

ProVen Health VCT plc
(formerly Noble Health Fund VCT plc)
Half-Yearly Report
For the Six Months Ended 31 July 2009



Managed by
Beringea LLP

Overview

Objective

ProVen Health VCT plc aims to provide investors with an attractive return by maximising the stream of tax free dividend distributions from the capital gains and income generated from a diversified portfolio of investments in the health sector.

Investment Strategy

- To create a balanced portfolio of growth companies in the health sector.
- To invest in companies which have proven management and technology or business propositions which are protected by patents or know-how and where there are barriers to entry for competitors.
- Investments may include unquoted early-stage companies, those requiring development capital and companies raising money on AIM.

Financial Summary

	31 July 2009	31 July 2008	31 January 2009
Net asset value per share ("NAV")	55.7p	68.8p	51.5p
Dividends paid since launch	13.5p	13.5p	13.5p
Total return (NAV plus dividends paid since launch)	69.2p	82.3p	65.0p
Mid market share price	28.0p	64.5p	40.0p

Highlights

- Follow on investments totalling £680,000 in Population Genetics Technologies, Altacor and Amura
- Increase in Net Assets of £807,000, equivalent to 4.2p per share
- Realisation of AIM listed investments generating profits of £257,000
- Declaration of an interim dividend of 1.0p per share

Chairman's Statement

Introduction

The six months to 31 July 2009 continued to provide a challenging operating environment for both smaller companies and fund managers. Broadly based stock market indices increased during the period under review. The FTSE All Share Index (608 companies), for example, rose by 13%. This, however, masks differences at the sector level and the FTSE Health Care Index, comprising 22 companies, actually fell by 2% over the same period.

The new investment manager, Beringea, took over management of the portfolio on 1 February 2009 and the impact of their involvement is already evident both at the individual portfolio company level and in the broader positioning of the Company.

Net Asset Value and Portfolio Activity

As at 31 July 2009, the Company's Net Asset Value per share ("NAV") stood at 55.7p, an increase of 4.2p per share or 8.1% since the year end. The Company's performance relative to the broader stock market reflects the high proportion of its investments held in low yielding cash and liquidity funds (averaging almost 30% during the period) and the early stage nature of many of the investments.

We are on the whole satisfied with the performance of the portfolio during the period, particularly by comparison with the FTSE Health Care Index. Further funding from the Company and/or other investors in a difficult environment has provided scope for the continued development of a number of companies and an increase in valuations. Some companies, however, continue to feel the effects of the economic slowdown, both in the UK and overseas. We continue to take a cautious view of the prospects for economic recovery.

We have exited a number of the quoted investments generating a combined profit of over £250,000 on Immunodiagnostics, Abcam, Purecircle and Craneware. Disappointingly, we realised both our largest quoted and unquoted holdings at a loss. More detail on all investment activity is provided in the Investment Manager's Report.

Results

The Income Statement shows a return on ordinary activities after taxation for the Company for the period of £807,000 (comprising a revenue loss of £94,000 and a capital gain of £901,000).

Dividends

An interim dividend of 1p per share will be paid on 4 December 2009 to Shareholders on the register at 20 November 2009. The Board will give consideration to paying a further dividend for the year ended 31 January 2010, subject to available cash and portfolio company funding requirements, following completion of the annual report and accounts.

Following the payment of the interim dividend, Shareholders who invested at the Company's outset will have received 14.5p per share in dividends. Together with the current NAV (adjusted for the interim dividend), this gives a total return since inception of 69.2p per share, compared to an initial investment cost, net of income tax relief, of 80p per share.

Chairman's Statement continued

Share buybacks

The Company's share buyback policy was suspended in 2008 but I am pleased to advise that the Board intends to recommence it on 2 November 2009. The Investment Manager is currently undertaking a number of marketing initiatives involving the Company and the Board felt it would be appropriate for Shareholders to hear about these before recommending buybacks. Shares will be repurchased at a discount which will initially be set at 10% to the last published NAV as adjusted for any dividends paid since publication but this will be kept under review.

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 period are as follows:

- (i) investment risk associated with investing in small and immature businesses;
- (ii) market risk arising from extremely volatile stock market conditions and their potential effect on investment valuation; and
- (iii) compliance risk in failing to maintain approval as a VCT.

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 investment portfolio, albeit concentrated in the healthcare sector. The Company's ability to manage this risk is further limited due to the restrictions arising from the VCT regulations.

The Company's compliance with the VCT regulations is continually monitored by the Investment Manager, who reports regularly to the Board on the current and forecast 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 an acceptable level.

