
CHELVERTON GROWTH TRUST PLC

Half Yearly Report

for the six months ended 29 February 2016

Investment objective and policy

The Company's objective is to provide capital growth through investment in companies listed on the Official List and traded on the Alternative Investment Market ("AIM") with a market capitalisation at the time of investment of up to £50 million, which the Manager believes to be at a "point of change". The Company will invest in unquoted investments where it is believed that there is a likelihood of the shares becoming listed or traded on AIM or the investee company being sold. Its objective is to increase the net asset value per share at a higher rate than other quoted smaller company trusts and the MCSI Small Cap Index.

It is the Company's policy not to invest in any listed investment companies or listed investment trusts.

Investment strategy

Investments are selected for the portfolio only after extensive research which the Investment Manager believes to be key. The whole process through which equity must pass in order to be included in the portfolio is very rigorous. Only a security where the Investment Manager believes that the price will be significantly higher in the future will pass the selection process. The Investment Manager believes the key to successful stock selection is to identify the long-term value of a company's shares and to have the patience to hold the shares until that value is appreciated by other investors. Identifying long-term value involves detailed analysis of a company's earnings prospects over a five year time horizon.

The Company's Investment Manager is Chelverton Asset Management Limited, a specialist investment manager focusing exclusively on achieving returns for investors based on UK investment analysis of the highest quality. The founder and employee owners of Chelverton include experienced investment professionals with strong investment performance records who believe rigorous fundamental research allied to patience is the basis of long-term investment success.

Chairman's Report

Your Company has continued to make good progress in the first six months of the current year with the Net Asset Value ("NAV") per share rising by 4.1% from 54.95p to 57.21p. This compares favourably to our benchmark indexes, the AIM All Share and the MSCI Small Cap UK, which declined by 5.1% and 2.7% respectively. It is also very pleasing to report that the share price increased by over 16% during the period from 42.5p to 49.5p.

Since the period end we have seen the value of two of our unquoted investments, Transflex Vehicle Rental and Anaxsys Technology, rise substantially. Consequently the NAV per share has increased further to 61.73p at the end of March 2016. In response, the share price has increased to 62p very close to the underlying NAV.

Although there is, as ever, political and economic uncertainty around the world, we remain in a low growth, low interest rate and low inflation environment. Corporate balance sheets and cash flows appear strong but real growth is increasingly difficult to achieve and maintain.

In the UK, the referendum on membership of the European Union will lead to increased uncertainty and consequent inaction by companies as they "sit on their hands" and await the outcome which is too close to call. If the electorate chooses to leave Europe it will potentially result in considerable short-term upheaval. However, in the main, the Board feels that the companies in which the Company is invested should produce improved trading performances in the short to medium term.

As stated previously, the Company is entering a phase of maturity and Shareholders should expect to see it become increasingly concentrated on a smaller number of investments. It is the Board's intention to continue with the annual tender offer and cancellation of shares, which may, in the short-term, result in a higher level of volatility in the NAV of the Company. In the longer term, we have faith in the businesses in which we are invested and expect long-term performance to be solid.

In line with the above policy, during the past six months further reductions have been made in the holding of IDOX and after the period end this investment was sold in its entirety. LPA was also reduced after a very strong share price performance. The holdings in Belgravium Technologies and La Salle Education were both increased in the period.

Following further growth of funds under management at Chelverton Asset Management, the Investment Managers of this fund, the valuation of this shareholding was increased again to reflect the company's underlying performance. Excellent progress at Transflex Vehicle Rental led to an increase in the valuation by 50% which is in line with the price placed on shares in the business by the Board of the Company.

A new investment of £150,000 was made in Pedalling Forth Limited, trading as VeloVixen. The investment was part of a £500,000 development fundraising by the company. VeloVixen is a three-year old business which supplies women's cycling clothing and accessories via the internet. The funds will be used to raise the profile of the business and to provide working capital.

The proceeds received following the sale of the fund's largest investment Parmenion enabled us to eliminate borrowings and apply the cash to an offer for 24.99% of the outstanding shares in Chelverton Growth Trust.

This was the seventh tender offer. Valid applications were received from eligible Shareholders in respect of a total of 3,173,391 ordinary shares (representing approximately 37.33 per cent of the Company's issued ordinary share capital at the record date). It successfully completed in March 2016 with the purchase by the Company of 24.99% of the issued share capital being 2,124,562 shares at 52.92p each. The tender price was calculated as being equal to 92.5% of the NAV per share on 29 February 2016.

