-Trap Holdings to support the company's further development.

We are pleased that Shareholders approved the merger of the Company's three share classes into one share class 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 £21.5 million and £27.6 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 cash and liquid funds available following the recent fundraising ensures 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	27,648	23,062	25,556
<b>Current assets</b>			
Debtors	151	193	242
Current investments	6,200	9,200	6,200
Cash at bank and in hand	12,160	2,310	5,942
	18,511	11,703	12,384
<b>Creditors:</b> amounts falling due within one year	(390)	(251)	(1,506)
<b>Net current assets</b>	18,121	11,452	10,878
<b>Net assets</b>	45,769	34,514	36,434
<b>Capital and reserves</b>			
Called up share capital	5,874	5,066	5,053
Capital redemption reserve	751	269	313
Share premium account	21,216	10,139	10,413
Share capital to be issued	–	–	3,206
Special reserve	9,311	13,801	11,763
Capital reserve – realised	2,310	2,890	2,442
Revaluation reserve	6,137	2,640	3,756
Revenue reserve	170	(291)	(512)
<b>Equity shareholders' funds</b>	45,769	34,514	36,434
<b>Net asset value per Ordinary Share:</b>	50.8p	55.9p	49.4p
<b>Net asset value per 'C' Share:</b>	93.6p	82.0p	87.4p
<b>Net asset value per 'D' Share:</b>	88.6p	88.8p	86.4p

# 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	13,266	11,806	12,442
<b>Current assets</b>			
Debtors	91	128	98
Current investments	2,350	3,400	900
Cash at bank and in hand	11,098	124	3,681
	13,539	3,652	4,679
<b>Creditors:</b> amounts falling due within one year	(207)	(117)	(410)
<b>Net current assets</b>	13,332	3,535	4,269
<b>Net assets</b>	26,598	15,341	16,711
<b>Capital and reserves</b>			
Called up share capital	2,619	1,371	1,367
Capital redemption reserve	268	225	261
Share premium account	13,431	2,354	2,628
Share capital to be issued	–	–	3,206
Special reserve	5,497	7,238	6,146
Capital reserve – realised	1,725	2,926	1,675
Revaluation reserve	3,099	1,262	1,738
Revenue reserve	(41)	(35)	(310)
<b>Equity shareholders' funds</b>	26,598	15,341	16,711
<b>Net asset value per Ordinary Share</b>	50.8p	55.9p	49.4p

# Unaudited Balance Sheet

as at 31 August 2012

## 'C' Shares

	31 Aug 2012 £'000	31 Aug 2011 £'000	29 Feb 2012 £'000
<b>Fixed assets</b>			
Investments	11,544	9,382	11,090
<b>Current assets</b>			
Debtors	31	45	123
Current investments	–	1,350	450
Cash at bank and in hand	425	1,144	1,963
	456	2,539	2,536
<b>Creditors:</b> amounts falling due within one year	(118)	(81)	(1,032)
<b>Net current assets</b>	338	2,458	1,504
<b>Net assets</b>	11,882	11,840	12,594
<b>Capital and reserves</b>			
Called up share capital	3,173	3,612	3,604
Capital redemption reserve	482	43	51
Share premium account	–	–	–
Share capital to be issued	–	–	–
Special reserve	3,814	6,563	5,617
Capital reserve – realised	929	201	1,059
Revaluation reserve	3,043	1,485	2,255
Revenue reserve	441	(64)	8
<b>Equity shareholders' funds</b>	11,882	11,840	12,594
<b>Net asset value per 'C' Share</b>	93.6p	82.0p	87.4p

# 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	2,838	1,874	2,024
<b>Current assets</b>			
Debtors	29	20	21
Current investments	3,850	4,450	4,850
Cash at bank and in hand	637	1,042	298
	4,516	5,512	5,169
<b>Creditors:</b> amounts falling due within one year	(65)	(53)	(64)
<b>Net current assets</b>	4,451	5,459	5,105
<b>Net assets</b>	7,289	7,333	7,129
<b>Capital and reserves</b>			
Called up share capital	82	83	82
Capital redemption reserve	1	1	1
Share premium account	7,785	7,785	7,785
Share capital to be issued	–	–	–
Special reserve	–	–	–
Capital reserve – realised	(344)	(237)	(292)
Revaluation reserve	(5)	(107)	(237)
Revenue reserve	(230)	(192)	(210)
<b>Equity shareholders' funds</b>	7,289	7,333	7,129
<b>Net asset value per 'D' Share</b>	88.6p	88.8p	86.4p

