

Chrysalis VCT plc

*Half-Yearly Report
for the six months ended
30 April 2019*

SHAREHOLDER INFORMATION

Share price

The Company's share price can be found on various financial websites with the TIDM/EPIC code "CYS". A link to the share price is also available on Chrysalis' website (www.chrysalisvct.co.uk) and on Downing's website (www.downing.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 (which can be downloaded from www.linkassetsservices.com). Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's registrar, Link Asset Services, on 0871 664 0324 (calls cost 12p per minute plus network extras, lines open 9:00am to 5:30pm), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Selling Shares

Shareholders are advised to seek advice from their tax adviser, before selling Shares, particularly if they deferred the payment of capital gains tax in respect of Shares acquired prior to 6 April 2004. Shareholders wishing to sell their Shares, or purchase further holdings in the Company, will require a broker in order to do so. Sam Greatrex, at Nplus1 Singer Capital Markets Ltd, on 0207 496 3032 will be able to provide details of the latest share price for selling and purchasing Shares (further details can be found on the back cover).

Share scam warning

We are aware that a significant number of Shareholders of VCTs continue to receive unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT Shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

Further information can be found on Downing's website. If you have any concerns, please contact Downing on 020 7416 7780.

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.

Other information for Shareholders

Up to date Company information (including financial statements, share price and dividend history) may be obtained from Downing's website at www.downing.co.uk. Financial information is also available on Chrysalis' website (www.chrysalisvct.co.uk) under "Shareholder Info".

If you have any queries regarding your shareholding in Chrysalis VCT plc, please contact the registrar on the above number or visit Link's website at www.linkassetsservices.com and click on "Share Portal".

FINANCIAL SUMMARY

Recent performance summary

	30 April 2019 Pence	30 April 2018 Pence	31 October 2018 Pence
Net asset value per share	70.80	78.00	73.40
Cumulative dividends paid per share	86.70	78.70	83.45
Total Return (net asset value per Share plus cumulative dividends)	<u>157.50</u>	<u>156.70</u>	<u>156.85</u>

Recent dividend

	Paid
Final dividend (3.25p)	29 March 2019

Forthcoming dividends

	Ex-Div Date	Record Date	Payable
Interim dividend (4.0p) (1.75p Interim and 2.25p Special)	27 June 2019	28 June 2019	26 July 2019

A full dividend history for the Company can be found at www.downing.co.uk.

Key dates

26 July 2019	Payment of Interim dividend (1.75p Interim and 2.25p Special)
December 2019	Announcement of Annual Report to 31 October 2019

CHAIRMAN'S STATEMENT

- **4.0p interim dividend to be paid on 26 July 2019**
- **0.9% increase in NAV Total Return in the period**

Introduction

I am pleased to present my statement for the six months ended 30 April 2019. The portfolio has performed satisfactorily over the period.

Net asset value and results

At 30 April 2019, the net asset value per Share ("NAV") stood at 70.8p, an increase of 0.65p (0.9%) since the previous year end of 31 October 2018, after adding back the 3.25p dividend paid on 29 March 2019.

The Total Return (NAV plus cumulative dividends) to Shareholders who invested at the launch of the Company in 2000 is now 157.5p, compared to the original cost (net of income tax relief) of 80.0p per Share.

The return on activities after taxation for the Company for the period was £166,000, comprising a revenue profit of £64,000 and a capital return of £102,000.

Venture capital portfolio

Valuations

The Board has reviewed the valuations of the unquoted portfolio and a number of adjustments have been made accordingly. As a whole, the fair value movements in respect of the Venture Capital investments amounted to a net uplift of £193,000.

The most significant fair value adjustment was in respect of Enthuse Holdings Limited, formerly MyTime Media Holdings Limited, which owns and publishes a range of magazines. The Enthuse group underwent a significant restructuring process in recent months, in order to centralise the operations of its magazine businesses. Enthuse has also now completed a deal to acquire a majority interest in AA Media Limited. These positive developments have led to a valuation uplift of £803,000.

As Shareholders will be aware, the VCT portfolio includes three restaurant and catering businesses which constitute 16.2% of the portfolio (including cash). The restaurant trade in particular is a very competitive sector and several large and established names have suffered of late. Whilst trading conditions are challenging, the three businesses in the Chrysalis portfolio have, as a whole, performed in line with expectations during the period. Locale Enterprises Limited, the operator of a chain of Italian restaurants in London, was reduced in value by £568,000 due to a decline in profitability during the period. However, management have now taken steps to rationalise the business in order to focus on the more successful restaurant sites. Difficult trading conditions have also impacted the performance of Life's Kitchen Limited, a provider of event management and catering services, and the investment has been reduced in value by £100,000 as a result. K10 (London) Limited, the operator of a chain of Japanese restaurants in London, has continued to perform satisfactorily against budget, leading to a valuation uplift of £24,000.