Chairman's Report (continued)

These shares have subsequently been cancelled leaving a reduced share capital of 6,377,088 shares in issue. In the absence of any unexpected events, it is the Board's intention to repeat the process at the same time next year based on the NAV per share calculated at 28 February 2017. It is interesting to note that following the seventh tender offer the number of shares acquired and cancelled is now 12,505,957 being a 66.2% reduction in the Company's original share capital.

Shareholders voted at the Annual General Meeting in December 2015 to flex the Investment Approach and to permit a reduction in the number of holdings. This change in policy recognises that future tender offers will make it likely that each year the number of investments will gradually reduce until at some point the Board will need to consider how to effect a final transfer of value to Shareholders.

Looking forward to the remainder of the financial year, the economic environment is going to be dominated by the EU Referendum in Britain. However, notwithstanding the uncertainty this will cause, the Board believes that the investment portfolio will continue to make good progress.

Kevin Allen
Chairman

27 April 2016

Interim management report

The important events that have occurred during the period under review and the key factors influencing the financial statements are set out in the Chairman's Report. The Board considers that the principal risks and uncertainties facing the Company remain the same as those disclosed in the Annual Report for the year ended 31 August 2015 on pages 12 and 13 and pages 49 to 51. These risks include, but are not limited to, market risk, discount volatility risk, regulatory risk, financial risk and liquidity risk.

Responsibility statement

The Directors are responsible for preparing the unaudited Half Yearly Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements for the six months to 29 February 2016, has been prepared in accordance with FRS 104 "Interim Financial Reporting", gives a fair view of the assets, liabilities, financial position and profit of the Company; and
- this Half Yearly Report includes a fair review of the information required by:
 - (a) rule 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) rule 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 Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half Yearly Report was approved by the Board of Directors on 27 April 2016 and the above responsibility statement was signed on its behalf by Kevin Allen, Chairman.

Portfolio review

as at 29 February 2016

The Company's portfolio is set out below.

Investment	Sector	Valuation £'000	% of Total
<i>AIM traded</i>			
Alliance Pharma Acquisition of the manufacturing, sales and distribution rights to pharmaceutical products	Pharmaceuticals & Biotechnology	48	1.3
Belgravium Technologies Software systems for warehousing and distribution	Technology Hardware & Equipment	329	9.3
CEPS Production and supply of components for the footwear industry; personal protection equipment; production of printed lycra fabric; services to the direct mail industry and provision of "Clerk of Works"	Support Services	798	22.5
IDOX Software company specialising in the development of products for document information management	Software & Computer Services	204	5.7
Lombard Risk Management Lombard Risk is one of the world's leading providers of collateral management, liquidity analysis and regulatory compliance software to financial organisations	Software & Computer Services	141	4.0
LPA Group Design, manufacture and marketing of industrial electrical accessories	Electronic & Electrical Equipment	149	4.2
MTI Wireless Edge Developer and manufacturer of sophisticated antennas and antenna systems	Technology Hardware & Equipment	154	4.3
Northbridge Industrial Services Provider of specialist industrial services	Industrial Engineering	32	0.9
Petards Group Development, provision and maintenance of advance security systems and related services	Support Services	184	5.2
Plutus Powergen Providers of management infrastructure and expertise to operate power plants and provide flexible electricity generation	Flexible Energy Supply	350	9.9
Universe Group Provision of credit fraud prevention systems, loyalty systems and retail systems	Support Services	54	1.5
<i>Nasdaq Traded</i>			
One Horizon Group Provider of mobile satellite communications equipment and airtime	Support Services	98	2.8

Portfolio review (continued)

as at 29 February 2016

Investment	Sector	Valuation £'000	% of Total
<i>Unquoted</i>			
Airways Engineering	Support Services		
<i>Ordinary B Shares</i>		-	-
<i>Loan Stock</i>		-	-
Commercial aviation maintenance			
Anaxsys Technology	Healthcare Equipment & Services	13	0.4
A medical device company for patient monitoring and screening			
Chelverton Asset Management Holdings	Support Services	130	3.7
Investment management, including providing services to Chelverton Growth Trust Plc			
Closed Loop Recycling*	Support Services		
<i>Ordinary B Shares</i>		-	-
<i>Loan Stock</i>		-	-
Operation of a plastic (PET and HDPE) recycling plant			
La Salle Education Limited	Support Services	80	2.3
A UK based company dedicated to improving mathematics education			
Main Dental	Support Services		
<i>Ordinary B Shares</i>		175	4.9
<i>Loan Stock</i>		-	-
Operator of dental surgeries			
Security Research Group	Support Services	52	1.5
Leading provider of Local Authority residential property searches; provision of packaging solutions and technical surveillance countermeasure components			
Transflex Vehicle Rental	Support Services	555	15.6
Light commercial vehicle rental			
Portfolio Valuation		3,546	100.0

