

ProVen VCT plc  
Half-Yearly Report  
for the six months ended 31 August 2010



Managed by  
Beringea LLP

## Fund 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

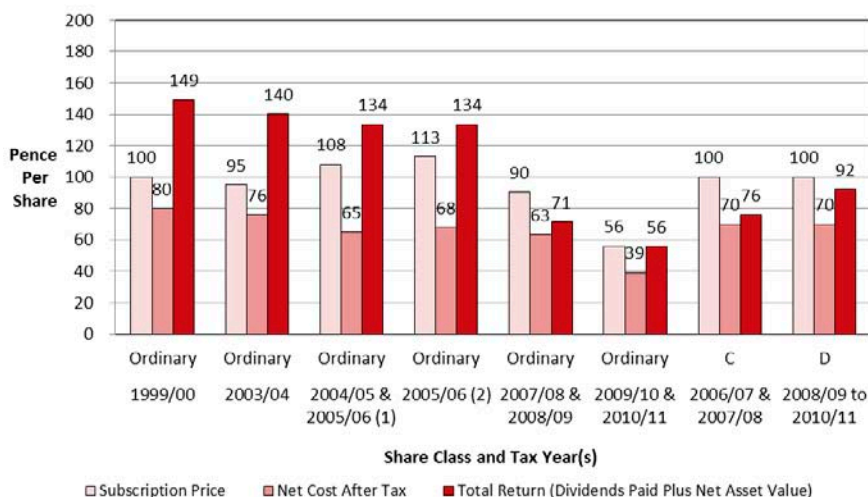
	31 Aug 2010	31 Aug 2009	28 Feb 2010
<b>Ordinary shares</b>			
Net asset value per share ("NAV")	47.80	53.10	54.80
Dividends paid per share since launch	101.45	93.45	93.45
Total return (NAV plus dividends paid since launch)	149.25	146.55	148.25
<b>'C' shares</b>			
Net asset value per share ("NAV")	71.40	72.30	75.50
Dividends paid per share since issue	4.75	4.75	4.75
Total return (NAV plus dividends paid since issue)	76.15	77.05	80.25
<b>'D' shares</b>			
Net asset value per share ("NAV")	92.30	93.45	92.20
Dividends paid per share since issue	-	-	-
Total return (NAV plus dividends paid since issue)	92.30	93.45	92.20

## Financial Highlights

<b>149.3p</b>	<b>Ordinary share net asset value total return</b> per share since launch (net asset value at 31 August 2010 plus cumulative dividends paid)
<b>76.2p</b>	<b>'C' share net asset value total return</b> per share since launch (net asset value at 31 August 2010 plus cumulative dividends paid)
<b>92.3p</b>	<b>'D' share net asset value total return</b> per share since launch (net asset value at 31 August 2010 plus cumulative dividends paid)

## Shareholder Investment and Returns Analysis

The chart below shows the original subscription price, net cost after tax (assuming full income tax relief at the rate ruling at the time of investment) and total return (net asset value and dividends paid) for each share class and tax year fundraising, as at 31 August 2010. The ordinary share funds raised in 2005/2006 were issued at either 108.15p per share, prior to 13 May 2005, or 112.91p per share, after 13 May 2005. 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.



# Chairman's Statement

## Introduction

The six-month period ended 31 August 2010 has seen a reasonably stable overall performance by each of the Company's share pools, with falls in the value of some investments generally being offset by the better performing investments. The uncertain economic outlook has continued to produce a challenging environment for new investment activities, although I am pleased to report an increased level of activity in recent months.

## Net asset values

### *Ordinary shares*

As at 31 August 2010, the net asset value ("NAV") per Ordinary share stood at 47.8p, an increase of 1.0p per share or 1.8% since the year end (after adjusting for the dividends of 8.0p paid in the period).

### *'C' shares*

As at 31 August 2010, the NAV per 'C' share stood at 71.4p, a decrease of 4.1p per share or 5.4% since the year end.