# 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	981	–	981	488	–	488	844
Gains on investments	–	1,654	1,654	–	1,321	1,321	2,245
	981	1,654	2,635	488	1,321	1,809	3,089
Investment management fee	(112)	(333)	(445)	(86)	(259)	(345)	(704)
Performance incentive fees	–	–	–	–	(293)	(293)	(582)
Other expenses	(171)	–	(171)	(150)	–	(150)	(288)
<b>Return on ordinary activities before taxation</b>	698	1,321	2,019	252	769	1,021	1,515
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return attributable to equity shareholders</b>	698	1,321	2,019	252	769	1,021	1,515
<b>Basic and diluted return per Ordinary Share</b>	0.6p	1.8p	2.4p	0.6p	0.8p	1.4p	1.1p
<b>Basic and diluted return/ (loss) per 'C' Share</b>	3.0p	(2.2p)	5.5p	0.9p	4.2p	5.1p	10.5p
<b>Basic and diluted loss per 'D' Share</b>	(0.0p)	(2.2p)	(2.2p)	(0.4p)	(0.9p)	(1.3p)	(3.6p)

## 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	416	–	416	254	–	254	418
Gains on investments	–	1,009	1,009	–	640	640	891
	416	1,009	1,425	254	640	894	1,309
Investment management fee	(63)	(187)	(250)	(40)	(120)	(160)	(315)
Performance incentive fees	–	–	–	–	(293)	(293)	(582)
Other expenses	(85)	–	(85)	(62)	–	(62)	(121)
<b>Return on ordinary activities before taxation</b>	268	822	1,090	152	227	379	291
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return attributable to equity shareholders</b>	268	822	1,090	152	227	379	291

### 'C' 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	520	–	520	210	–	210	368
Gains on investments	–	413	413	–	698	698	1,501
	520	413	933	210	698	908	1,869
Investment management fee	(32)	(94)	(126)	(28)	(84)	(112)	(242)
Performance incentive fees	–	–	–	–	–	–	–
Other expenses	(56)	–	(56)	(52)	–	(52)	(104)
<b>Return on ordinary activities before taxation</b>	432	319	751	130	614	744	1,523
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return attributable to equity shareholders</b>	432	319	751	130	614	744	1,523

## Analysed by share class:

### 'D' 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	45	–	45	24	–	24	58
Gains/(losses) on investments	–	232	232	–	(17)	(17)	(147)
	45	232	277	24	(17)	7	(89)
Investment management fee	(17)	(52)	(69)	(18)	(55)	(73)	(147)
Performance incentive fees	–	–	–	–	–	–	–
Other expenses	(30)	–	(30)	(36)	–	(36)	(63)
<b>Return/(loss) on ordinary activities before taxation</b>	(2)	180	178	(30)	(72)	(102)	(299)
Tax on ordinary activities	–	–	–	–	–	–	–
<b>Return/(loss) attributable to equity shareholders</b>	(2)	180	178	(30)	(72)	(102)	(299)

# 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	'C' Shares £'000	'D' Shares £'000	Total £'000	Total £'000
Opening shareholders' funds	16,711	12,594	7,129	36,434	33,966
Proceeds from share issues	12,764	–	–	12,764	1,537
Share issue costs	(702)	–	–	(702)	(84)
Purchase of own shares	(59)	(1,463)	(18)	(1,540)	(196)
Share capital to be issued	(3,206)	–	–	(3,206)	–
Total recognised gains for the year	1,090	751	178	2,019	1,021
Dividends	–	–	–	–	(1,730)
Closing shareholders' funds	26,598	11,882	7,289	45,769	34,514



# 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 outflow from operating activities</b>	<b>A</b>	(659)	(781)	(914)
<b>Capital expenditure</b>				
Purchase of investments		(1,000)	(935)	(3,613)
Disposal of investments		561	685	1,792
Net cash outflow from capital expenditure		(437)	(250)	(1,821)
<b>Equity distributions paid</b>		–	(1,730)	(3,440)
<b>Management of liquid resources</b>				
Purchase of current investments held as liquidity funds		–	–	(400)
Withdrawal from liquidity funds		–	–	3,400
<b>Net cash inflow from liquid resources</b>		–	–	3,000
<b>Net cash outflow before financing</b>		(1,096)	(2,761)	(3,175)
<b>Financing</b>				
Proceeds from share issue		12,764	1,537	1,861
Share issue costs		(702)	(84)	(101)
Purchase of own shares		(1,542)	(196)	(572)
Share capital to be issued		(3,206)	–	3,206
Proceeds received on behalf of a co-investor		–	–	909
<b>Net cash inflow from financing</b>		7,314	1,257	5,303
<b>Increase/(decrease) in cash</b>	<b>B</b>	6,218	(1,504)	2,128