***In Administration**

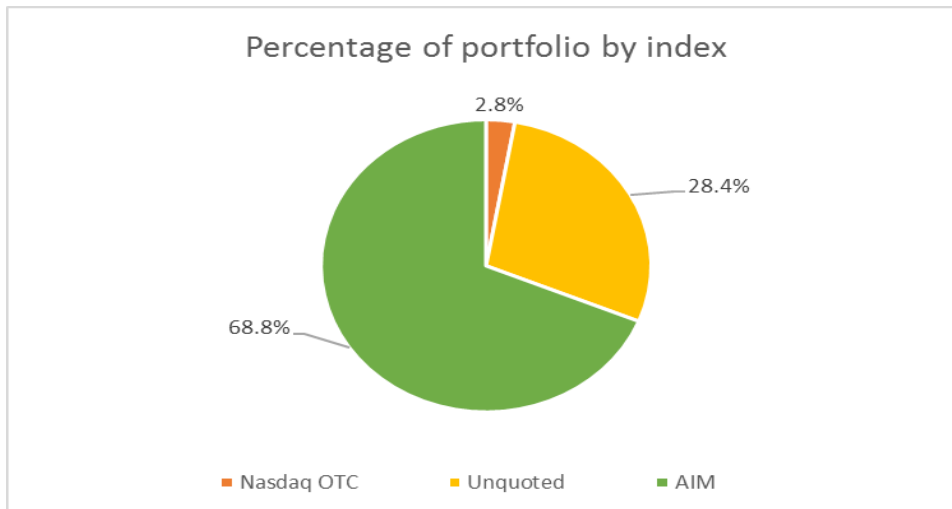
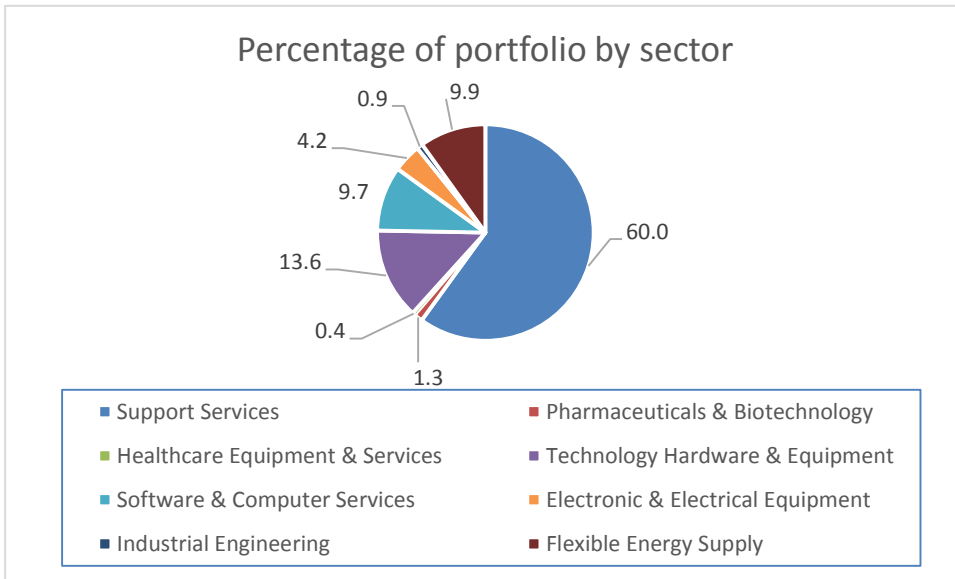
Portfolio holdings