### *'D' shares*

As at 31 August 2010, the NAV per 'D' share stood at 92.3p, an increase of 0.1p per share or 0.1% since the year end.

## Fundraising

As I reported previously, the Ordinary Share Top-Up Offer, raised in conjunction with ProVen Growth and Income VCT plc and ProVen Health VCT plc, closed on 28 May 2010 having raised £1.2 million for ProVen VCT plc.

The Linked 'D' Share Offer with ProVen Growth and Income VCT plc closed on 29 October 2010 having raised a total of approximately £2.6 million for the Company.

## Venture capital investments

### *Ordinary share portfolio*

During the period, the Ordinary share pool made one new investment and one follow-on investment at a total cost of £611,000 and had one realisation in the form of repayment of loan notes at par.

The net effect of investment valuation movements over the period was an unrealised gain of £662,000.

### *'C' share portfolio*

The 'C' share pool made investments totalling £640,000, comprising one new investment and two follow-on investments during the six months, and also received proceeds from a loan stock redemption at par.

The net effect of investment valuation movements over the period was an unrealised loss of £541,000.

### *'D' share portfolio*

The 'D' share pool completed its first investment during the period, being £183,000 into Tossed Limited.

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 loss on ordinary activities after taxation for the Company during the period of £363,000 (£33,000 revenue gain and £396,000 capital loss). Details of how this is analysed between the various share pools is shown in the Income Statement on pages 13 to 16 .

No interim dividends will be paid in respect of any class of shares.

### **Share buybacks**

The Company continues to have a policy of purchasing its own shares that become available in the market in order to help provide liquidity to those shareholders that need it. The Company has a current policy of purchasing Ordinary shares and 'C' shares at a price equivalent to a 10% discount to the latest published NAV and at a 5% discount in respect of 'D' shares.

During the period, the Company purchased 338,967 Ordinary shares at an average price of 48.4p per share; 40,000 'C' shares at an average price of 68.0p per share; and 55,698 'D' shares at an average price of 92.3p per share. These shares were subsequently cancelled.

### **Risk 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.

## Chairman's Statement (continued)

### Risk and uncertainties continued

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.

### Outlook

Recent economic events have created conditions which are not only presenting barriers to completing good quality new investments at realistic prices but also extending the period it takes to complete them. The Investment Manager has, however, completed three new investments since the year end and I am therefore confident that the Company is well placed to reach its investment targets in the future.

In terms of general outlook, the existing portfolio contains some interesting investments which give hope that positive realisations will be achieved in future.

**Andrew Davison**

Chairman

29 October 2010

# Investment Manager's Report

## Introduction

We are pleased to present our review of the investment portfolio for the six month period ended 31 August 2010. Against a backdrop of mixed economic news and continuing economic uncertainty we continue to focus on what we can do both to enhance existing portfolio company value and to take advantage of new investment opportunities. We are in regular dialogue with portfolio company management regarding strategy and commercial issues and actively review up-to-date management and financial information; we have reviewed many new investment opportunities and made a number of new and follow-on investments, some of which occurred after the period end but prior to the date of this report. Additionally, some potential investments which, for various reasons, were not suitable or did not proceed, are being monitored so that we are well positioned to consider future investment if the opportunity arises.

The following commentary is designed to provide investors with an overview of the portfolio during the period whilst ensuring that sensitive information which could ultimately affect the returns of both portfolio companies and their investors (including the Company), is not disclosed.

## Portfolio activity and valuation

### *Ordinary share pool*

At 31 August 2010, the Company's ordinary share portfolio comprised holdings in 17 companies, 14 of which were unquoted and 3 quoted, with a cost of £10.8 million and a valuation of £10.4 million. In addition, the Ordinary shares held cash and liquidity funds of £1.7 million. One new investment of £468,000 was made in the period in healthy eating outlet chain, Tossed, and a short term loan of £143,000 was made in Overtis Group. The Company subsequently redeemed its loan notes in Overtis Group following the disposal of its solutions division to AIM quoted Digital Barriers plc. Overtis is now focussed on developing its VigilancePro® user activity management software. This software is relevant across all business sectors and is being used, with considerable success, by a number of police forces across the UK where the protection of data is paramount.