		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 on ordinary activities before taxation		2,019	1,021	1,515
Gains on investments		(1,654)	(1,321)	(2,245)
Decrease in debtors		92	94	46
Decrease in creditors		(1,116)	(575)	(230)
Net cash outflow from operating activities		(659)	(781)	(914)
<b>B Analysis of net funds</b>				
Beginning of period		5,942	3,814	3,814
Net cash inflow/(outflow)		6,218	(1,504)	2,128
End of period		12,160	2,310	5,942

# 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	1,317	3,964	397	14.8%
Think Limited	803	2,640	446	9.9%
SPC International Limited	1,619	1,757	2	6.6%
Campden Media Limited	1,456	1,316	216	4.9%
Eagle Rock Entertainment Group Limited	1,010	1,120	(38)	4.2%
Donatantonio Limited	582	926	(69)	3.5%
Tossed Limited	578	690	68	2.6%
Fjordnet Limited	300	387	52	1.4%
Pilat Media Global plc	173	225	(52)	0.8%
Senselogix Limited	94	94	–	0.4%
	7,932	13,119	1,022	49.1%
Other venture capital investments	2,235	147	(157)	0.6%
	10,167	13,266	865	49.7%
Liquidity fund investments		2,350		8.8%
Cash at bank and in hand		11,098		41.5%
<b>Ordinary Share pool total</b>		26,714		100.0%

Other venture capital investments at 31 August 2012 comprise: UBC Media Group plc, Sports Holdings Limited, Isango! Limited, Baby Innovations S.A. t/a Steribottle and Vigilant Applications Limited.

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

'C' 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>				
Think Limited	803	2,640	446	22.1%
Donatantonio Limited	885	1,410	(106)	11.8%
Cross Solar PV Limited	1,016	1,016	–	8.5%
Fjordnet Limited	800	1,150	210	9.6%
Blis Media Limited	482	875	(192)	7.3%
Charterhouse Leisure Limited	700	788	48	6.6%
Tossed Limited	425	507	50	4.2%
Chess Technologies Limited	600	481	(250)	4.0%
Monica Vinader Limited	224	473	(37)	3.9%
Campden Media Limited	227	454	–	3.8%
	6,162	9,794	169	81.8%
Other venture capital investments	2,338	1,750	244	14.6%
	8,500	11,544	413	96.4%
Cash at bank and in hand		425		3.6%
<b>'C' Share pool total</b>		11,969		100.0%

Other venture capital investments at 31 August 2012 comprise: SPC International Limited, Speed-Trap Holdings Limited, Senselogix Limited, Eagle Rock Entertainment Group Limited, Cinergy International Limited, MatsSoft Limited, Dianomi Limited, Utility Exchange Online Limited, Vigilant Applications Limited and Isango! Limited.

All venture capital investments are unquoted.

'D' Share pool	Cost £'000	Valuation £'000	Valuation in movement in the period £'000	% of portfolio by value
<b>Venture capital investments</b>				
MatsSoft Limited	650	669	19	9.1%
APM Healthcare Limited	425	425	–	5.8%
Utility Exchange Online Limited	380	380	–	5.2%
Monica Vinader Limited	138	292	(23)	4.0%
Tossed Limited	223	266	26	3.6%
Fjordnet Limited	416	281	39	3.8%
Senselogix Limited	196	231	173	3.2%
Speed-Trap Holdings Limited	300	184	–	2.5%
Cinergy International Limited	115	104	(8)	1.4%
Long Eaton Healthcare Limited	–	6	6	0.1%
	2,843	2,838	232	38.7%
Liquidity fund investments		3,850		52.6%
Cash at bank and in hand		637		8.7%
<b>'D' Share pool total</b>		7,325		100.0%

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>	
Campden Media Limited	167
Senselogix Limited	105
Fjordnet Limited	100
	372
<b>'C' Share pool</b>	
Utility Exchange Online Limited	40
	40
<b>'D' Share pool</b>	
APM Healthcare Limited	238
Utility Exchange Online Limited	146
Fjordnet Limited	140
Senselogix Limited	64
	588

### Disposals

Cost  
£'000

Market value  
at 1 Mar 2012  
£'000

Disposal  
proceeds  
£'000

Gain/(loss)  
against cost  
£'000

Realised gain  
in period  
£'000

	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	500	382	526	26	144
Overtis Group Limited	379	–	–	(379)	–
Sports Holdings Limited	19	19	19	–	–
Senselogix Limited	10	10	10	–	–
	908	411	555	(353)	144
<b>'C' Share pool</b>					
Overtis Group Limited	376	–	–	(376)	–
	376	–	–	(376)	–
<b>'D' Share pool</b>					
Senselogix Limited	6	6	6	–	–
	6	6	6	–	–

# 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	'C' Shares	'D' Shares
Revenue return per share based on: Net revenue profit/(loss) after taxation (£'000)	268	432	(2)
Capital return per share based on: Net capital gain after taxation (£'000)	822	319	180
Weighted average number of shares in issue	45,600,622	14,283,838	8,238,692

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

	Ordinary Shares	'C' Shares	'D' Shares
Net assets (£'000)	26,598	11,882	7,289
Number of shares in issue at period end	52,373,714	12,691,629	8,227,508

## 8. Dividends

	Pence	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
<b>Ordinary Share dividends paid in period</b>								
2012 Interim	6.25	–	–	–	–	–	–	1,711
2011 Interim	6.25	–	–	–	498	1,232	1,730	1,729
		–	–	–	498	1,232	1,730	3,440

No dividends were paid on the 'C' Share pool or 'D' Share pool during the period.

