



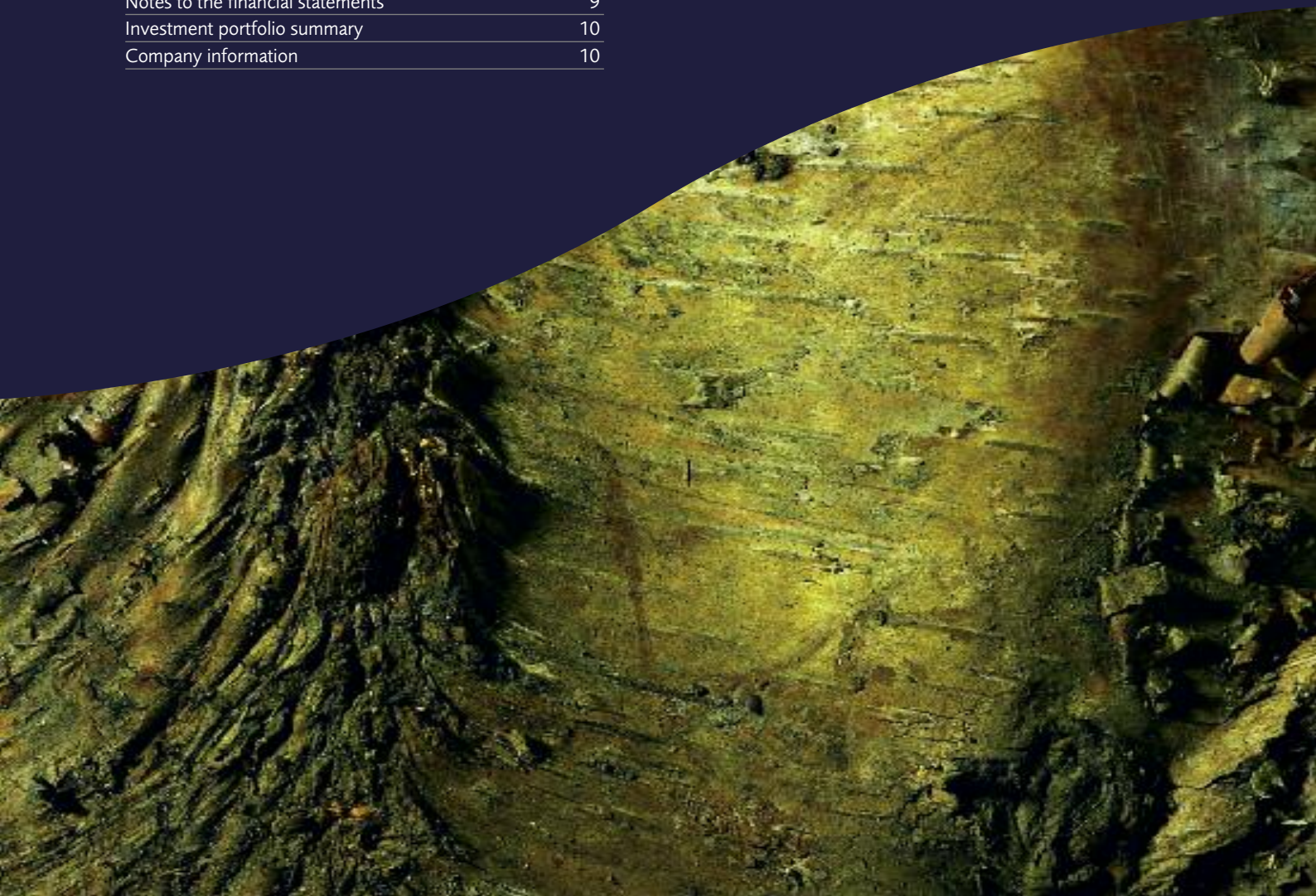
2010

Northern Venture Trust PLC

Half-yearly financial report
31 March 2010

Northern Venture Trust is a Venture Capital Trust (VCT) managed by NVM Private Equity Limited. The trust was one of the first VCTs launched on the London Stock Exchange in 1995. It invests mainly in unquoted venture capital holdings and aims to provide high long-term tax-free returns to shareholders through a combination of dividend yield and capital growth.