Espresso Group continues to account for over 25% of the value of the Ordinary share portfolio. During the period Espresso announced the expansion of its primary school product, Espresso Primary, into the US market through a partnership with a specialist US company called Defined Learning, Inc. The UK market continues to hold up well with high renewal rates for the core primary and secondary school products.

### *'C' share pool*

At 31 August 2010, the Company's 'C' share portfolio comprised 16 unquoted investments with a cost of £8.5 million and a valuation of £6.9 million. In addition, the 'C' share pool held cash and liquidity funds of £3.5 million.

One new investment in Tossed (£345,000) and further investments in Steak Media (£181,000) and Overtis Group (£114,000) were made during the period. Overtis Group loan notes were redeemed and the trading subsidiary of the Vending Corporation went into administration early in the period (as outlined in the annual report to 28 February 2010) and has been treated as realised.

## Investment Manager's Report (continued)

### *'C' share pool continued*

Value in the 'C' share pool is more evenly spread when compared to the Ordinary share pool with the largest venture capital investment by value, Fjordnet, accounting for 11.3% of the total 'C' share valuation. Fjordnet is a digital media agency, an area in which we have particular experience. We believe that this investment and Think, a similar business (which is also held by the Ordinary share pool), are well positioned for future growth.

Both the Ordinary and 'C' share pools have seen movements in valuations reflecting both individual portfolio company circumstances and wider changes to market comparables. Notable movements since 28 February 2010 include SPC (held by the Ordinary and 'C' share pool), Eagle Rock (Ordinary and 'C' share pool), Donatantonio (Ordinary and 'C' share pool), Heritage Partners ('C' share pool), Path Group ('C' share pool) and Chess Technologies ('C' share pool).

### *'D' share pool*

The 'D' share pool made its first investment during the period, a £183,000 investment in healthy eating outlet chain, Tossed, alongside the Ordinary share pool and ProVen Growth and Income VCT. In addition, the pool held cash and liquidity funds totalling £7.4 million, some of which was utilised by investments completed after the period end.

### *Post period end portfolio activity*

In the period since 31 August 2010, the Company has made new investments in:

- Monica Vinader Limited, a high end fashion jewellery brand ('C' share pool: £224,000; 'D' share pool: £138,000);
- Senselogix Limited, a provider of energy savings solutions ('C' share pool: £112,000; 'D' share pool: £69,000); and
- Speed-Trap Limited, which provides real time analysis of online customer behaviour ('C' share pool: £470,000; 'D' share pool: £300,000).

### *Outlook*

The period since 28 February 2010 to the date of this report has seen a number of new investments and continued support of the existing portfolio. We are also looking at a number of interesting investment opportunities. The full impact of the UK government's spending review announced earlier this month will obviously take time to feed through the economic system but undoubtedly new opportunities will be created for investors. With a significant portion of the 'C' share and 'D' share funds in low risk cash and cash equivalents, the Company is well placed to take advantage of any opportunities that may arise.

**Beringea LLP**

29 October 2010



# Unaudited Balance Sheet

as at 31 August 2010

## Company Total

	31 Aug 2010 £'000	31 Aug 2009 £'000	28 Feb 2010 £'000
<b>Fixed assets</b>			
Investments	17,441	12,625	16,657
<b>Current assets</b>			
Debtors	146	124	41
Current investments	10,200	10,200	10,200
Cash at bank and in hand	2,486	10,671	4,324
<b>Creditors:</b> amounts falling due within one year	(182)	(5,427)	(2,200)
<b>Net current assets</b>	12,650	15,568	12,365
<b>Net assets</b>	30,091	28,193	29,022
<b>Capital and reserves</b>			
Called up share capital	4,984	4,900	4,877
Capital redemption reserve	225	172	197
Share premium account	8,763	4,955	5,167
Special reserve	16,953	21,900	18,637
Capital reserve - realised	1,633	3,558	3,484
Investment holding losses	(2,048)	(6,923)	(3,180)
Revenue reserve	(419)	(369)	(160)
<b>Equity shareholders' funds</b>	30,091	28,193	29,022
<b>Net asset value per Ordinary share:</b>	47.8p	53.1p	54.8p
<b>Net asset value per 'C' share:</b>	71.4p	72.3p	75.5p
<b>Net asset value per 'D' share:</b>	92.3p	93.4p	92.2p

