



PROVEN VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2019



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 2019	31 August 2018	28 February 2019
Net asset value per share ("NAV")	76.40p	108.90p	82.20p
Dividends paid per share since conversion/consolidation*	66.25p	38.50p	63.75p
Total return (NAV plus dividends paid*)	142.65p	147.40p	145.95p

* 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 the half year report for ProVen VCT plc (the "Company") for the six months ended 31 August 2019.

NET ASSET VALUE

During the six-month period, the net asset value ("NAV") per share decreased from 82.2p to 76.4p at 31 August 2019. This decrease of 5.8p comprised a 3.3p decrease largely from valuation movements plus the final dividend of 2.5p for the year ended 28 February 2019 paid in July 2019.

PORTFOLIO ACTIVITY AND VALUATION

During the six months to 31 August 2019, a total of £6.8 million was invested. This comprised £4.1 million into four new investments, Papier Ltd, Arctic Shores Limited, Sannpa Limited (t/a Fnatic) and Picasso Labs, Inc., and £2.7 million into five existing portfolio companies to support their continued growth and development.

There was also one full disposal in the period, namely 7digital Group plc. This resulted in an overall loss of £1.1 million against cost though fair valuation losses on the investment had largely been recognised in previous periods. The sale was a strategic decision as, following recent developments in the company, the Company's shareholding would have soon become VCT non-qualifying.

The venture capital investment portfolio showed disappointing net unrealised losses for the six-month period of £5.2 million. This equates to an approximate 7.3% decrease in valuation on the portfolio position at 28 February 2019 and reflects a more cautious outlook on several portfolio companies.

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

RESULTS AND DIVIDENDS

The total loss on ordinary activities after taxation for the six-month period to 31 August 2019 was £5.6 million.

During the six-month period, a final dividend of 2.5p per share in respect of the year ended 28 February 2019 was paid on 19 July 2019 to Shareholders on the register at 21 June 2019 following shareholder approval at the Company's AGM.

The Board has declared an interim dividend of 2.0p per share which will be paid on 6 December 2019 to shareholders on the register at 15 November 2019. The dividend represents a cash return of 2.5% on the opening NAV per share at 1 March 2019, adjusted for the July dividend of 2.5p per share. The declaration of this 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 who 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 15 November 2019 to be eligible to receive the forthcoming dividend as new shares.

FUND RAISING AND SHARE ISSUES

The Company launched a combined offer for subscription with ProVen Growth and Income VCT plc on 11 January 2019 to raise up to a total of £30 million per company, with an over-allotment facility of £10 million per company. Due to strong investor demand, the Company's offer was fully subscribed.

During the period, the Company allotted 46,313,896 shares at an average price of 86.4p per share under the Company's offer for subscription dated 11 January 2019. In the same period, the Company allotted a further 817,650 shares at 78.7p per share under the Company's DRIS in respect of the dividend paid on 19 July 2019.

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 1,118,679 shares at an average price of 76.5p per share and for aggregate consideration (net of costs) of £855,713. This represented 1.06% of the shares in issue at the start of the period. The shares were subsequently cancelled.

OUTLOOK

Following several significant disposals by the Company during its last two financial years, which generated substantial realised capital gains for shareholders, I anticipate a quieter period for disposals over the next six months. However, large corporates are still highly acquisitive, so the possibility of further disposals in the next year or so should not be discounted.

The Company has been an active investor in the half year with a number of completed investments and further ones at an advanced stage. The Investment Manager reports a healthy and robust flow of new investment opportunities and the Company is well positioned to pursue these and others given the recent strong fundraising.

CHAIRMAN'S STATEMENT

CONTINUED

Despite the uncertainty created by Brexit and trade skirmishes slowing down the global economy, small companies with innovative and attractive market propositions have the potential to grow significantly more quickly than the economy as a whole. The Company's investment focus is on such companies and as a consequence I continue to be cautiously optimistic about the long term performance of the Company notwithstanding short term or wider economic headwinds.

Neal Ransome

Chairman

4 November 2019

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 2019.