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Financial Summary

Six months ended 31 March	2010	2009
ORDINARY SHARES		
Net assets*	£46.8m	£30.1m
Net asset value per share	78.9p	76.2p
Return per share		
Revenue	0.7p	0.8p
Capital	1.0p	(0.2)p
Total	1.7p	0.6p
Interim dividend per share proposed in respect of the period		
Revenue	1.0p	1.0p
Capital	2.0p	2.0p
Total	3.0p	3.0p
Cumulative return to shareholders since launch		
Net asset value per share	78.9p	76.2p
Dividends paid per share	89.0p	78.5p**
Net asset value plus dividends paid per share	167.9p	154.7p
Share price at end of period	65.75p	42.5p

* On 29 October 2009 19,009,157 new ordinary shares of 25p were issued at a deemed value of 80.3p per share on conversion of the company's C share capital

**Excluding interim dividend not yet paid

Half-yearly Management Report

The six month period to 31 March 2010 has seen a continuation of difficult conditions in the UK economy and financial markets. Against this background our company has made further progress.

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Results and dividend – ordinary shares

The net asset value (NAV) per ordinary share at 31 March 2010, after deducting the interim dividend of 3.0p per share paid on 19 March 2010, was 78.9p, compared with 80.3p at 30 September 2009. The return per share for the period before dividends as shown in the income statement was 1.7p (corresponding period 0.6p). As noted previously, the income flow from both our venture capital portfolio and our fixed-income investments has reduced as a result of the dramatic fall in market interest rates over the past two years. The company has established one of the strongest and most consistent distribution records in the VCT sector, with dividends totalling over £33 million paid to ordinary shareholders since the company

was launched, and it remains your board's objective to maintain an annual dividend of not less than 6.0p per share.

Investments

The flow of new investment proposals has improved after a relatively quiet 2009, and three new investments totalling £3.6 million were completed during the half year:

- **Lanner Group** (£832,000) – developer of business process simulation software, Redditch
- **Kerridge Commercial Systems** (£1,740,000) – developer of software for the distribution sector, Hungerford
- **RCC Lifesciences** (£995,000) – acquisition vehicle for lifesciences businesses, Manchester

We remain willing to invest further funds in existing portfolio companies to support growth and reduce bank borrowings, and a total of £2.3 million was invested in five companies during the period.

Opportunities to exit from investments have been more difficult to secure than was the case last year. In November 2009 the occupational health business **Abermed** was sold to International SOS for cash proceeds of £1,081,000, a gain of £481,000 over the original cost of £600,000. The valuation of several holdings has been increased to reflect strong trading performance, notably from **Weldex (International Offshore)** and **IG Doors**.

I reported in my previous statement on the highly rewarding exit in September 2009 from the biotechnology company **DxS**. Your directors were delighted to hear that this success has subsequently received wider recognition in the form of the *BVCA/Real Deals* Deal of the Year Award 2010, for which the NVM Private Equity team and in particular Tim Levett are to be congratulated.

Shareholder issues

The C shares issued in the 2005/06 tax year were converted into new ordinary shares on 29 October 2009 in accordance with the formula set out in the articles of association.



John Hustler
Chairman



A total of 19,009,157 new ordinary shares were issued, so that C shareholders received 0.9313893 new ordinary shares for each C share previously held.

At the annual general meeting on 13 January 2010, shareholders considered the five-yearly resolution for the continuation of the company. I am pleased to report that the resolution was passed overwhelmingly, with less than 0.5% of the proxy votes cast against continuation.

The mid-market price of the ordinary shares increased from 56.25p at 30 September 2009 to 65.75p at 31 March 2010, continuing the recovery from the low point reached in late 2008. There has been a certain amount of secondary market trading in the shares, and your directors utilised the authority granted by shareholders to buy back 250,000 shares in the market during the period at an average price of 66.9p. Based on our target annual dividend of 6.0p, the shares at 65.75p are yielding 9.1% free of tax. Your directors and managers will continue to draw the merits of

purchasing shares in the market to the attention of potential investors.

VCT qualifying status

The company continues to comply with the conditions laid down by HM Revenue & Customs for maintaining approved status as a VCT. The position is carefully monitored by the board with assistance from our managers and from our independent VCT taxation advisers at PricewaterhouseCoopers LLP.