# Unaudited Balance Sheet

as at 31 August 2010

## Ordinary shares

	31 Aug 2010 £'000	31 Aug 2009 £'000	28 Feb 2010 £'000
<b>Fixed assets</b>			
Investments	10,387	7,932	9,543
<b>Current assets</b>			
Debtors	122	76	31
Current investments	890	4,190	3,190
Cash at bank and in hand	823	595	1,172
<b>Creditors: amounts falling due within one year</b>	(86)	(110)	(1,007)
<b>Net current assets</b>	1,749	4,751	3,386
<b>Net assets</b>	12,136	12,683	12,929
<b>Capital and reserves</b>			
Called up share capital	1,269	1,194	1,179
Capital redemption reserve	202	170	185
Share premium account	1,026	-	-
Special reserve	7,356	11,741	8,961
Capital reserve - realised	1,738	3,793	3,553
Investment holding losses	632	(4,140)	(1,041)
Revenue reserve	(87)	(75)	92
<b>Equity shareholders' funds</b>	12,136	12,683	12,929
<b>Net asset value per Ordinary share</b>	47.8p	53.1p	54.8p

# Unaudited Balance Sheet

as at 31 August 2010

'C' shares

	31 Aug 2010 £'000	31 Aug 2009 £'000	28 Feb 2010 £'000
<b>Fixed assets</b>			
Investments	6,871	4,693	7,114
<b>Current assets</b>			
Debtors	20	47	9
Current investments	2,810	6,010	3,460
Cash at bank and in hand	728	(127)	519
<b>Creditors:</b> amounts falling due within one year	(59)	(65)	(106)
<b>Net current assets</b>	3,499	5,865	3,882
<b>Net assets</b>	10,370	10,558	10,996
<b>Capital and reserves</b>			
Called up share capital	3,633	3,653	3,643
Capital redemption reserve	22	2	12
Share premium account	-	-	-
Special distributable reserve	9,597	10,159	9,676
Capital reserve - realised	-	(212)	-
Investment holding losses	(2,680)	(2,783)	(2,139)
Revenue reserve	(202)	(261)	(196)
<b>Equity shareholders' funds</b>	10,370	10,558	10,996
<b>Net asset value per 'C' share</b>	71.4p	72.3p	75.5p

# Unaudited Balance Sheet

as at 31 August 2010

'D' shares

	31 Aug 2010 £'000	31 Aug 2009 £'000	28 Feb 2010 £'000
<b>Fixed assets</b>			
Investments	183	-	-
<b>Current assets</b>			
Debtors	4	1	1
Current investments	6,500	-	3,550
Cash at bank and in hand	935	10,203	2,633
<b>Creditors:</b> amounts falling due within one year	(37)	(5,252)	(1,087)
<b>Net current assets</b>	7,402	4,952	5,097
<b>Net assets</b>	7,585	4,952	5,097
<b>Capital and reserves</b>			
Called up share capital	82	53	55
Capital redemption reserve	1	-	-
Share premium account	7,737	4,955	5,167
Special distributable reserve	-	-	-
Capital reserve - realised	(105)	(23)	(69)
Investment holding losses	-	-	-
Revenue reserve	(130)	(33)	(56)
<b>Equity shareholders' funds</b>	7,585	4,952	5,097
<b>Net asset value per 'D' share</b>	92.3p	93.4p	92.2p

## Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 August 2010

	31 Aug 2010				31 Aug 2009	28 Feb 2010
	Ordinary shares £'000	'C' shares £'000	'D' shares £'000	Total £'000	Total £'000	Total £'000
Opening Shareholders' funds	12,929	10,996	5,097	29,022	24,877	24,877
Proceeds from share issues	1,198	-	2,749	3,947	5,154	5,526
Share issue costs	(66)	-	(151)	(217)	(146)	(304)
Purchase of own shares	(165)	(27)	(51)	(243)	(38)	(208)
Total recognised gain/(loss) for the year	295	(599)	(59)	(363)	(1,267)	(483)
Distributions	(2,055)	-	-	(2,055)	(387)	(386)
Closing Shareholders' funds	12,136	10,370	7,585	30,091	28,193	29,022

# Unaudited Income Statement

for the six months ended 31 August 2010

## Company Total

	Six months ended 31 August 2010		
	Revenue £'000	Capital £'000	Total £'000
Income	261	-	261
Gains/(losses) on investments	-	121	121
	261	121	382
Investment management fee	(53)	(157)	(210)
Performance incentive fees	-	(360)	(360)
Recoverable VAT	-	-	-
Other expenses	(175)	-	(175)
<b>Return/(loss) on ordinary activities before taxation</b>	33	(396)	(363)
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	33	(396)	(363)
<b>Basic and diluted return/(loss) per Ordinary share</b>	0.2p	0.9p	1.1p
<b>Basic and diluted return/(loss) per 'C' share</b>	-	(2.9p)	(2.9p)
<b>Basic and diluted return/(loss) per 'D' share</b>	(0.3p)	(0.5p)	(0.8p)

## Analysed by share class:

### Ordinary share pool

	Six months ended 31 August 2010		
	Revenue £'000	Capital £'000	Total £'000
Income	170	-	170
Gains/(losses) on investments	-	662	662
	170	662	832
Investment management fee	(23)	(69)	(92)
Performance incentive fees	-	(360)	(360)
Recoverable VAT	-	-	-
Other expenses	(85)	-	(85)
<b>Return/(loss) on ordinary activities before taxation</b>	62	233	295
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	62	233	295

Six months ended 31 August 2009			Year ended 28 Feb 2010
Revenue £'000	Capital £'000	Total £'000	Total £'000
184	-	184	266
-	(625)	(625)	591
184	(625)	(441)	857
(71)	(214)	(285)	(575)
-	(45)	(45)	(53)
10	31	41	1
(537)	-	(537)	(713)
(414)	(853)	(1,267)	(483)
-	-	-	-
(414)	(853)	(1,267)	(483)
(0.5p)	(3.1p)	(3.6p)	(2.0p)
(1.7p)	(0.6p)	(2.3p)	(0.8p)
(0.7p)	(0.5p)	(1.2p)	(2.5p)

Six months ended 31 August 2009			Year ended 28 Feb 2010
Revenue £'000	Capital £'000	Total £'000	Total £'000
118	-	118	170
-	(599)	(599)	(26)
118	(599)	(481)	144
(41)	(123)	(164)	(263)
-	(45)	(45)	(53)
10	31	41	1
(213)	-	(213)	(304)
(126)	(736)	(862)	(475)
-	-	-	-
(126)	(736)	(862)	(475)

# Unaudited Income Statement

for the six months ended 31 August 2010

Analysed by share class:

## 'C' shares

	Six months ended 31 August 2010		
	Revenue £'000	Capital £'000	Total £'000
Income	71	-	71
Gains/(losses) on investments	-	(541)	(541)
	71	(541)	(470)
Investment management fee	(18)	(52)	(70)
Performance incentive fees	-	-	-
Recoverable VAT	-	-	-
Other expenses	(59)	-	(59)
<b>Return/(loss) on ordinary activities before taxation</b>	(6)	(593)	(599)
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	(6)	(593)	(599)