INVESTMENT ACTIVITY AND PORTFOLIO VALUATION

At 31 August 2019, the Company's investment portfolio comprised 45 investments at a cost of £74.8 million and a valuation of £72.7 million. This represents an overall unrealised decrease on cost of £2.1 million or 2.8%.

During the period, the Company invested a further £6.8 million, comprising £4.1 million into four new companies and £2.7 million into five existing portfolio companies.

The Company invested in Papier (£1.35 million), a stationery retailer specialising in curated collections unique to the market, in July 2019. The Company also invested in Arctic Shores (£1.05 million), a provider of data-driven psychometric tests combining neuroscience, artificial intelligence and game technology for more predictive and less biased employee recruitment, in August 2019. The new investment in Fnatic (£1.03 million), an eSports team owner and lifestyle brand, with professional teams in the most popular games such as League of Legends, Dota 2 and Battlefield 4, was completed in April 2019 and was discussed in the Company's most recent annual report. The Company also invested £630,000 in Picasso Labs, an automated creative measurement platform that aims to enhance creativity through objectivity. Their technology is used globally by Fortune 500 brands like Unilever, Mondelez, Heineken, ABL, and more to measure creative efficiency, consistency, and impact across all creatives worldwide.

The follow-on investments were made into ContactEngine (£704,000), Thread (£600,000), Aistemos (£595,000), Mycs (£533,000) and MPB (£300,000).

The Company's shareholding in 7digital Group plc was sold in the period. This resulted in a loss against cost of £1.1 million though fair valuation losses on the investment had largely been recognised in previous periods and therefore had negligible impact on the NAV during the period. The sale was a strategic decision as, following recent developments in the company, the Company's shareholding would soon become VCT non-qualifying.

Skills Matter Limited repaid a small amount of its loan notes (£32,000) during the period, but has been unable to secure further funding and so we continue to have a full provision against the remaining investment.

Following an interim distribution in respect of the administration of Maplin in July 2018, an additional £68,000 was received in August 2019.

INVESTMENT MANAGER'S REPORT

CONTINUED

Overall, the venture capital investment portfolio showed an unrealised loss of £5.2 million, equivalent to 3.4p per share over the period. There were valuation uplifts for, amongst others, ContactEngine and DeepCrawl, but disappointingly these were more than offset by valuation decreases in Blis Media, My First Years, Smart Assistant, InContext, POQ Studio and Cogora Group.

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 2019, there has been no significant portfolio activity in the Company to report.

OUTLOOK

Following two financial years marked by successful disposals and substantial realised profits for shareholders, we are focussed on investing the funds raised this year, generating a significant pipeline of investment opportunities and continuing to support the growth of our portfolio companies. We do, however, anticipate a quieter period for disposals over the next six months.

We have successfully completed four new investments over the past six months, backing growing businesses in rapidly emerging industries such as artificial intelligence and eSports. These investments, which we selected through rigorous commercial and financial due diligence, show that innovative companies are continuing to flourish in spite of any political or economic headwinds.

Five existing portfolio companies – ContactEngine, MPB, Thread, Mycs and Aistemos – have shown resilient growth that enabled them to raise follow-on funding. This, taken with the prospect of a strong pipeline of future investment prospects, makes us cautiously confident about the longer-term performance of the Company.

