PROVEN VCT PLC

HALF-YEARLY REPORT
For the Six Months Ended 31 August 2018

Managed by BERINGEA LLP

PROVEN VCT PLC
FUND OVERVIEW

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 2018	31 August 2017	28 February 2018
Net asset value per share ("NAV")	108.9p	101.8p	99.7p
Dividends paid per share since conversion/consolidation*	38.5p	29.0p	36.0p
Total return (NAV plus dividends paid*)	147.4p	130.8p	135.7p

* Dividends paid represent dividends paid since the consolidation of 5p Ordinary Shares into 10p Ordinary Shares on 30 October 2012. Prior to this date, the Company paid dividends totalling 113.95p on the 5p Ordinary Shares.

CHAIRMAN'S STATEMENT

INTRODUCTION

I have pleasure in presenting my first half year report for ProVen VCT plc (the "Company") for the six months ended 31 August 2018.

NET ASSET VALUE

During the six-month period, the net asset value ("NAV") per share increased from 99.7p to 108.9p at 31 August 2018. The increase of 9.2p comprised 11.7p of uplift arising largely from positive valuation movements, offset by the dividend of 2.5p paid in July 2018.

PORTFOLIO ACTIVITY AND VALUATION

During the six months to 31 August 2018, a total of £8.6 million was invested. This included £4.8 million into two new investments, Mycs and Aistemos, and £3.8 million into existing portfolio companies to support their continued growth and development.

It was an exceptional period for realisations from the portfolio. The sale of Watchfinder to Richemont Holdings UK Limited, a subsidiary of the Swiss luxury group Compagnie Financière Richemont SA, was the most successful exit in the Company's history in terms of realised profit against original cost. The Company also realised its stake in Chargemaster as part of a sale of the business to BP. Together, these two disposals generated aggregate proceeds of £31.0 million and a gain against cost of £25.9 million, representing a multiple of over 6x the combined investment cost.

The Company's investments in Charterhouse Leisure and Conversity were sold above the previously reported year end carrying value but at a loss against cost, and an interim distribution in respect of Maplin's administration was received in July 2018.

The venture capital investment portfolio showed net unrealised gains for the six-month period of £3.4 million, predominantly as a result of valuation increases for Blis Media, Incontext and Think, offset by valuation decreases for Chess and Cogora.

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

RESULTS AND DIVIDENDS

The total profit on ordinary activities after taxation for the six-month period to 31 August 2018 was £12.0 million.

During the six-month period, a final dividend of 2.5p per share in respect of the year ended 28 February 2018 was paid on 20 July 2018 following shareholder approval at the Company's AGM.

The Board has today declared a special interim dividend of 25.25p per share which will be paid on 30 November 2018 to shareholders on the register at 2 November 2018. This significant dividend reflects the substantial profits crystallised on the realisations of Watchfinder and Chargemaster. The dividend represents a cash return of 25.3% per share on the opening NAV per share at 1 March 2018. The declaration of this special interim dividend will result in an equivalent reduction in the Company's NAV per share.

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, subject to the usual restrictions. 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 2 November 2018 to be eligible to receive the forthcoming dividend as new shares.

PERFORMANCE FEE

The Company has continued to deliver strong performance, driven by strong investment returns. At 31 August 2018, largely as a result of the exceptional realisations achieved during the period, the performance hurdles have been achieved for certain fundraisings and a performance incentive fee of £5.8 million has been accrued in respect of the year ending 28 February 2019. The actual performance incentive fee payable to the investment manager, if any, will only be payable once the 28 February 2019 results have been finalised.

FUND RAISING AND SHARE ISSUES

During the period, the Company allotted 324,715 shares at 107.5p per share under the Company's DRIS in respect of the dividend paid on 20 July 2018.

In response to the strong investor demand for VCT share issues, the Board announced on 22 October 2018 the intention to launch a combined offer for subscription with ProVen Growth and Income VCT plc. Full details will be released in due course.

SHARE BUYBACKS

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

During the period, the Company completed purchases of 942,201 shares at an average price of 104.9p per share and for aggregate consideration (net of costs) of £988,153. This represented 0.9% of the shares in issue at the start of the period. The shares were subsequently cancelled.

CHAIRMAN'S STATEMENT
CONTINUED

OUTLOOK

The market for disposals has remained strong in the six months to 31 August 2018 and the exits from Watchfinder and Chargemaster have resulted in significant realised gains for the Company, allowing a special interim dividend to be declared. The current portfolio continues to perform well and is well diversified across a range of sectors. However, the ongoing uncertainty over a Brexit deal for the United Kingdom remains a largely unquantifiable risk to individual portfolio companies and the Company's overall performance.