## 'D' shares

	Six months ended 31 August 2010		
	Revenue £'000	Capital £'000	Total £'000
Income	20	-	20
Gains/(losses) on investments	-	-	-
	20	-	20
Investment management fee	(12)	(36)	(48)
Performance incentive fees	-	-	-
Recoverable VAT	-	-	-
Other expenses	(31)	-	(31)
<b>Return/(loss) on ordinary activities before taxation</b>	(23)	(36)	(59)
Tax on ordinary activities	-	-	-
<b>Return/(loss) attributable to equity shareholders</b>	(23)	(36)	(59)



Six months ended 31 August 2009			Year ended 28 Feb 2010
Revenue £'000	Capital £'000	Total £'000	Total £'000
56	-	56	75
-	(26)	(26)	617
56	(26)	30	692
(23)	(68)	(91)	(220)
-	-	-	-
-	-	-	-
(288)	-	(288)	(355)
(255)	(94)	(349)	117
-	-	-	-
(255)	(94)	(349)	117

Six months ended 31 August 2009			Year ended 28 Feb 2010
Revenue £'000	Capital £'000	Total £'000	Total £'000
10	-	10	21
-	-	-	-
10	-	10	21
(7)	(23)	(30)	(92)
-	-	-	-
-	-	-	-
(36)	-	(36)	(54)
(33)	(23)	(56)	(125)
-	-	-	-
(33)	(23)	(56)	(125)

# Unaudited Cash Flow Statement

for the six months ended 31 August 2010

	Note	Six months ended 31 August 2010 £'000	Six months ended 31 August 2009 £'000	Year ended 28 Feb 2010 £'000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>A</b>	(623)	433	(700)
<b>Capital expenditure</b>				
Purchase of investments		(1,434)	-	(3,002)
Disposal of investments		771	383	568
<b>Net cash (outflow)/ inflow from capital expenditure</b>		<b>(663)</b>	<b>383</b>	<b>(2,434)</b>
<b>Equity distributions paid</b>		<b>(2,055)</b>	<b>(386)</b>	<b>(386)</b>
<b>Management of liquid resources</b>				
Purchase of current investments held as liquidity funds		-	-	(3,550)
Withdrawal from liquidity funds		-	-	3550
<b>Net cash inflow/(outflow) from liquid resources</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash (outflow)/inflow before financing</b>		<b>(3,341)</b>	<b>430</b>	<b>(3,520)</b>
<b>Financing</b>				
Proceeds from share issue		1,929	7,741	5,526
Share issue costs		(183)	(292)	(304)
Purchase of own shares		(243)	(38)	(208)
<b>Net cash inflow from financing</b>		<b>1,503</b>	<b>7,411</b>	<b>5,014</b>
<b>(Decrease)/increase in cash</b>	<b>B</b>	<b>(1,838)</b>	<b>7,841</b>	<b>1,494</b>
<b>Notes to the cash flow statement:</b>				
<b>A Net cash flow from operating activities</b>				
(Loss)/ return on ordinary activities before taxation		(363)	(1,267)	(483)
(Gain)/ loss on investment		(121)	625	(591)
(Increase)/decrease in debtors		(105)	799	882
(Decrease)/ increase in creditors		(34)	276	(508)
<b>Net cash (outflow)/ inflow from operating activities</b>		<b>(623)</b>	<b>433</b>	<b>(700)</b>
<b>B Analysis of net funds</b>				
Beginning of period		4,324	2,830	2,830
<b>Net cash (outflow)/inflow</b>		<b>(1,838)</b>	<b>7,841</b>	<b>1,494</b>
<b>End of period</b>		<b>2,486</b>	<b>10,671</b>	<b>4,324</b>