Beringea LLP

4 November 2019

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2019

	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	5,323	(898)	4.7%
Poq Studio Limited	3,152	4,372	(1,029)	3.8%
Litchfield Media Limited	3,850	4,195	–	3.7%
Zoovu Limited (t/a Smart Assistant)	3,487	4,162	(996)	3.7%
Rapid Charge Grid Limited	4,200	4,124	62	3.6%
Mycs GmbH	4,084	4,084	–	3.6%
Thread, Inc.	3,351	3,861	478	3.4%
Access Systems, Inc.	3,500	3,500	–	3.1%
Monica Vinader Limited	534	3,317	–	2.9%
Festicket Ltd	3,248	3,248	–	2.9%
ContactEngine Limited	1,266	3,124	758	2.7%
Written Byte Limited (t/a DeepCrawl)	1,888	2,965	691	2.6%
MPB Group Limited	2,511	2,676	165	2.3%
Exonar Limited	2,496	2,496	–	2.2%
Aistemos Limited	1,818	1,821	2	1.6%
Donatantonio Group Limited	1,078	1,760	5	1.5%
Response Tap Limited	1,060	1,703	(118)	1.5%
Disposable Cubicle Curtains Limited	2,871	1,652	(542)	1.4%
Blis Media Limited	841	1,624	(1,232)	1.4%
Papier Ltd	1,350	1,350	–	1.2%
Other venture capital investments	23,433	11,343	(2,536)	10.0%
Total venture capital investments	74,749	72,700	(5,190)	63.8%
Cash at bank and in hand		41,167		36.2%
Total investments		113,867		100.0%

Other venture capital investments at 31 August 2019 comprise: Arctic Shores Limited, Been There Done That Limited, Buckingham Gate Financial Services Limited, Cogora Group Limited, D30 Holdings Ltd, Firefly Learning Limited, InContext Solutions, Inc., Inskin Media Limited, Lantum Limited, Macklin Holdings Limited, MEL Topco Limited (t/a Maplin), Monmouth Holdings Limited, Netcall plc, Picasso Labs, Inc., Sannpa Limited (t/a Fnatic),

SUMMARY OF INVESTMENT PORTFOLIO

CONTINUED

Sealskinz Holdings Limited, Senselogix Limited, Simplestream Limited, Skills Matter Limited, SPC International Limited, TVPlayer Limited, Utility Exchange Online Limited, Vigilant Applications Limited and Whistle Sports, Inc.

With the exception of Netcall plc which is quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exception of Macklin Holdings Limited, Monmouth Holdings Limited and SPC International 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., Picasso Labs, Inc., Thread, Inc. and Whistle Sports, Inc. which are Delaware registered corporations in the United States of America, and Mycs GmbH, which is registered in Germany.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2019

Investment activity during the six months ended 31 August 2019 is summarised as follows:

ADDITIONS

	Cost £'000
Papier Ltd	1,350
Arctic Shores Limited	1,050
Sannpa Limited (t/a Fnatic)	1,029
ContactEngine Limited	704
Picasso Labs, Inc.	630
Thread, Inc.	600
Aistemos Limited	595
Mycs GmbH	533
MPB Group Limited	300
Total	6,791

DISPOSALS

	Cost £'000	Market value at 1 March 2019 £'000	Disposal proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
MEL Topco Limited* (t/a Maplin)	–	–	68	68	68
Skills Matter Limited	32	–	32	–	32
7digital Group plc	1,101	4	1	(1,100)	(3)
Total	1,133	4	101	(1,032)	97

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

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2019

	(unaudited) Six months ended 31 Aug 2019			(unaudited) Six months ended 31 Aug 2018			(audited) Year ended 28 Feb 2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	193	–	193	183	–	183	405
Realised gains on investments	–	886	886	–	15,609	15,609	17,995
Unrealised (losses)/gains on investments	–	(5,190)	(5,190)	–	3,420	3,420	213
Investment management fee	(301)	(904)	(1,205)	(296)	(888)	(1,184)	(2,045)
Performance incentive fee	–	–	–	–	(5,771)	(5,771)	(5,614)
Other expenses	(274)	(3)	(277)	(304)	–	(304)	(608)
(Loss)/return on ordinary activities before taxation	(382)	(5,211)	(5,593)	(417)	12,370	11,953	10,346
Tax on ordinary activities	–	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders	(382)	(5,211)	(5,593)	(417)	12,370	11,953	10,346
Basic and diluted (loss)/return per share	(0.2p)	(3.7p)	(3.9p)	(0.4p)	12.2p	11.8p	10.1p