Risk management

The board carries out a regular review of the risk environment in which the company operates. There has been no significant change to the key risks discussed on page 12 of the annual report for the year ended 30 September 2009, including those resulting from the size and relative illiquidity of the unquoted and AIM-quoted investments held by the company.

Outlook

Our company has a strong balance sheet, with a realistically valued venture capital portfolio, and as a result of

successful investment realisations we have a substantial reserve of liquid assets available for future investment. We will continue to proceed cautiously, in the knowledge that any recovery in the UK economy is likely to be gradual and fragile. The incoming Government will have to address many serious financial issues, and the inevitable cuts in public expenditure will have an impact on many small businesses, including some of those in our portfolio. However we have been encouraged by the way in which most of our companies have reacted to the new environment and our managers will continue to work closely with them and selectively add to their number.

On behalf of the Board

John Hustler
Chairman

7 May 2010

Income Statement

(unaudited) for the six months ended 31 March 2010

	Revenue £000	Capital £000	Total £000
Gain on disposal of investments	–	428	428
Movements in fair value of investments	–	458	458
	–	886	886
Income	720	–	720
Investment management fee	(124)	(372)	(496)
Recoverable VAT	–	–	–
Other expenses	(169)	–	(169)
Return on ordinary activities before tax	427	514	941
Tax on return on ordinary activities	(16)	16	–
Return on ordinary activities after tax	411	530	941
Return per share	0.7p	1.0p	1.7p

- The total column of this statement is the profit and loss account of the company. The supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- There are no recognised gains or losses other than those disclosed in the income statement.
- All items in the above statement derive from continuing operations.

Reconciliation of Movements in Shareholders' Funds

(unaudited) for the six months ended 31 March 2010

	Ordinary shares £000	C shares £000	Company £000
Equity shareholders' funds at 1 October 2009	32,603	15,272	47,875
Conversion of C shares into ordinary shares	15,273	(15,273)	–
Return on ordinary activities after tax	940	1	941
Dividends recognised in the period	(1,784)	–	(1,784)
Share issue expenses	(35)	–	(35)
Shares purchased for cancellation	(168)	–	(168)
Equity shareholders' funds at 31 March 2010	46,829	–	46,829

Income Statement

(unaudited) for the six months ended 31 March 2009

	Ordinary shares			C shares			Company		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gain/(loss) on disposal of investments	–	(57)	(57)	–	21	21	–	(36)	(36)
Movements in fair value of investments	–	142	142	–	(1,753)	(1,753)	–	(1,611)	(1,611)
	–	85	85	–	(1,732)	(1,732)	–	(1,647)	(1,647)
Income	569	–	569	317	–	317	886	–	886
Investment management fee	(78)	(233)	(311)	(44)	(131)	(175)	(122)	(364)	(486)
Recoverable VAT	–	–	–	8	23	31	8	23	31
Other expenses	93)	–	(93)	(86)	–	(86)	(179)	–	(179)
Return on ordinary activities before tax	398	(148)	250	195	(1,840)	(1,645)	593	(1,988)	(1,395)
Tax on return on ordinary activities	(69)	59	(10)	(55)	30	(25)	(124)	89	(35)
Return on ordinary activities after tax	329	(89)	240	140	(1,810)	(1,670)	469	(1,899)	(1,430)
Return per share	0.8p	(0.2)p	0.6p	0.7p	(8.8)p	(8.1)p			

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Reconciliation of Movements in Shareholders' Funds

(unaudited) for the six months ended 31 March 2009

	Ordinary shares £000	C shares £000	Company £000
Equity shareholders' funds at 1 October 2008	31,118	17,461	48,579
Return on ordinary activities after tax	240	(1,670)	(1,430)
Dividends recognised in the period	(1,753)	(618)	(2,371)
Net proceeds of share issues	507	–	507
Shares purchased for cancellation	(31)	–	(31)
Equity shareholders' funds at 31 March 2009	30,081	15,173	45,254