Outlook

Despite improvements in the stock market, concerns remain over the broader UK economy. Unemployment is still increasing, lending is relatively constrained at the business and personal level and increased borrowing by the UK government will need to be addressed.

Against this backdrop, we are enthusiastic about the relatively defensive qualities of the healthcare sector and the ability of the Investment Manager to manage the existing portfolio and to source new investments which will generate longer-term returns for shareholders.

Charles Pinney

Chairman

28 September 2009

Investment Manager's Report

Introduction

We have pleasure in presenting our first half yearly report for ProVen Health VCT plc. We were appointed as the investment manager from 1 February 2009 and will focus primarily on unquoted investments in the healthcare sector in line with the Board's overall strategy. We have taken the first steps in the pursuit of this strategy through the realisation of a number of the unquoted investments in the portfolio as further outlined below.

Portfolio performance

At 31 July 2009, the Company's investment portfolio comprised holdings in 18 companies, of which 11 were unquoted and 7 were quoted, at a valuation of £7.4 million and original acquisition cost of £10.3 million. In addition, the Company held £3.3 million in cash and liquidity funds.

Unquoted portfolio

The unquoted portfolio increased in value by £819,000 during the period. The key movements contributing to this change were in the investments in Altacor, deltaDOT, Digital Healthcare, Omni Dental Sciences, Onyx Research Chemicals, Optasia Medical and Plum Baby.

The changes are the result of revaluing each portfolio investment in line with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCG"). These valuations have been approved by the Board. IPEVCG are intended to reflect the value of an investment as at the reporting date (in this case 31 July 2009), rather than anticipating any future changes in value through the development of the company's products and services. This distinction is important as we invest on behalf of the Company with a longer term view than can usually be captured by a valuation at a point in time. The reasons underlying the change can be numerous but include in the Company's case:

- A change in the multiples of comparator companies used in the valuation.
- A change in valuation methodology, such as a company being valued on a basis other than cost for the first time.
- A change (actual or perceived) in the regulatory environment which affects the timing of regulatory approval for a company's product.
- Funding provided by new (and existing) investors which provide capital to the business and a revised valuation for the portfolio company as a whole and the Company's holding.
- The trading performance of the portfolio company which may be impacted by the external environment (particularly relevant given the current economic environment) or by management strategy/decisions.

Quoted portfolio

The quoted portfolio showed an overall increase of 17% over the period on a like-for-like basis (excluding disposals). The key holdings of IS Pharma and Vectura which now account for over 80% of the value of the quoted portfolio (45% at 31 January 2009) both increased by 23%. York Pharma, whose shares were suspended in March, went into administration in July and has been fully written off.

Investment Manager's Report continued

Portfolio activity

During the period a total of £680,000 was invested into existing companies. Investments at a cost of £2.1 million were realised resulting in an overall loss of £992,000, although this includes profits on a number of AIM investments as outlined below.

Unquoted portfolio

The company invested a further £520,000 into Population Genetics Technologies in line with the original investment proposal. Follow on funding of £100,000 into Altacor and £60,000 into Amura, both alongside external investors, has enabled these two companies to secure their immediate financial future. In June, the investment in Inforsense was realised crystallising a loss of almost £800,000. This is clearly a disappointing result for what was the largest investment in the Company's portfolio. However, in view of the overall performance of the company, the uncertain economic environment and the reluctance of other investors to continue to support the business, this was probably the best outcome that could be expected.

Quoted portfolio

No new quoted investments were made reflecting the refocusing of the portfolio towards unquoted investments. There has, in any event, been a lack of available new fundraisings on AIM which could count as qualifying for the purposes of the VCT rules. Investments in Abcam, Craneware, Immunodiagnostics Systems Holdings, Medigene and PureCircle were realised. Medigene was the largest holding and was sold at a loss but the others generated a profit of £257,000 (including a sale of the balance of the Craneware holding after the period end). In other activity, Chromogenex was delisted from AIM and now operates as a private company and Paion cancelled its UK listing on AIM and is now traded only on the German stock market.

Outlook

We are broadly pleased with the performance of the portfolio since becoming the investment manager. A number of the portfolio companies have recently secured further funding in spite of the economic difficulties. This is testimony to their underlying business activities, and the efforts of both portfolio company management and our own investment executives. Moving forward we will look to increase the proportion of later stage investments in the portfolio where we believe more shareholder value with a lower risk profile can be generated. In the absence of any significant fundraising this will be primarily from surplus cash from existing portfolio realisations. Any new investments will, however, need to be balanced alongside the competing demands of providing funding for existing businesses which require support as part of their development process and providing cash for non-investment activities.