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 2019

	(unaudited) 31 Aug 2019 £'000	(unaudited) 31 Aug 2018 £'000	(audited) 28 Feb 2019 £'000
Fixed assets			
Investments	72,700	70,040	71,133
Current assets			
Debtors	2,426	4,734	1,478
Cash at bank and in hand	41,167	41,953	19,897
	43,593	46,687	21,375
Creditors: amounts falling due within one year	(955)	(6,417)	(6,172)
Net current assets	42,638	40,270	15,203
Net assets	115,338	110,310	86,336
Capital and reserves			
Called up share capital	15,105	10,125	10,504
Capital redemption reserve	214	24	102
Share premium account	39,296	–	3,367
Special reserve	54,773	58,956	60,820
Capital reserve – realised	5,295	29,420	6,412
Revaluation reserve	2,705	13,210	6,799
Revenue reserve	(2,050)	(1,425)	(1,668)
Total equity shareholders' funds	115,338	110,310	86,336
Basic and diluted net asset value per share	76.4p	108.9p	82.2p

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 2019

Six months ended 31 August 2019 (unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve – realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2019	10,504	102	3,367	60,820	6,412	6,799	(1,668)	86,336
Issue of new shares	4,713	–	35,929	(1,418)	–	–	–	39,224
Total comprehensive income	–	–	–	–	(21)	(5,190)	(382)	(5,593)
Transfer of previously unrealised losses now realised	–	–	–	–	(1,096)	1,096	–	–
Share buybacks and cancellation	(112)	112	–	(861)	–	–	–	(861)
Dividends paid	–	–	–	(3,768)	–	–	–	(3,768)
At 31 August 2019	15,105	214	39,296	54,773	5,295	2,705	(2,050)	115,338

Six months ended 31 August 2018 (unaudited)

	Called up share capital £'000	Capital redemption 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	–	–	(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

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. Reserves available for distribution therefore amount to £58,018,000 (2018: £86,951,000).

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2019

	Note	(unaudited) Six months ended 31 Aug 2019 £'000	(unaudited) Six months ended 31 Aug 2018 £'000	(audited) Year ended 28 Feb 2019 £'000
Net cash used in operating activities	A	(6,737)	(6,373)	(3,584)
Cash flows from investing activities				
Purchase of investments		(6,791)	(8,620)	(23,468)
Sale of investments		101	31,449	43,578
Net cash (used in)/from investing activities		(6,690)	22,829	20,110
Cash flows from financing activities				
Proceeds from share issue		39,998	—	—
Share issue costs		(1,418)	—	—
Purchase of own shares		(759)	(993)	(1,417)
Equity dividends paid		(3,124)	(2,181)	(23,883)
Net cash from/(used in) financing activities		34,697	(3,174)	(25,300)
Increase/(decrease) in cash and cash equivalents	B	21,270	13,282	(8,774)
Notes to the cash flow statement:				
A. Cash used in operating activities				
(Loss)/return on ordinary activities before taxation		(5,593)	11,953	10,346
Loss/(gain) on investments		4,304	(19,029)	(18,208)
Increase in prepayments, accrued income and other debtors		(128)	(4,160)	(98)
(Decrease)/increase in accruals and other creditors		(5,320)	4,863	4,376
Net cash used in operating activities		(6,737)	(6,373)	(3,584)
B. Analysis of net funds				
Beginning of period/year		19,897	28,671	28,671
Net cash inflows/(outflows)		21,270	13,282	(8,774)
End of period/year		41,167	41,953	19,897

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 2019

1. ACCOUNTING POLICIES

Basis of accounting

The Company has prepared its financial statements under Financial Reporting Standard 104 ("FRS104") 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") in February 2018.

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 2019. There has been no change to the accounting policies from those disclosed in the financial statements for the year ended 28 February 2019.

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 2019 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.

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, comprising 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 2018, 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 in accordance with the IPEV guidelines and as follows:

- where a company is in the early stage of development, the estimate of fair value is calculated based on market data and assumptions as to the potential outcomes and may for a limited period be based on the price of a recent transaction;
- 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 arm's-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 2019 and the six-month period ended 31 August 2018.
6. Basic and diluted return per share for the period has been calculated on 142,917,030 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 151,054,397 shares, being the number of shares in issue at the period end.