## Summary of Investment Portfolio

as at 31 August 2010

Ordinary share pool	Cost £'000	Valuation £'000	Valuation movement in the period £'000	% of portfolio by value
<b>Top ten venture capital investments (by value)</b>				
Espresso Group Limited	1,257	3,342	283	27.6%
SPC International Limited	1,618	1,448	744	12.0%
Eagle Rock Entertainment Group Limited	1,010	1,114	(620)	9.2%
Saffron Media Group Limited	480	553	(84)	4.6%
Donatantonio Limited	582	551	172	4.6%
Overtis Group Limited	359	498	152	4.1%
Ashford Colour Press Limited	625	492	-	4.1%
Tossed Limited	468	468	-	3.9%
Think Limited	470	470	-	3.9%
Campden Media Limited	975	463	-	3.8%
	7,844	9,399	647	77.8%
Other venture capital investments	2,922	988	15	7.9%
	10,766	10,387	662	85.7%
Liquidity fund investments		890		7.4%
Cash at bank and in hand		823		6.9%
<b>Ordinary share pool total</b>		<b>12,100</b>		<b>100%</b>

## Summary of Investment Portfolio

as at 31 August 2010

'C' share pool	Cost £'000	Valuation £'000	Valuation movement in the period £'000	% of portfolio by value
<b>Top ten venture capital investments (by value)</b>				
Fjordnet Limited	800	1,168	15	11.2%
Lazurite Limited	1,000	984	(16)	9.4%
Charterhouse Leisure Limited	700	865	-	8.3%
Donatantonio Limited	885	838	261	8.1%
SPC International Limited	403	488	91	4.7%
Think Limited	470	470	-	4.5%
Chess Technologies Limited	600	453	(206)	4.4%
Overtis Group Limited	286	399	122	3.8%
Tossed Limited	345	345	-	3.3%
Eagle Rock Entertainment Group Limited	215	231	(135)	2.2%
	5,704	6,241	132	59.9%
Other venture capital investments	2,835	630	(673)	6.1%
	8,539	6,871	(541)	66.0%
Liquidity fund investments		2,810		27.0%
Cash at bank and in hand		728		7.0%
<b>'C' share pool total</b>		<b>10,409</b>		<b>100.0%</b>

All venture capital investments are unquoted unless otherwise stated

## Summary of Investment Portfolio

as at 31 August 2010

'D' share pool	Cost £'000	Valuation £'000	Valuation movement in the period £'000	% of portfolio by value
<b>Venture capital investments</b>				
Tossed Limited	183	183	-	2.4%
	183	183	-	2.4%
Liquidity fund investments		6,500		85.3%
Cash at bank and in hand		935		12.3%
<b>'D' share pool total</b>		<b>7,618</b>		<b>100%</b>

All venture capital investments are unquoted unless otherwise stated.

## Summary of Investment Movements

for the six months ended 31 August 2010

### Additions

	Cost £'000
<b>Ordinary share pool</b>	
Overtis Group Limited	143
Tossed Limited	468
	<b>611</b>
<b>'C' share pool</b>	
Overtis Group Limited	114
Tossed Limited	345
Steak Media Limited	181
	<b>640</b>
<b>'D' share pool</b>	
Tossed Limited	183
	<b>183</b>

### Disposals

	Cost £'000	Market value at 1 March 2010* £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
<b>Ordinary share pool</b>					
Overtis Group Limited	429	429	429	-	-
<b>'C' share pool</b>					
The Vending Corporation Limited	1,012	-	-	(1,012)	-
Overtis Group Limited	342	342	342	-	-
	<b>1,354</b>	<b>342</b>	<b>342</b>	<b>(1,012)</b>	<b>-</b>

No disposals were made by the 'D' share pool in the period. \* Adjusted for investments made since 1 March 2010

## Notes to the Unaudited Financial Statements

1. The unaudited half yearly results cover the six months to 31 August 2010 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 2009 and the year ended 28 February 2010.
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 after taxation (£'000)	62	(6)	(23)
Weighted average number of shares in issue	25,229,647	14,562,187	7,673,900
Capital return per share based on:			
Net revenue profit after taxation (£'000)	233	(593)	(36)
Weighted average number of shares in issue	25,229,647	14,562,187	7,673,900

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

	Ordinary shares	'C' shares	'D' shares
Net Assets (£'000)	12,136	10,370	7,585
Number of shares in issue at period end	25,376,474	14,531,317	8,218,712