Investment	29 February 2016		31 August 2015	
	Valuation £'000	% of total	Valuation £'000	% of total
CEPS	798	22.5	610	12.1
Transflex Vehicle Rental	555	15.6	555	11.0
Plutus Powergen	350	9.9	290	5.8
Belgravium Technologies	329	9.3	337	6.7
IDOX	204	5.7	164	3.3
Petards Group	184	5.2	169	3.4
Main Dental	175	4.9	175	3.5
MTI Wireless Edge	154	4.3	86	1.7
LPA Group	149	4.2	118	2.3
Lombard Risk Management	141	4.0	144	2.9
Chelverton Asset Management Holdings	130	3.7	120	2.4
One Horizon Group	98	2.8	134	2.7
La Salle Education Limited	80	2.3	25	0.5
Universe Group	54	1.5	65	1.3
Security Research Group	52	1.5	62	1.2
Alliance Pharma	48	1.3	56	1.1
Northbridge Industrial Services	32	0.9	60	1.2
Anaxsys Technology	13	0.4	13	0.3
Airways Engineering	-	-	-	-
Closed Loop Recycling Limited *	-	-	-	-
Parmenion Capital Partners LLP **	-	-	1,839	36.6
Total	3,546	100.0	5,022	100.0

* In Administration

** The Company retains an interest in a possible future bonus payment from Parmenion Capital Partners but at the date of this report the amount is not quantifiable.

Portfolio breakdown by sector and by index



Income statement (unaudited)

for the six months to 29 February 2016

	Six months to 29 February 2016			Year to 31 August 2015			Six months to 28 February 2015		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments at fair value (note 4)	-	292	292	-	406	406	-	19	19
Income (note 2)	18	-	18	60	-	60	35	-	35
Investment management fee	(7)	(19)	(26)	(12)	(37)	(49)	(6)	(19)	(25)
Other expenses	(67)	(6)	(73)	(116)	(12)	(128)	(59)	(4)	(63)
Net return on ordinary activities before taxation	(56)	267	211	(68)	357	289	(30)	(4)	(34)
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Net return on ordinary activities after taxation	(56)	267	211	(68)	357	289	(30)	(4)	(34)
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	pence	pence	pence	pence	pence	pence	pence	pence	pence
Return per Ordinary share*	(0.65)	3.14	2.49	(0.75)	3.96	3.21	(0.32)	(0.04)	(0.36)

All items in the above statement derive from continuing operations.

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the realised and unrealised profit or loss on investments and 75% of the management fee and finance costs charged to capital.

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 by the Association of Investment Companies ("AIC SORP").

* The return per Ordinary share is based on 8,501,650 (31 August 2015: 9,019,251; 28 February 2015: 9,446,274) shares, being the weighted average number of shares in issue during the period.

Statement of changes in equity (unaudited)

for the six months to 29 February 2016

	Share capital £'000	Share premium account £'000	Special reserve* £'000	Capital reserve £'000	Capital redemption reserve £'000	Revenue reserve £'000	Total £'000
Six months to 29 February 2016							
1 September 2015	86	2,674	-	913	103	896	4,672
Cancellation of share premium account	-	(2,674)	2,674	-	-	-	-
Costs relating to cancellation of share premium account	-	-	(19)	-	-	-	(19)
Net return after taxation for the period	-	-	-	267	-	(56)	211
29 February 2016	86	-	2,655	1,180	103	840	4,864
Year to 31 August 2015							
1 September 2014	96	2,674	-	556	93	1,435	4,854
Costs of shares purchased for cancellation under tender offer	(10)	-	-	-	10	(446)	(446)
Net return after taxation for the period	-	-	-	357	-	(93)	264
31 August 2015	86	2,674	-	913	103	896	4,672
Six months to 28 February 2015							
1 September 2014	96	2,674	-	556	93	1,435	4,854
Net return after taxation for the period	-	-	-	(4)	-	(30)	(34)
28 February 2015	96	2,674	-	552	93	1,405	4,820

*The special reserve was created by the cancellation of the share premium account by order of the High Court on 20 January 2016. The special reserve can be used for the purchase of the Company's Ordinary shares.