## 9. Reserves

	Capital redemption reserve £'000	Share Premium account £'000	Share capital to be issued £'000	Special reserve £'000	Capital reserve - realised £'000	Revaluation reserve £'000	Revenue reserve £'000
<b>At 1 March 2012</b>	313	10,413	3,206	11,763	2,442	3,756	(512)
Expenses capitalised	–	–	–	–	(333)	–	–
Share issue	–	11,208	–	–	–	–	–
Share issue costs	–	(405)	–	–	–	–	–
Share capital to be issued	–	–	(3,206)	–	–	–	–
Purchase of own shares	438	–	–	(1,524)	–	–	(16)
Gains on investments	–	–	–	–	144	1,510	–
Retained revenue	–	–	–	–	–	–	698
Dividends paid	–	–	–	–	–	–	–
Transfer between reserves	–	–	–	(928)	57	871	–
<b>At 31 August 2012</b>	751	21,216	–	9,311	2,310	6,137	170

The Special reserve, Capital reserve-realised and Revenue reserve are all distributable reserves. The Revaluation reserve includes losses of £3,557,000 which are included in the calculation of distributable reserves. Total distributable reserves are £8,234,000.



## 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 a large proportion of the Ordinary Share assets being invested in a single investment;
- ii. investment risk associated with investing in small and immature businesses;

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

Although having a large proportion of the Ordinary Share assets invested in a single investment involves additional risks, this situation is not unusual within the venture capital industry and has arisen as a result of strong growth in the value of one investment. The Board regularly reviews the position.

In the case of (ii), the Board is also satisfied with the Company's approach. The Investment Manager follows a rigorous process in vetting and careful structuring of new investments and, after an investment is made, close monitoring of the business. In respect of (iii), the Company seeks to hold a diversified portfolio. However, the Company's ability to manage this risk is quite limited, primarily due to the restrictions arising from the VCT regulations.

The Company's compliance with the VCT regulations is continually monitored by the Administrator, who 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 sufficient financial resources at the period end, 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 August 2012, for those 'C' Shareholders who did take part, the total return would remain unchanged but the Shareholder would have received 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	1999/00	All dates	20%	80.0p	114.0p	50.8p	164.8p
Ordinary	2000/01	All dates	20%	80.0p	114.0p	50.8p	164.8p
Ordinary	2003/04	All dates	20%	80.0p	110.4p	53.5p	163.9p
Ordinary	2004/05	All dates	40%	60.0p	90.8p	47.0p	137.8p
Ordinary	2005/06	To 12/05/05	40%	60.0p	90.8p	47.0p	137.8p
Ordinary	2005/06	From 13/05/05	40%	60.0p	87.0p	45.0p	132.0p
Ordinary	2007/08	All dates	30%	70.0p	39.8p	56.1p	95.9p
Ordinary	2008/09	All dates	30%	70.0p	39.8p	56.1p	95.9p
Ordinary	2009/10	All dates	30%	70.0p	36.5p	90.6p	127.1p
Ordinary	2010/11	To 28/05/10	30%	70.0p	36.5p	90.6p	127.1p
Ordinary	2010/11	From 29/05/10	30%	70.0p	20.5p	83.3p	103.8p
Ordinary	2011/12	To 06/05/11	30%	70.0p	20.5p	83.3p	103.8p
Ordinary	2011/12	From 07/05/11	30%	70.0p	0.0p	100.6p	100.6p
Ordinary	2012/13	To 29/08/12	30%	70.0p	0.0p	100.6p	100.6p
Ordinary	2012/13	30/08/12	30%	70.0p	0.0p	97.3p	97.3p
C	All	All	30%	70.0p	4.8p	93.6p	98.4p
D	All	All	30%	70.0p	0.0p	88.6p	88.6p

## Share prices

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

	New Ordinary Shares
TIDM/EPIC code	PVN
Latest share price (30 October 2012):	76.0p 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 30 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 30 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

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Barry Dean  
Malcolm Moss

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## Company Secretary and Administration Manager

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## Registered Office

39 Earlham Street  
London WC2H 9LT  
Registered No. 3911323

## Registrar

Capita Registrars  
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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)