Income Statement

(unaudited) for the year ended 30 September 2009

	Ordinary shares			C shares			Company		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gain/(loss) on disposal of investments	-	6,776	6,776	-	(170)	(170)	-	6,606	6,606
Movements in fair value of investments	-	(2,744)	(2,744)	-	(829)	(829)	-	(3,573)	(3,573)
	-	4,032	4,032	-	(999)	(999)	-	3,033	3,033
Income	2,021	-	2,021	715	-	715	2,736	-	2,736
Investment management fee	(155)	(466)	(621)	(83)	(248)	(331)	(238)	(714)	(952)
Recoverable VAT	-	-	-	8	23	31	8	23	31
Other expenses	(211)	-	(211)	(196)	-	(196)	(407)	-	(407)
Return on ordinary activities before tax	1,655	3,566	5,221	444	(1,224)	(780)	2,099	2,342	4,441
Tax on return on ordinary activities	(335)	131	(204)	(120)	63	(57)	(455)	194	(261)
Return on ordinary activities after tax	1,320	3,697	5,017	324	(1,161)	(837)	1,644	2,536	4,180
Return per share	3.3p	9.4p	12.7p	1.6p	(5.7)p	(4.1)p			

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- There are no recognised gains or losses other than those disclosed in the income statement.
- All items in the above statement derive from continuing operations.

Reconciliation of Movements in Shareholders' Funds

(unaudited) for the year ended 30 September 2009

	Ordinary shares £000	C shares £000	Company £000
Equity shareholders' funds at 1 October 2008	31,118	17,461	48,579
Return on ordinary activities after tax	5,017	(837)	4,180
Dividends recognised in the year	(4,758)	(1,233)	(5,991)
Net proceeds of share issues	1,258	-	1,258
Shares purchased for cancellation	(32)	(119)	(151)
Equity shareholders' funds at 30 September 2009	32,603	15,272	47,875

Balance Sheet

(unaudited) as at 31 March 2010

	31 March 2010	31 March 2009			30 September 2009		
	Ordinary shares £000	Ordinary shares £000	C shares £000	Total £000	Ordinary shares £000	C shares £000	Total £000
Fixed asset investments							
Venture capital investments							
Unquoted	25,872	18,957	6,172	25,129	13,573	6,667	20,240
Quoted	2,560	991	1,070	2,061	1,341	1,525	2,866
Total venture capital investments	28,432	19,948	7,242	27,190	14,914	8,192	23,106
Listed fixed-interest investments	6,869	–	6,337	6,337	2,932	5,882	8,814
Total fixed asset investments	35,301	19,948	13,579	33,527	17,846	14,074	31,920
Current assets							
Debtors	1,751	952	684	1,636	1,781	904	2,685
Cash and deposits	10,138	9,682	1,104	10,786	13,266	407	13,673
	11,889	10,634	1,788	12,422	15,047	1,311	16,358
Creditors (amounts falling due within one year)	(361)	(501)	(194)	(695)	(290)	(113)	(403)
Net current assets	11,528	10,133	1,594	11,727	14,757	1,198	15,955
Net assets	46,829	30,081	15,173	45,254	32,603	15,272	47,875
Capital and reserves							
Called-up equity share capital	14,835	9,875	15,459	25,334	10,145	15,307	25,452
Share premium	12,222	9,747	2,030	11,777	10,227	2,030	12,257
Capital redemption reserve	12,825	2,015	41	2,056	2,015	193	2,208
Capital reserve	7,701	5,939	768	6,707	10,404	(432)	9,972
Revaluation reserve	(1,751)	1,401	(3,439)	(2,038)	(1,282)	(1,913)	(3,195)
Revenue reserve	997	1,104	314	1,418	1,094	87	1,181
Total equity shareholders' funds	46,829	30,081	15,173	45,254	32,603	15,272	47,875
Net asset value per share	78.9p	76.2p	73.6p		80.3p	74.8p	