Statement of financial position (unaudited)

as at 29 February 2016

	As at 29 February 2016 £'000	As at 31 August 2015 £'000	As at 28 February 2015 £'000
Fixed assets			
Investments at fair value (note 4)	3,546	5,022	4,804
Current assets			
Debtors	13	9	2
Cash at bank	1,328	69	454
	<u>1,341</u>	<u>78</u>	<u>456</u>
Creditors – amounts falling due within one year			
Creditors	(23)	(28)	(40)
Short-term loans (note 5)	-	(400)	(400)
	<u>(23)</u>	<u>(428)</u>	<u>(440)</u>
Net current assets/(liabilities)	<u>1,318</u>	<u>(350)</u>	<u>16</u>
Net assets	<u>4,864</u>	<u>4,672</u>	<u>4,820</u>
Share capital and reserves			
Share capital	86	86	96
Share premium account	-	2,674	2,674
Special reserve	2,655	-	-
Capital reserve	1,180	913	552
Capital redemption reserve	103	103	93
Revenue reserve	840	896	1,405
	<u>4,864</u>	<u>4,672</u>	<u>4,820</u>
Equity shareholders' funds	<u>4,864</u>	<u>4,672</u>	<u>4,820</u>
Net asset value per Ordinary share (note 6)	<u>57.21p</u>	<u>54.95p</u>	<u>51.03p</u>

Statement of cash flows (unaudited)

for the six months to 29 February 2016

	Six months to 29 February 2016	Year to 31 August 2015	Six months to 28 February 2015
Cash flows from operating activities			
Net return	211	289	(34)
Adjustment for:			
Net capital return	(267)	(357)	4
Expenses charged to capital	(25)	(48)	(23)
Interest paid	9	15	-
(Decrease)/increase in creditors	(5)	7	19
(Increase)/decrease in prepayments and accrued income	(4)	1	6
Other	-	(2)	-
Cash used in operations	(81)	(95)	(28)
Cash flows from investing activities			
Purchase of investments	(50)	(549)	(75)
Sales of investments	1,818	960	317
Net cash inflow from investing activities	1,768	411	242
Cash flows from financing activities			
Cost of shares purchased for cancellation under tender offer	-	(472)	-
Cost of cancellation of share premium account	(19)	-	-
New loan advanced	50	200	200
Capital repayment of loan	(450)	-	-
Interest paid	(9)	(15)	-
Net cash (used in)/from financing activities	(428)	(287)	200
Net increase in cash	1,259	29	414
Cash at the beginning of the period	69	40	40
Cash at the end of the period	1,328	69	454

Notes to the half yearly report

1 ACCOUNTING POLICIES

a) Statement of compliance

The Company's Financial Statements for the period ended 29 February 2016 have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the 2014 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Trust Companies.

The Company has also adopted FRS 104, which applies to interim periods commencing on or after 1 January 2015. The transition to FRS 104 has had no impact on the previous reported financial position and financial performance. With the exception of this, the financial statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 August 2015.

b) Financial information

The financial information contained in this report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the period ended 29 February 2016 and 28 February 2015 have not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews. The information for the year to 31 August 2015 has been extracted from the latest published Annual Report and Financial Statements, which have been lodged with the Registrar of Companies, contained an unqualified auditors' report and did not contain a statement required under Section 498 (2) or (3) of the Companies Act 2006.

c) Going concern

The Company's assets consist mainly of equity shares in companies which, in most circumstances are realisable within a short timescale. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

2 Income

	Six months to 29 February 2016 £'000	Year to 31 August 2015 £'000	Six months to 28 February 2015 £'000
Income from investments			
Income from LLP investments	15	35	22
UK net dividend income	3	21	9
Income from loan interest	-	4	4
Total income	18	60	35

3 Taxation

The tax charge for the six months to 29 February 2016 is nil (year to 31 August 2015: nil; six months to 28 February 2015: nil).

The Company has an effective tax rate of 0% for the year ending 31 August 2016. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income.

Notes to the half yearly report (continued)

4 Investments

	AIM	Unquoted	NASDAQ	29 February 2016 Total	31 August 2015 Total	28 February 2015 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening book cost	2,990	1,539	166	4,695	4,595	4,595
Opening investment holding (losses)/gains	(891)	1,250	(32)	327	432	432
	2,099	2,789	134	5,022	5,027	5,027
Movements in the period:						
Purchases at cost	20	30	-	50	549	75
Sales at cost	(14)	(115)	-	(129)	(449)	(181)
Gains on sales	22	1,667	-	1,689	511	136
Movement in investment holding gains/(losses)	316	(3,366)	(36)	(3,086)	(616)	(253)
Closing valuation	2,443	1,005	98	3,546	5,022	4,804
Closing book cost	2,996	1,454	166	4,616	4,695	4,489
Closing investment holding (losses)/gains	(553)	(449)	(68)	(1,070)	327	315
Closing valuation	2,443	1,005	98	3,546	5,022	4,804

Analysis of capital gains and losses

Realised gains on sales	22	1,667	-	1,689	511	136
Movement in fair value of investments	338	(1,699)	(36)	(1,397)	(105)	(117)
	360	(32)	(36)	292	406	19

Fair value hierarchy

In accordance with FRS 102 and FRS 104 the Company must disclose the fair value hierarchy of financial instruments.