Despite this potential headwind, I remain optimistic about the prospects of the Company as we enter the second half of the financial year.

Neal Ransome
Chairman
24 October 2018

INVESTMENT MANAGER'S REPORT

INTRODUCTION

We have pleasure in presenting our half year report for ProVen VCT plc (the "Company") for the six months ended 31 August 2018.

INVESTMENT ACTIVITY AND PORTFOLIO VALUATION

At 31 August 2018, the Company's investment portfolio comprised 42 investments, of which 40 were unquoted, at a cost of £62.2 million and a valuation of £70.0 million. This represents an overall unrealised uplift on cost of £7.8 million or 12.5%.

During the period, the Company invested a further £8.6 million, comprising £4.8 million into two new companies and £3.8 million into three existing portfolio companies.

The new investment in Mycs (£3.6 million), a Berlin based online retailer for customisable furniture, was completed in May 2018 and was discussed in the Company's most recent annual report. The Company also invested £1.2 million in Aistemos, a software company specialising in intellectual property analytics, in August 2018. The investment is being used to expand the company's sales and marketing function.

The follow-on investments were made into My 1st Years (£2.6 million), Poq Studio (£902,000) and Perfect Channel (£368,000).

The Company generated capital proceeds of £31.4 million, predominantly from the disposals of Watchfinder (£23.4 million) and Chargemaster (£7.6 million). These two disposals resulted in an aggregate gain of over £25.9 million on the original investment cost. In addition, the Company's investments in Charterhouse Leisure and Conversity were fully realised at a loss against cost but a slight uplift against the carrying value at the previous year end.

An interim distribution in respect of the administration of Maplin of £335,000 was also received in the period. There is the potential for a further distribution as the administration progresses, however, it is unlikely that the Company's total investment in Maplin will be recovered.

Watchfinder has grown significantly since the Company first invested in 2014, with revenues growing from £25.1 million in 2014 to £86.7 million in 2017. On 1 June 2018, Richemont Holdings UK Limited, a subsidiary of the Swiss luxury group Compagnie Financière Richemont SA, agreed to acquire 100% of the share capital of Watchfinder, allowing the Company to realise its investment in full at a multiple of 8.9x cost and an annual rate of return of over 75%.

Chargemaster has also performed well over recent years, driven by the growth in sales of electric vehicles. In July 2018, the Company realised its investment in full as part of an acquisition of Chargemaster by BP plc. Total proceeds of £7.6 million were generated from the disposal, half of which are receivable in January 2019, representing a gain against cost of £5.2 million.

Overall, the venture capital investment portfolio showed an unrealised gain of £3.4 million, equivalent to 3.4p per share, over the period. There were valuation uplifts for, amongst others, Blis, Incontext and Think, which were partially offset by valuation decreases for Chess and Cogora.

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 2018, the Company has invested a further £442,000 into Incontext to support the company's continued growth.

OUTLOOK

Following on from the significant disposals achieved in the previous financial year, the further realisations achieved in the first half of this financial year have generated significant realised profits for Shareholders. There are also a number of other portfolio companies nearing an exit that could generate further realised gains over the coming months. As well as a strong exit environment, we are also seeing a strong flow of attractive investment opportunities as companies continue to seek capital for expansion, despite uncertainty over a Brexit deal.

Overall, the current portfolio continues to perform well and it is encouraging to see some of the more recent investments such as POQ and My 1st Years making strong progress, supported by our follow-on funding. We therefore look forward to the second half of the financial year with optimism.