As highlighted in the summary on page 4, Coolabi Group Limited ("Coolabi"), an international media group, now constitutes 25.2% of the portfolio, an increase from 24.1% as at 31 October 2018. The Board is mindful that concentration in the portfolio is likely to increase as the number of investments decreases. The Board pays detailed and specific attention to the valuation of Coolabi and having assessed the valuation at the half-year stage considers there to have been no movement since 31 October 2018, when the Company last reported to Shareholders.

Other valuation movements in the venture capital portfolio gave rise to a net uplift of £34,000.

CHAIRMAN'S STATEMENT (continued)

Portfolio activity

A small amount of retention proceeds, relating to the historic sale of Autocue Limited, was received during the period.

There were no other disposals from or additions to the venture capital portfolio during the period.

Cash, fixed income and other listed investments

The Company held £4.8 million in cash, fixed income securities and other listed investments as at 30 April 2019.

One of the two remaining fixed income securities matured during the period, generating proceeds of £688,000 and resulting in a loss against cost of £58,000. However, this loss has been more than offset by the income received over the last five years, as this bond has yielded 7% per annum.

Share buybacks

The Company operates a policy of buying in Shares that become available in the market at a discount of approximately 15% to the latest published NAV, subject to market conditions and liquidity constraints. I am pleased to report that the level of buybacks undertaken during the period has been manageable, with 184,000 Ordinary Shares repurchased for a total consideration of £113,000.

Any Shareholders wishing to either acquire more Shares, or to sell existing holdings in the Company, are recommended to contact the Company's broker, Nplus1 Singer Capital Markets.

Dividends

As outlined in the Annual Report to 31 October 2018, the Company will maintain a dividend target of 5.0p per Share per annum. In addition to this target, special dividends will be paid as and when realisations from the portfolio have provided the Company with excess liquidity.

In line with the policy discussed above, the Company will pay a standard interim dividend of 1.75p per Share, and in view of the bond redemption that took place during the period, the Company will also pay a special dividend of 2.25p per share, bringing the total to 4.0p per share. The total dividend will be paid on 26 July 2019, to Shareholders on the register at 28 June 2019.

Following the payment of the forthcoming dividends, Shareholders who invested at launch will have received distributions totalling 90.7p per Share.

I look forward to updating Shareholders on developments in my statement in the Annual Report, which I expect to be published in January 2020.



Martin Knight
Chairman

19 June 2019

SUMMARY OF INVESTMENT PORTFOLIO as at 30 April 2019

	Cost £'000	Valuation £'000	Valuation movement in the period £'000	% of portfolio by value
Top ten venture capital investments				
Coolabi Group Limited	3,456	5,144	-	25.2%
Locale Enterprises Limited	2,513	1,851	(568)	9.1%
Enthuse Holdings Limited	56	1,848	803	9.1%
Zappar Limited	300	1,623	-	8.0%
Driver Require Limited	520	1,271	(25)	6.2%
Cambridge Mechatronics Limited	366	1,172	-	5.7%
K10 (London) Limited	950	1,135	24	5.6%
Green Star Media Limited	650	666	15	3.3%
IX Group Limited	250	372	21	1.8%
Life's Kitchen Limited	400	300	(100)	1.5%
	<u>9,461</u>	<u>15,382</u>	<u>170</u>	<u>75.5%</u>
Other venture capital investments	1,599	206	23	1.0%
Fixed income securities				
Lloyds Banking Group 7% perp	724	732	(7)	3.6%
	<u>724</u>	<u>732</u>	<u>(7)</u>	<u>3.6%</u>
Other investments				
Impact Healthcare REIT Plc*	750	803	45	3.9%
	<u>750</u>	<u>803</u>	<u>45</u>	<u>3.9%</u>
	<u>12,534</u>	<u>17,123</u>	<u>231</u>	<u>84.0%</u>
Cash at bank and in hand		<u>3,253</u>		<u>16.0%</u>
Total investments		<u>20,376</u>		<u>100.0%</u>

All venture capital investments are unquoted unless otherwise stated.

*Listed and traded on the Main Market of the London Stock Exchange.