# Notes to the Unaudited Financial Statements (continued)

## 8. Dividends

		6 months to 31 Aug 2010			6 months to 31 Aug 2009			28 Feb 2010
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
<b>Ordinary share dividends paid in period</b>								
2010 Final	8.0	-	2,055	2,055	-	-	-	-
2009 Final	1.0	-	-	-	-	240	240	240
		-	2,055	2,055	-	240	240	240
<b>'C' share dividends paid in period</b>								
2009 Final	1.0	-	-	-	146	-	146	146
		-	-	-	146	-	146	146

## 9. Reserves

	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve - realised £'000	Unrealised holding losses £'000	Revenue reserve £'000
<b>At 1 March 2010</b>	197	5,167	18,637	3,484	(3,180)	(160)
Expenses capitalised	1	-	-	(517)	-	-
Tax relief on expenses capitalised	-	-	-	-	-	-
Share issue	-	3,596	-	-	-	-
Purchase of own shares	27	-	(192)	-	-	(51)
Gains/(losses) on investments	-	-	-	-	120	-
Retained revenue	-	-	-	-	-	33
Distributions paid	-	-	-	(2,055)	-	-
Transfer between reserves	-	-	(1,492)	721	1,012	(241)
<b>At 31 August 2010</b>	225	8,763	16,953	1,633	(2,048)	(419)

## 10. Contingent liabilities, guarantees and financial commitments

The Company has guaranteed bank borrowings of one of its investments, Donatantonio Limited, amounting to £225,000. A third party has provided a guarantee to the Company amounting to £112,500 in respect of the above guarantee such that the Company's net exposure is £112,500.

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



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 28 February 2010 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the auditors' report on those financial statements was unqualified.
12. The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with the "Statement: Half-Yearly Financial Reports" issued by the UK Accounting Standards Board and the half-yearly financial report includes a fair review of the information required by:
  - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
13. Copies of the unaudited half-yearly results will be sent to Shareholders. Further copies can be obtained from the Company's Registered Office and will be available for download from **[www.provenvcts.com](http://www.provenvcts.com)** and **[www.downing.co.uk](http://www.downing.co.uk)**.



# Shareholder Information

## Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Half-Yearly Reports and Interim Management Statements can be found on the Company's website:

**[www.provenvcts.com](http://www.provenvcts.com)**

Dividend history, links to Company announcements and other financial information can be found on Downing's website at **[www.downing.co.uk](http://www.downing.co.uk)**. Shareholders can also check details of their shareholdings using Capita Registrar's website at **[www.capitaregistrars.com](http://www.capitaregistrars.com)**, by clicking on "Shareholders".

## Dividends

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends and requests for mandate forms should therefore be directed to the Company's registrar, Capita Registrars, whose details are on the back cover of this document.

## Share Prices

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

TIDM/EPIC code	"PVN"	"PVNC"	"PVND"
Latest share price (28 October 2010):	38.0p per share	63.0p per share	89.0p per share

## Buying and selling shares

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

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. Downing Management Services Limited is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Contact details are shown on the back cover of this document.

## Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

## Share scam warning

We have become aware that a significant number of shareholders of VCTs managed by both Beringea and other VCT houses have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is 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

Andrew Davison (Chairman)  
Barry Dean  
Malcolm Moss

### Investment Manager

Beringea LLP  
39 Earlham Street  
London WC2H 9LT  
[www.provenvcts.com](http://www.provenvcts.com)  
Tel: 020 7845 7820

### Secretary and Administrator

Grant Whitehouse  
Downing Management Services Limited  
10 Lower Grosvenor Place  
London SW1W 0EN  
[www.downing.co.uk](http://www.downing.co.uk)  
Tel: 020 7416 7780

### Registered Office

39 Earlham Street  
London WC2H 9LT  
Registered No. 3911323

### Registrar

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0GA  
[www.capitaregistrars.com](http://www.capitaregistrars.com)  
Tel: 0871 664 0300

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