The fair value hierarchy consists of the following three classifications:

Classification A - Quoted prices in active markets for identical assets or liabilities.

Classification B - The price of a recent transaction for an identical asset, where quoted prices are unavailable.

Classification C - Inputs for the asset or liability that are based on observable market data and unobservable market data, to estimate what the transaction price would have been on the measurement data in an arm's length exchange motivated by normal business considerations.

Details of the Company's financial instruments are shown in the Portfolio Review including financial instruments which fall into level C shown under the section heading "Unquoted". A summary reconciliation of the fair value movements of level C investments is shown in the table above. The realised gain on sales of £1,667,000 relates to the sale of Parmenion Capital Partners LLP on 12 January 2016.

Notes to the half yearly report (continued)

4 Investments (continued)

Financial assets at fair value through profit or loss;

	Classification A £'000	Classification B £'000	Classification C £'000	Total £'000
At 29 February 2016				
Equity investments	2,541	-	1,005	3,546
Total	2,541	-	1,005	3,546
At 31 August 2015				
Equity investments	2,233	-	2,789	5,022
Total	2,233	-	2,789	5,022
At 28 February 2015				
Equity investments	2,477	-	2,327	4,804
Total	2,477	-	2,327	4,804

5 Short term loans

In November 2015 the Company borrowed £50,000 as a short term loan from Chelverton Asset Management Limited. The loans of £400,000 from Jarvis Investment Management Limited and £50,000 from Chelverton Asset Management Limited were both repaid in full in January 2016.

6 Net asset value

The basic net asset value per Ordinary share is based on net assets of £4,864,000 (31 August 2015: £4,672,000; 28 February 2015: £4,820,000) and on 8,501,650 Ordinary shares (31 August 2015: 8,501,650; 28 February 2015: 9,446,274) being the number of Ordinary shares in issue at the period end.

7 Post balance sheet events

On 18 March 2016, pursuant to the Tender Offer, 2,124,562 Ordinary shares, representing 24.99% of shares previously in issue were repurchased for cancellation at a cost including expenses of £1,153,000. Following the Tender Offer there are now 6,377,088 Ordinary shares of 1p in issue.

8 Related party transactions

Under the terms of the agreement dated 28 June 2001, the Company has appointed Chelverton Asset Management Limited to be the Investment Manager. Mr Horner, a Director of the Company, is also a director of Chelverton Asset Management Limited and CEPS PLC, in which the Company holds an investment as set out on pages 5 and 6.

At 29 February 2016 there was £4,000 (31 August 2015: £4,000; 28 February 2015: £4,200) payable to the Investment Manager.

Mr Martin is the Chairman of Belgravium Technologies plc in which the Company holds an investment as set out on page 5.

The three Directors also have individual holdings in Chelverton Asset Management Holdings, a company which has Mr Horner as a director and which the Company also has a direct holding. The Directors' holdings are detailed below.

	Loan stock held £'000	Percentage of Loan stock held %	Ordinary shares held £'000	Percentage of ordinary shares held %
Mr K Allen	-	-	1	1
Mr D Horner	925	86	56	56
Mr I Martin	-	-	2	2

The Company also holds 2,000 shares in Chelverton Asset Management Holding Limited representing 2 per cent of the voting rights.

Directors and advisers

Directors

Kevin Allen (Chairman)
David Horner
Ian Martin

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Investment Manager

Chelverton Asset Management Limited
12B George Street
Bath BA1 2EH
Tel: 01225 483 030

Custodian and Banker

Jarvis Investment Management Limited
78 Mount Ephraim
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Tel: 01892 510 515

Secretary and Registered Office

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(appointed 21 December 2015)
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Newton Abbot
Devon
TQ12 2QS
Tel: 01392 487 056
Email: cgw@iscaadmin.co.uk

Registrar and Transfer Office

Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL
Tel: 01252 821 390
www.shareregistrars.uk.com

Information about the Company can be obtained at the Investment Manager's website at www.chelvertonam.com.

An investment company as defined under Section 833 of the Companies Act 2006.
REGISTERED IN ENGLAND No. 298951