SUMMARY OF INVESTMENT MOVEMENTS for the six months ended 30 April 2019

Disposals

	Cost £'000	Value at 1 Nov 2018 £'000	Disposal proceeds £'000	Gain/ (loss) against cost £'000	Total realised gains £'000
Venture capital investments					
<i>Retention</i>					
Autocue Group Limited	-	-	1	1	1
Fixed income securities					
<i>Disposal</i>					
Intermediate Capital Group plc 7% 21/12/18	746	688	688	(58)	-
	<u>746</u>	<u>688</u>	<u>689</u>	<u>(57)</u>	<u>1</u>

UNAUDITED INCOME STATEMENT for the six months ended 30 April 2019

	Six months ended 30 Apr 2019			Six months ended 30 Apr 2018			Year ended 31 Oct 2018
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	248	-	248	235	-	235	486
Net gains/(losses) on investments							
- realised	-	1	1	-	486	486	(99)
- unrealised	-	231	231	-	(10)	(10)	633
	<u>248</u>	<u>232</u>	<u>480</u>	<u>235</u>	<u>476</u>	<u>711</u>	<u>1,020</u>
Investment management fees	(44)	(132)	(176)	(49)	(148)	(197)	(390)
Performance incentive fees	-	-	-	-	(37)	(37)	(54)
Other expenses	<u>(138)</u>	<u>-</u>	<u>(138)</u>	<u>(130)</u>	<u>(1)</u>	<u>(131)</u>	<u>(267)</u>
Return on ordinary activities before taxation	66	100	166	56	290	346	310
Tax on total comprehensive income and ordinary activities	<u>(2)</u>	<u>2</u>	<u>-</u>	<u>(7)</u>	<u>7</u>	<u>-</u>	<u>9</u>
Return attributable to equity shareholders	<u>64</u>	<u>102</u>	<u>166</u>	<u>49</u>	<u>297</u>	<u>346</u>	<u>319</u>
Return per Share	0.2p	0.4p	0.6p	0.2p	1.0p	1.2p	7.3p

The total column within the Income Statement represents the profit and loss account of the Company. No operations were acquired or discontinued during the period.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement as noted above.

UNAUDITED BALANCE SHEET as at 30 April 2019

	Note	30 Apr 2019 £'000	30 Apr 2018 £'000	31 Oct 2018 £'000
Fixed assets				
Investments		<u>17,123</u>	<u>18,868</u>	<u>17,580</u>
Current assets				
Debtors		129	88	102
Cash at bank and in hand		<u>3,253</u>	<u>4,449</u>	<u>3,763</u>
		3,382	4,537	3,865
Creditors: amounts falling due within one year				
		<u>(65)</u>	<u>(84)</u>	<u>(118)</u>
Net current assets				
		<u>3,317</u>	<u>4,453</u>	<u>3,747</u>
Net assets				
		<u>20,440</u>	<u>23,321</u>	<u>21,327</u>
Capital and reserves				
Called up share capital	6	288	299	290
Capital redemption reserve		100	89	98
Share premium		1,478	1,478	1,478
Merger reserve	7	529	1,357	529
Special reserve	7	127	562	406
Capital reserve - realised	7	11,283	13,443	12,222
Capital reserve - unrealised	7	6,049	5,569	5,782
Revenue reserve	7	<u>586</u>	<u>524</u>	<u>522</u>
Equity shareholders' funds				
		<u>20,440</u>	<u>23,321</u>	<u>21,327</u>
Net asset value per share				
	5	70.8p	78.0p	73.4p

STATEMENT OF CHANGES IN EQUITY for the six months ended 30 April 2019

	Share Capital £'000	Capital Redemption reserve £'000	Share premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
At 1 November 2017	299	89	1,478	1,357	602	13,715	5,902	505	23,947
Total comprehensive income	-	-	-	-	-	(435)	633	121	319
Transfers between reserves	-	-	-	(828)	354	1,227	(753)	-	-
<i>Transactions with owners</i>									
Purchase of own shares	(9)	9	-	-	(550)	-	-	-	(550)
Dividends paid	-	-	-	-	-	(2,285)	-	(104)	(2,389)
At 31 October 2018	290	98	1,478	529	406	12,222	5,782	522	21,327
Total comprehensive income	-	-	-	-	-	(129)	231	64	166
Transfers between reserves	-	-	-	-	(166)	130	36	-	-
<i>Transactions with owners</i>									
Purchase of own shares	(2)	2	-	-	(113)	-	-	-	(113)
Dividends paid	-	-	-	-	-	(940)	-	-	(940)
At 30 April 2019	288	100	1,478	529	127	11,283	6,049	586	20,440