Beringea LLP
24 October 2018

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2018

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
Infinity Reliance Limited (t/a My 1st Years)	4,731	6,658	108	5.9%
Think Limited	2,757	6,129	761	5.5%
Poq Studio Limited	3,152	5,402	–	4.8%
Monica Vinader Limited	534	4,766	77	4.3%
Litchfield Media Limited	3,580	4,202	724	3.8%
Rapid Charge Grid Limited	4,200	3,860	97	3.4%
Mycs GmbH	3,551	3,551	–	3.2%
Chess Technologies Limited	1,045	3,400	(836)	3.0%
InContext Solutions, Inc.	2,363	2,855	685	2.5%
Whistle Sports, Inc.	2,090	2,729	405	2.4%
Thread, Inc.	2,646	2,723	(81)	2.4%
Blis Media Limited	841	2,271	800	2.0%
Cogora Group Limited	2,643	1,977	(317)	1.9%
Smart Information Systems GmbH (t/a Smart Assistant)	1,309	1,894	585	1.7%
MPB Group Limited	1,842	1,843	–	1.6%
Response Tap Limited	1,060	1,789	212	1.6%
Disposable Cubicle Curtains Limited	2,201	1,592	16	1.4%
Donatantonio Group Limited	1,078	1,438	31	1.3%
ContactEngine Limited	562	1,371	197	1.2%
Monmouth Holdings Limited	1,500	1,308	(1)	1.2%
Other venture capital investments	18,503	8,282	(43)	7.4%
Total venture capital investments	**62,188**	**70,040**	**3,420**	**62.5%**
Cash at bank and in hand		41,953		37.5%
Total investments		**111,993**		**100.0%**

Other venture capital investments at 31 August 2018 comprise: 7Digital Group plc, Aistemos Limited, Been There Done That Global Limited, Buckingham Gate Financial Services Limited, D30 Holdings Ltd, Firefly Learning Limited, Iridium Topco Limited (formerly Honeycomb.TV Limited), Inskin Media Limited, Lantum Limited, Macklin Holdings Limited, MEL Topco Limited (t/a Maplin), Netcall plc, Perfect Channel

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2018

CONTINUED

Limited, Sealskinz Holdings Limited, Senselogix Limited, Simplestream Limited, Skills Matter Limited, SPC International Limited, 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 Macklin Holdings Limited, Monmouth Holdings Limited, SPC International Limited and Think Limited, were also held by ProVen Growth and Income VCT plc, of which Beringea LLP is the investment manager.

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, Smart Information Systems GmbH, which is registered in Austria and Mycs GmbH, which is registered in Germany.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

Investment activity during the six months ended 31 August 2018 is summarised as follows:

ADDITIONS

	Cost £'000
Mycs GmbH	3,551
Infinity Reliance Limited (t/a My 1st Years)	2,576
Aistemos Limited	1,223
Poq Studio Limited	902
Perfect Channel Limited	368
Total	**8,620**

DISPOSALS

	Cost £'000	Market value at 1 March 2018 £'000	Disposal proceeds £'000	Gain/(loss) against cost £'000	Realised gain in period £'000
Watchfinder.co.uk Limited	2,629	10,228	23,353	20,724	13,125
Chargemaster plc	2,421	5,604	7,613	5,192	2,009
Charterhouse Leisure Limited	875	8	91	(784)	83
MEL Topco Limited (t/a Maplin)	–	–	335	335	335
MatsSoft Limited	–	–	53	53	53
Conversity Limited	28	–	4	(24)	4
Total	**5,953**	**15,840**	**31,449**	**25,496**	**15,609**

Of the disposals above, MatsSoft Limited was realised in the prior period but proceeds were recognised in the current period in excess of the amounts previously accrued.

The proceeds received in respect of MEL Topco Limited (t/a Maplin) reflected an interim distribution in respect of the company's administration.

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2018

	(unaudited) Six months ended 31 Aug 2018			(unaudited) Six months ended 31 Aug 2017			(audited) Year ended 28 Feb 2018
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	183	–	183	524	–	524	528
Realised gains on investments	–	15,609	15,609	–	3,135	3,135	3,359
Unrealised gains/(losses) on investments	–	3,420	3,420	–	(3,061)	(3,061)	2,828
Investment management fee	(296)	(888)	(1,184)	(272)	(815)	(1,087)	(2,013)
Performance incentive fee	–	(5,771)	(5,771)	–	(1,118)	(1,118)	(1,124)
Other expenses	(304)	–	(304)	(319)	(9)	(328)	(638)
(Loss)/return on ordinary activities before taxation	**(417)**	**12,370**	**11,953**	**(67)**	**(1,868)**	**(1,935)**	**2,940**
Tax on ordinary activities	–	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders	**(417)**	**12,370**	**11,953**	**(67)**	**(1,868)**	**(1,935)**	**2,940**
Basic and diluted (loss)/ return per share	**(0.4p)**	**12.2p**	**11.8p**	**(0.1p)**	**(1.9p)**	**(2.0p)**	**3.0p**