Beringea LLP

28 September 2009

Unaudited Balance Sheet

as at 31 July 2009

	31 July 2009 £'000	31 July 2008 £'000	31 Jan 2009 £'000
Fixed assets			
Investments	7,410	9,768	6,868
Current assets			
Debtors	140	130	431
Investments – liquidity fund	1,786	3,287	1,774
Cash at bank and in hand	1,544	176	945
	3,470	3,593	3,150
Creditors: amounts falling due within one year	(123)	(86)	(68)
Net current assets	3,347	3,507	3,082
Net assets	10,757	13,275	9,950
Capital and reserves			
Called up share capital	193	193	193
Capital redemption reserve	392	392	392
Share premium account	6,931	6,931	6,931
Special distributable reserve	8,458	8,458	8,458
Capital reserve - realised	(1,848)	320	(775)
Investment holding losses	(2,886)	(2,651)	(4,860)
Revenue reserve	(483)	(368)	(389)
Equity shareholder's funds	10,757	13,275	9,950
Net asset value per share:	55.7p	68.8p	51.5p

Unaudited Income Statement

for the six months ended 31 July 2009

	Six months ended 31 July 2009		Total £'000
	Revenue £'000	Capital £'000	
Income	21	-	21
Gains/(losses) on investments	-	980	980
	21	980	1,001
Investment management fee	(26)	(79)	(105)
Other expenses	(89)	-	(89)
Return/(loss) on ordinary activities before taxation	(94)	901	807
Tax on ordinary activities	-	-	-
Return/(loss) attributable to equity Shareholders	(94)	901	807
Basic and diluted return/(loss) per Ordinary Share	(0.5p)	4.7p	4.2p

Reconciliation of Movements in Shareholders' Funds

	31 July 2009 £'000	31 July 2008 £'000	31 Jan 2009 £'000
Opening Shareholders' funds	9,950	14,498	14,498
Proceeds from share issues	-	561	561
Share issue costs	-	(26)	(26)
Purchase of own shares	-	(164)	(164)
Total recognised gain/(loss) for the period	807	(1,594)	(4,919)
Closing Shareholders' funds	10,757	13,275	9,950

Revenue £'000	Six months ended 31 July 2008		Year ended 31 Jan 2009
	Capital £'000	Total £'000	Total £'000
121	-	121	195
-	(1,468)	(1,468)	(4,760)
121	(1,468)	(1,347)	(4,565)
(33)	(99)	(132)	(149)
(115)	-	(115)	(205)
(27)	(1,567)	(1,594)	(4,919)
-	-	-	-
(27)	(1,567)	(1,594)	(4,919)
(0.1p)	(8.2p)	(8.3p)	(25.5p)

Unaudited Cash Flow Statement

for the six months ended 31 July 2009

	Note	Six months ended 31 July 2009 £'000	Six months ended 31 July 2008 £'000	Year ended 31 Jan 2009 £'000
Net cash outflow from operating activities	A	(160)	(104)	(310)
Capital expenditure				
Purchase of investments		(640)	(1,219)	(1,797)
Disposal of investments		1,409	-	39
Net cash inflow/(outflow) from capital expenditure		769	(1,219)	(1,758)
Equity distributions paid		-	-	-
Management of liquid resources				
Purchase of current asset investments - liquidity funds		(10)	(95)	(165)
Withdrawal from liquidity funds		-	751	2,335
Net cash inflow/(outflow) from liquid resources		(10)	656	2,170
Net cash inflow before financing		599	(667)	102
Financing				
Proceeds from share issue		-	551	551
Share issue costs		-	(14)	(14)
Purchase of own shares		-	(164)	(164)
Net cash inflow from financing		-	373	373
Increase/(decrease) in cash	B	599	(294)	475
Notes to the cash flow statement:				
A Net cash flow from operating activities				
Return/(loss) on ordinary activities before taxation		807	(1,594)	(4,919)
(Gains)/ losses on investments		(980)	1,468	4,760
(Increase)/decrease in debtors		(3)	17	(138)
Increase/(decrease)/ in creditors		16	5	(13)
Net cash outflow from operating activities		(160)	(104)	(310)
B Analysis of net funds				
Beginning of period		945	470	470
Net cash inflow/(outflow)		599	(294)	475
End of period		1,544	176	945