UNAUDITED CASH FLOW STATEMENT for the six months ended 30 April 2019

	Six months ended 30 Apr 2019 £'000	Six months ended 30 Apr 2018 £'000	Year ended 31 Oct 2018 £'000
Cash flows from operating activities			
Return on ordinary activities before taxation	166	346	319
Gains on investments	(232)	(476)	(534)
(Increase)/decrease in other debtors	(27)	92	78
(Decrease)/increase in other creditors	(53)	22	(1)
Net cash outflow from operating activities	<u>(146)</u>	<u>(16)</u>	<u>(138)</u>
Cash flows from investing activities			
Proceeds from disposal of investments	689	878	2,223
Purchase of investments	-	-	-
Net cash inflow from investing activities	<u>689</u>	<u>878</u>	<u>2,223</u>
Net cash inflow before financing activities	543	862	2,085
Cash flows from financing activities			
Equity dividends paid	(940)	(972)	(2,389)
Purchase of own shares	(113)	-	(492)
Net cash outflow from financing activities	<u>(1,053)</u>	<u>(972)</u>	<u>(2,881)</u>
Decrease in cash	<u>(510)</u>	<u>(110)</u>	<u>(796)</u>
Net movement in cash			
Beginning of the period	3,763	4,559	4,559
Net cash outflow	(510)	(110)	(796)
End of the period	<u>3,253</u>	<u>4,449</u>	<u>3,763</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. General information

Chrysalis VCT plc ("the Company") is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales.

2. Accounting policies

Basis of accounting

The unaudited half-yearly results cover the six months to 30 April 2019 and have been prepared in accordance with the accounting policies set out in the annual accounts for the year ended 31 October 2018 and in accordance with the Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" revised November 2014 ("SORP").

3. The comparative figures were in respect of the six months ended 30 April 2018 and the year ended 31 October 2018 respectively.

4. Basic and diluted return per Share

	Six months ended 30 Apr 2019	Six months ended 30 Apr 2018	Year ended 31 Oct 2018
Return per Share based on:			
Net revenue return for the period (£'000)	<u>64</u>	<u>49</u>	<u>121</u>
Capital return per Share based on:			
Net capital gain for the period (£'000)	<u>102</u>	<u>297</u>	<u>198</u>
Weighted average number of Shares	<u>28,970,909</u>	<u>29,917,025</u>	<u>29,697,929</u>

5. Basic and diluted net asset value per share

	30 Apr 2019	30 Apr 2018	31 Oct 2018
Net asset value per share based on:			
Net assets (£'000)	<u>20,440</u>	<u>23,321</u>	<u>21,327</u>
Number of shares in issue at the period end	<u>28,860,025</u>	<u>29,917,025</u>	<u>29,044,025</u>
Net asset value per share	<u>70.8p</u>	<u>78.0p</u>	<u>73.4p</u>

6. Called up share capital

	Shares in issue	£'000
Period ended 30 April 2019	28,860,025	<u>288</u>
Period ended 30 April 2018	29,917,025	<u>299</u>
Year ended 31 October 2018	29,044,025	<u>290</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

7. Reserves

The special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends, and also allows the Company to make transfers between reserves to offset realised capital losses arising on disposals and impairments.

Distributable reserves are calculated as follows:

	Six months ended 30 Apr 2019 £'000	Six months ended 30 Apr 2018 £'000	Year ended 31 Oct 2018 £'000
Special reserve	127	562	406
Capital reserve - realised	11,283	13,443	12,222
Revenue reserve	586	524	522
Merger reserve – distributable element	276	276	276
Unrealised losses – excluding unrealised unquoted gains	(688)	(338)	(147)
	<u>11,584</u>	<u>14,467</u>	<u>13,278</u>

8. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is required in the Company's half year results to report on 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; and
- (ii) failure to maintain approval as a VCT.

In both cases, the Board is satisfied with the Company's approach to these risks. As a VCT, the Company is forced to have significant exposure to relatively immature businesses. This risk is mitigated to some extent by holding a well-diversified portfolio.

The Company's compliance with the VCT regulations is continually monitored by the Administration Manager, who regularly reports to the Board on the current position. The Company also retains Philip Hare and 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued)

9. Going concern

The Company has sufficient financial resources at the period end, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they believe 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.

10. The Directors confirm that, to the best of their knowledge, the half yearly financial statements have been prepared in accordance with FRS 104 Interim Financial Reporting and the Half-Yearly 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.
11. The unaudited financial statements set out herein 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 31 October 2018 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Independent Auditor's Report on those financial statements was unqualified.
12. Copies of the unaudited half yearly report will be sent to Shareholders shortly. Further copies can be obtained from the Company's registered office and will be available for download from www.chrysalisvct.co.uk.

Directors

Martin Knight (Chairman)
Julie Baddeley
Robert Jeens

Secretary and registered office

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(calls cost 12p per minute plus network extras.

Lines open Mon to Fri 9:00am to 5:30pm)

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Corporate broker and share buybacks contact

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