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 2018

	(unaudited) 31 Aug 2018 £'000	(unaudited) 31 Aug 2017 £'000	(audited) 28 Feb 2018 £'000
Fixed assets			
Investments	70,040	66,283	73,840
Current assets			
Debtors	4,734	676	574
Cash at bank and in hand	41,953	34,252	28,671
	46,687	**34,928**	**29,245**
Creditors: amounts falling due within one year	(6,417)	(1,565)	(1,554)
Net current assets	40,270	33,363	27,691
Net assets	**110,310**	**99,646**	**101,531**
Capital and reserves			
Called up share capital	10,125	9,784	10,187
Capital redemption reserve	24	3,757	3,837
Share premium account	–	48,560	52,786
Special reserve	58,956	13,168	5,469
Capital reserve – realised	29,420	15,281	10,583
Revaluation reserve	13,210	9,586	19,677
Revenue reserve	(1,425)	(490)	(1,008)
Total equity shareholders' funds	**110,310**	**99,646**	**101,531**
Basic and diluted net asset value per share	**108.9p**	**101.8p**	**99.7p**

The financial statements on pages 12 to 23 were approved and authorised for issue by the Board of Directors on 24 October 2018 and were signed on its behalf by:

Neal Ransome
Chairman
ProVen VCT plc
Company number: 3911323

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 2018

Six months ended 31 August 2018 (unaudited)

	Called up share capital £'000	Capital redemp-tion reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve – realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2018	**10,187**	**3,837**	**52,786**	**5,469**	**10,583**	**19,677**	**(1,008)**	**101,531**
Issue of new shares	32	–	317	–	–	–	–	349
Total comprehensive income	–	–	–	–	8,950	3,420	(417)	11,953
Transfer of previously unrealised gains now realised	–	–	–	–	9,887	(9,887)	–	–
Share buybacks and cancellation	(94)	94	–	(993)	–	–	–	(993)
Cancellation of share premium account	–	–	(53,103)	53,103	–	–	–	–
Cancellation of capital redemption reserve	–	(3,907)	–	3,907	–	–	–	–
Dividends paid	–	–	–	(2,530)	–	–	–	(2,530)
At 31 August 2018	**10,125**	**24**	**–**	**58,956**	**29,420**	**13,210**	**(1,425)**	**110,310**

Six months ended 31 August 2017 (unaudited)

	Called up share capital £'000	Capital redemp-tion reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve – realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2017	**9,856**	**3,653**	**48,252**	**16,666**	**10,406**	**16,329**	**(423)**	**104,739**
Issue of new shares	32	–	308	–	–	–	–	340
Share buybacks and cancellation	(104)	104	–	(1,049)	–	–	–	(1,049)
Total comprehensive income	–	–	–	–	1,193	(3,061)	(67)	(1,935)
Transfer of previously unrealised gains now realised	–	–	–	–	3,682	(3,682)	–	–
Dividends paid	–	–	–	(2,449)	–	––	–	(2,449)
At 31 August 2017	**9,784**	**3,757**	**48,560**	**13,168**	**15,281**	**9,586**	**(490)**	**99,646**

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. Reserves available for distribution therefore amount to £86,951,000 (2017: £27,959,000).

During the period, the Company cancelled its share premium account and capital redemption reserve as confirmed by an Order of the High Court of Justice Chancery Division. The Company registered the Court Order approving the Cancellation with the Registrar of Companies on 15 August 2018 and the cancellation became effective on such registration.

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 2018

	Note	(unaudited) Six months ended 31 Aug 2018 £'000	(unaudited) Six months ended 31 Aug 2017 £'000	(audited) Year ended 28 Feb 2018 £'000
Net cash used in operating activities	A	**(6,373)**	**(1,702)**	**(2,944)**
Cash flows from investing activities				
Purchase of investments		(8,620)	(3,453)	(7,710)
Sale of investments		31,449	9,272	12,239
Net cash from investing activities		**22,829**	**5,819**	**4,529**
Cash flows from financing activities				
Proceeds from share issue		–	–	3,757
Share issue costs		–	–	(129)
Purchase of own shares		(993)	(967)	(1,742)
Equity dividends paid		(2,181)	(2,108)	(8,010)
Net cash used in financing		**(3,174)**	**(3,075)**	**(6,124)**
Increase/(decrease) in cash and cash equivalents	B	**13,282**	**1,042**	**(4,539)**
Notes to the cash flow statement:				
A. Cash used in operating activities				
Return/(loss) on ordinary activities before taxation		11,953	(1,935)	2,940
Gain on investments		(19,029)	(74)	(6,187)
(Increase)/decrease in prepayments, accrued income and other debtors		(4,160)	(84)	53
Increase in accruals and other creditors		4,863	391	250
Net cash used in operating activities		**(6,373)**	**(1,702)**	**(2,944)**
B. Analysis of net funds				
Beginning of period/year		28,671	33,210	33,210
Net cash inflows/(outflows)		13,282	1,042	(4,539)
End of period/year		**41,953**	**34,252**	**28,671**

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 2018

1. ACCOUNTING POLICIES

Basis of accounting

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 2018.