8. DIVIDENDS

		(unaudited) Six months ended 31 Aug 2019			(unaudited) Six months ended 31 Aug 2018			(audited) Year ended 28 Feb 2019
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
2018 Final	2.50	–	–	–	–	2,530	2,530	2,530
2019 Special Interim	25.25	–	–	–	–	–	–	25,526
2019 Final	2.50	–	3,768	3,768	–	–	–	–
Total dividends paid		–	3,768	3,768	–	2,530	2,530	28,056

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 31 August 2019, before any performance fee accrual, and cumulative dividends paid and payable ahead of 29 February 2020, no performance fee is currently payable. The performance fee structure contains certain restrictions to ensure that hurdles are met before the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, no accrual has been made for a performance fee at 31 August 2019. Any performance incentive fee, if any, will only be payable once the full year results have been finalised.

The Company has no contingent liabilities, guarantees or financial commitments at 31 August 2019.

10. CALLED UP SHARE CAPITAL

The Company launched a combined offer for subscription with ProVen Growth and Income VCT plc on 11 January 2019 to raise up to a total of £30 million per company, with an over-allotment facility of £10 million per company. Due to strong investor demand, the Company's offer was fully subscribed.

During the period, the Company allotted 46,313,896 shares at an average price of 86.4p per share under the 11 January offer. In the same period, the Company allotted a further 817,650 shares at 78.7p per share under the Company's DRIS in respect of the dividend paid on 19 July 2019.

NOTES TO THE HALF-YEARLY REPORT

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During the period, the Company completed purchases of 1,118,679 shares at an average price of 76.5p per share and for aggregate consideration (net of costs) of £855,713. This represented 1.06% of the shares in issue at the start of the period. The shares were subsequently cancelled.

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 2019				(audited) 28 February 2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	141	–	–	141	130	–	–	130
Loan notes	–	–	11,643	11,643	–	–	12,908	12,908
Unquoted equity	–	–	25,835	25,835	–	–	34,493	34,493
Preference shares	–	–	35,081	35,081	–	–	23,602	23,602
Total	141	–	72,559	72,700	130	–	71,003	71,133

There have been no transfers between the three levels outlined above.

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 2019, £1,205,000 (2018: £1,184,000) was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £197,000 (2018: £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 2019 amounted to £31,000 (2018: £31,000) of which £15,000 (2018: £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. For the period ended 31 August 2019, no performance incentive fee has been accrued. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised.

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 2019, £316,000 (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 2019 amounted to £253,000 (2018: £274,000).

During the six months to 31 August 2019, an amount of £61,000 (2018: £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 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.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

14. 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 to a minimal level.

15. 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.

16. POST BALANCE SHEET EVENTS

Since 31 August 2019, there have been no post balance sheet events, either adjusting or non-adjusting, in the Company to report.

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 1 November 2019	72.0p 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

Company number: **3911323**

DIRECTORS

Neal Ransome (Chairman)

Barry Dean

Malcolm Moss

Lorna Tilbian

all of:

39 Earlham Street
London WC2H 9LT

COMPANY SECRETARY AND ADMINISTRATION MANAGER

Beringea LLP

39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

INVESTMENT MANAGER

Beringea LLP

39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820
www.provenvcts.co.uk

AUDITORS

BDO LLP

150 Aldersgate Street
London EC1A 4AB

REGISTRAR

Link Asset Services

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0371 664 0324

(calls cost 10p per minute plus network extras)
www.linkassetservices.com

VCT STATUS ADVISER

Philip Hare & Associates LLP

1 Temple Avenue
Temple
London EC4Y 0HA

SOLICITORS

Howard Kennedy LLP

No. 1 London Bridge
London SE1 9BG

BANKERS

Royal Bank of Scotland

London Victoria Branch
119-121 Victoria Street
London SW1E 6RA

CORPORATE BROKER

Panmure Gordon (UK) Limited

One New Change
London EC4M 9AF

Registered Office
39 Earlham Street
London WC2H 9LT



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