Summary of Investment Portfolio

as at 31 July 2009

	Cost £'000	Valuation £'000	Unrealised gain/(loss) in the period £'000	% of portfolio by value
Top ten venture capital investments				
Altacor Limited	720	941	684	8.8%
Plum Baby Limited	749	941	192	8.8%
Amura Holdings Limited	1,047	920	(64)	8.6%
Population Genetics Technologies Limited	867	867	-	8.1%
Onyx Research Chemicals Limited	850	800	(65)	7.4%
Omni Dental Sciences Limited	750	735	405	6.8%
Digital Healthcare Limited	1,010	636	(198)	5.9%
Vectura Group plc **	482	587	110	5.5%
IS Pharma plc *	366	397	75	3.7%
DeltaDOT Limited	599	213	213	2.0%
	7,440	7,037	1,352	65.6%
Other venture capital investments	2,856	373	(365)	3.4%
	10,296	7,410	987	69.0%
Current asset investments – liquidity funds		1,786		16.6%
Cash at bank and in hand		1,544		14.4%
Total investments		10,740		100.0%

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

** Quoted on London Stock Exchange full list

Summary of Investment Movements

for the six months ended 31 July 2009

Additions

	£'000
Altacor Limited	100
Amura Holdings Limited	60
Population Genetics Technologies Limited	520
	<u>680</u>

Disposals

	Cost £'000	Market value at 1 February 2009 £'000	Disposal Proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
Abcam plc	58	61	70	12	9
Craneware plc	107	183	192	85	9
Immunodiagnostic Systems Holdings plc	42	118	148	106	30
Inforsense Limited	1,119	378	325	(794)	(53)
Medigene AG	639	226	209	(430)	(17)
Purecircle Limited	145	159	174	29	15
	<u>2,110</u>	<u>1,125</u>	<u>1,118</u>	<u>(992)</u>	<u>(7)</u>

Notes to the unaudited Financial Statements

- The unaudited half yearly results cover the six months to 31 July 2009 and have been prepared in accordance with Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 ("SORP") and in accordance with the accounting policies set out in the statutory accounts for the year ended 31 January 2009, which were prepared under UK Generally Accepted Accounting Practice ("UK GAAP").
- All revenue and capital items in the Income Statement derive from continuing operations.
- There are no recognised gains or losses other than those disclosed in the Income Statement.
- The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- The comparative figures were in respect of the period ended 31 July 2008 and the year ended 31 January 2009.
- Return per share for the period has been calculated on 19,307,784 shares, being the weighted average number of shares in issue during the period.
- NAV per share for the period has been calculated on 19,307,784 shares, being the number of shares in issue at the period end.
- An interim dividend of 1p per share will be paid on 4 December 2009 to Shareholders on the register at 20 November 2009. No dividends were paid or declared for the year ended 31 January 2009.
- Reserves**

	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve - realised £'000	Investment holding losses £'000	Revenue reserve £'000
At 1 February 2009	392	6,931	8,458	(775)	(4,860)	(389)
Expenses capitalised	-	-	-	(79)	-	-
Gains/(losses) on investments	-	-	-	(7)	987	-
Realisation of revaluations from previous years	-	-	-	(987)	987	-
Retained net loss	-	-	-	-	-	(94)
At 31 July 2009	392	6,931	8,458	(1,848)	(2,886)	(483)

The Special Reserve, Capital Reserve – Realised and the Revenue Reserve are all distributable reserves. Investment Holding Losses Reserve includes losses of £3,299,000 which are distributable.

Reserves available for distribution at the period end amounted to £2,848,000.

Notes to the unaudited Financial Statements continued

10. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 January 2009 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.
11. 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.
12. 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 and 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. Shareholders can also check details of their shareholdings using Computershare Investor Services plc's website www.computershare.co.uk. Please note that to access this facility investors will need to quote the reference number shown on their share/ dividend certificate.

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, Computershare Investor Services plc, on 0870 702 0000 (calls charged at national rate), or by writing to them at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

Dividend history (since launch)

Year end (including interim dividends)	pence per share	Year end (including interim dividends)	pence per share
2002	-	2006	2.0
2003	1.0	2007	2.0
2004	2.0	2008	6.5
2005	-	2009	-
Cumulative dividends paid to date			13.5
Interim dividend (payable 4 December 2009)			1.0

Share Price

The Company's share price can be found on various financial websites with the following TIDM/EPIC code PHV.

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 Board intends to recommence the policy of buying back the Company's shares on 2 November 2009. The discount will initially be set at 10% to the last published NAV, as adjusted for any dividends paid since publication, however this will be kept under review.

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, Computershare Investor Services plc, under the signature of the registered holder.

Directors

Charles Pinney (Chairman)
Peter Arthur
Ann Hacker
Frank Harding

Secretary and Registered Office

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