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

NOTES TO THE HALF-YEARLY REPORT
CONTINUED

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.

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.

2. All revenue and capital items in the Unaudited Condensed Income Statement derive from continuing operations.

3. There are no other items of comprehensive income other than those disclosed in the Unaudited Condensed Income Statement.

4. The Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers and derives its income from investments made in shares, securities and bank deposits.

5. The comparative figures are in respect of the year ended 28 February 2018 and the six-month period ended 31 August 2017.

6. Basic and diluted return per share for the period has been calculated on 101,682,918 shares, being the weighted average number of shares in issue during the period.

7. Basic and diluted NAV per share for the period has been calculated on 101,257,111 shares, being the number of shares in issue at the period end.

8. DIVIDENDS

		(unaudited) Six months ended 31 Aug 2018			(unaudited) Six months ended 31 Aug 2017			(audited) Year ended 28 Feb 2018
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
2017 Final	2.5	–	–	–	–	2,453	2,453	2,453
2018 Special Interim	7.0	–	–	–	–	–	–	6,848
2018 Final	2.5	–	2,530	2,530	–	–	–	–
Total dividends paid		**–**	**2,530**	**2,530**	**–**	**2,453**	**2,453**	**9,301**

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 31 August 2018, before any performance fee accrual, and cumulative dividends paid and payable ahead of 28 February 2019, a maximum performance fee of £5.9 million would become payable in relation to certain fundraisings for which the performance hurdles have been achieved. However, the performance fee structure contains certain restrictions to ensure that the hurdles continue to be met after the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, an accrual for a performance fee of £5.8 million has been made at 31 August 2018 and has been reflected in the NAV per share. 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 2018.

A contingent liability of £0.1 million, being the difference between the maximum performance fee and the amount accrued at 31 August 2018, therefore exists at the period end.

The Company has no other contingent liabilities, guarantees or financial commitments at 31 August 2018.

10. CALLED UP SHARE CAPITAL

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted 324,715 shares to subscribing shareholders on 20 July 2018. The aggregate consideration for the shares was £349,070.

NOTES TO THE HALF-YEARLY REPORT
CONTINUED

During the six months to 31 August 2018, the Company repurchased 942,201 shares for an aggregate consideration (net of costs) of £988,153 being an average price of 104.9p per share and which represented 0.9% 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 £4,945.

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.

	(unaudited) 31 August 2018				(audited) 28 February 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	316	–	–	316	234	–	–	234
Loan notes	–	–	15,739	15,739	–	–	14,741	14,741
Unquoted equity	–	–	40,246	40,246	–	–	49,918	49,918
Preference shares	–	–	13,739	13,739	–	–	8,947	8,947
Total	**316**	**–**	**69,724**	**70,040**	**234**	**–**	**73,606**	**73,840**

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 2018, £1,184,000 was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £215,000.

Beringea LLP was also the Company's Administration Manager during the period. Fees paid to Beringea in its capacity as Administration Manager for the six months ended 31 August 2018 amounted to £31,000 of which £15,000 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. In respect of the year ending 28 February 2019, a performance incentive fee of £5,771,000 has been accrued. The actual performance incentive fee, if any, will only be payable once the 28 February 2019 results have been finalised. As a result, no performance incentive fee is payable at 31 August 2018.

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 not the Company. In the six-month period to 31 August 2018, £93,000 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 2018 amounted to £274,000.

During the six months to 31 August 2018, an amount of £72,000 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. The figures for the year ended 28 February 2018 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;

(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 an appropriate 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 2018, the Company has invested a further £442,000 in Incontext.

On 22 October 2018, the Company announced its intention to launch a combined offer for subscription with ProVen Growth and Income VCT plc. 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	PVN
Latest share price 23 October 2018	104.0p per share

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

DIVIDENDS

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends and requests for mandate forms should therefore be directed to the Company's registrar, Link Asset Services, 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 COMMUNICATION WITH 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 the Company, Beringea or the Company Registrar, Link Asset Services, 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, Link Asset Services, 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 Link 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
Neal Ransome (Chairman)
Barry Dean
Malcolm Moss
Lorna Tilbian

all of:

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