Cash Flow Statement

(unaudited) for the six months ended 31 March 2010

	Six months ended 31 March 2010 £000	Six months ended 31 March 2009			Year ended 30 September 2009		
		Ordinary shares £000	C shares £000	Total £000	Ordinary shares £000	C shares £000	Total £000
Net cash inflow/(outflow) from operating activities	947	201	(403)	(202)	1,559	(491)	1,068
Taxation							
Corporation tax paid	–	–	–	–	(188)	(113)	(301)
Financial investment							
Purchase of investments	(6,906)	(309)	(690)	(999)	(3,617)	(1,469)	(5,086)
Sale/repayment of investments	4,411	1,969	1,715	3,684	9,946	2,732	12,678
Net cash inflow/(outflow) from financial investment	(2,495)	1,660	1,025	2,685	6,329	1,263	7,592
Equity dividends paid	(1,784)	(1,753)	(618)	(2,371)	(4,758)	(1,233)	(5,991)
Net cash (outflow)/inflow before financing	(3,332)	108	4	112	2,942	(574)	2,368
Financing							
Issue of shares	–	539	–	539	1,320	–	1,320
Share issue expenses	(35)	(32)	–	(32)	(62)	–	(62)
Purchase of ordinary shares for cancellation	(168)	(31)	–	(31)	(32)	(119)	(151)
Net cash inflow/(outflow) from financing	(203)	476	–	476	1,226	(119)	1,107
Increase/(decrease) in cash and deposits	(3,535)	584	4	588	4,168	(693)	3,475
Reconciliation of return before tax to net cash flow from operating activities							
Return on ordinary activities before tax	941	250	(1,645)	(1,395)	5,221	(780)	4,441
(Gain)/loss on disposal of investments	(428)	57	(21)	36	(6,776)	170	(6,606)
Movements in fair value of investments	(458)	(142)	1,753	1,611	2,744	829	3,573
(Increase)/decrease in debtors	934	(165)	(518)	(683)	386	(738)	(352)
Increase/(decrease) in creditors	(42)	201	28	229	(16)	28	12
Net cash inflow/(outflow) from operating activities	947	201	(403)	(202)	1,559	(491)	1,068

Analysis of movement in net funds	1 October 2009 £000	Cash flows £000	31 March 2010 £000
Cash and deposits	13,673	(3,535)	10,138

Notes to the Financial Statements

(unaudited) for the six months ended 31 March 2010

- 1 The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Where presentational guidance set out in the Statement of Recommended Practice (SORP) "Financial Statements of Investment Trust Companies", revised in January 2009, is consistent with the requirements of UK GAAP, the directors have sought to prepare the financial statements on a consistent basis compliant with the recommendations of the SORP.
- 2 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.
- 3 The calculation of return per share is based on the return on activities after tax for the six months ended 31 March 2010 and on 56,584,163 (2009 39,199,567) ordinary shares, being the weighted average number of shares in issue during the period.
- 4 The calculation of net asset value per share is based on the net assets at 31 March 2010 divided by the 59,339,418 (2009 39,498,975) ordinary shares in issue at that date.
- 5 The unaudited half-yearly financial statements for the six months ended 31 March 2010 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 30 September 2009 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies; the independent auditors' report on those financial statements under Sections 495, 496 and 497 of the Companies Act 2006 was unqualified.
- 6 Copies of this half-yearly report have been mailed to shareholders and are available to the public at the company's registered office and on the NVM Private Equity website, www.nvm.co.uk.

Investment Portfolio Summary

as at 31 March 2010

ORDINARY SHARES	Cost £000	Valuation £000	% of net assets by value
Weldex (International) Offshore	205	5,408	11.6
CloserStill Holdings	1,750	1,904	4.1
Kerridge Commercial Systems	1,740	1,740	3.7
Promanex Group Holdings	1,595	1,595	3.4
Paladin Group	1,452	1,401	3.0
Arleigh International	809	1,214	2.6
Envirotec	813	1,194	2.5
Axial System Holdings	1,004	1,023	2.2
KPJ Software Services	995	995	2.1
Phusion Healthcare	995	995	2.1
RCC Lifesciences	995	995	2.1
Wear Inns	979	979	2.1
Advanced Computer Software*	381	873	1.9
CGI Group Holdings	3,449	862	1.8
Lanner Group	832	832	1.8
Fifteen largest venture capital investments	17,994	22,010	47.0
Other venture capital investments	12,029	6,422	13.7
Total venture capital investments	30,023	28,432	60.7
Listed fixed-interest investments	7,029	6,869	14.7
Total fixed asset investments	37,052	35,301	75.4
Net current assets		11,528	24.6
Net assets		46,829	100.0

*Quoted on AIM

Company Information

Directors

John Hustler (Chairman)
Nigel Beer
Michael Denny
Ross Peters
Primrose Scott
Hugh Younger

Secretary

Christopher Mellor FCA MSI

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