
HARGREAVE HALE AIM VCT 1 plc

Unaudited Interim Results for the
six month period ending 31 March 2018



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FINANCIAL HIGHLIGHTS

Ordinary Shares (as at 31 March):	31 March 2018	31 March 2017	30 September 2017 ¹
Net asset value per share	81.74p	78.12p	80.82p
Cumulative distributions paid per share since launch	48.25p	44.25p	46.00p
Total return per share	129.99p	122.37p	126.82p
Earnings per share (basic and diluted):			
Revenue return	(0.43)p	(0.14)p	(0.13)p
Capital return	2.71p	4.12p	8.99p
Combined return	2.28p	3.98p	8.86p
Dividends per share:			
Interim proposed/paid	1.75p	1.75p	1.75p
Final paid	-	-	2.25p
Ongoing Expense Ratio	1.98% ³ 1.84% ⁴	1.83% ²	1.86% ²
Performance Benchmark:			
FTSE AIM All-share Index (rebased to 100 at 29 October 2004)	105.23	96.42	104.19

¹ 30 September 2017 financial highlights represent annual results

² Calculated as total expenses (annualised for half yearly results) minus ad hoc legal costs, adjusted for trail commission written off, divided by period end net assets

³ Calculated following the AIC's recommended methodology. The ratio excludes ad hoc legal costs, merger costs and additional listing fees, it includes a proportion of the Marlborough Special Situations Fund ongoing charges and is adjusted for trail commission written off, divided by average net assets. (Initial investment of new capital into the Marlborough Special Situations Fund is a temporary home pending investment in suitable qualifying companies)

⁴ Calculated following the AIC's recommended methodology however excludes the Marlborough Special Situations ongoing charges.

INVESTMENT OBJECTIVE

The objective of the VCT is to achieve long term capital growth and to maximise tax free distributions to shareholders by investing in a diversified portfolio of small UK companies primarily traded on AIM. At least 70% of the Company's funds must be invested in qualifying holdings within three years of raising the funds (this increases to 80% from 1 October 2019). The balance of the Company's funds will be invested in liquid assets (such as fixed income securities and bank deposits) and non-qualifying equity investments on an opportunistic basis. The Company is managed as a Venture Capital Trust in order that shareholders in the Company may benefit from the tax relief available.

CHAIRMAN'S STATEMENT

INTRODUCTION

Following the merger of Hargreave Hale AIM VCT 1 and 2 and the success of the recent fundraising which now exceeds £22 million, I would like to welcome a large number of new shareholders.

RESULTS

In the first half of the financial year the Net Asset Value ("NAV") per share increased from 80.82 pence to 81.74 pence equivalent to an increase of 3.9% after adding back the 2.25 pence dividend distributed in January 2018. During the same period the FTSE 100 Total Return Index fell 2.5% and the FTSE AIM All Share Total Return Index rose 1.6%.

INVESTMENTS

The investment manager, Hargreave Hale Limited, invested a further £2.91 million in 9 qualifying companies during the period all of which were AIM companies. The fair value of qualifying investments at 31 March 2018 was £71.61 million invested in 74 AIM companies and 9 unquoted companies. The balance of the fund was held in a mix of cash and non-qualifying equities.

At 31 March 2018 the VCT was 90.71% invested as measured by HMRC.

DIVIDEND

A final dividend for the year ended 30 September 2017 of 2.25 pence was paid on 30 January 2018.

The directors continue to maintain a policy of distributing at least 5% of the year end NAV to shareholders. An interim dividend of 1.75 pence (2017: 1.75p) will be paid on 31 July 2018, with an ex-dividend date of 5 July 2018 and a record date of 6 July 2018.

BUYBACKS

We have been able to maintain our policy of offering our shareholders an efficient exit route through the buyback scheme. In total, 1,350,039 shares were repurchased during the six month period ending 31 March 2018 at a weighted average price of 78.78 pence per share. Since the period end a further 709,279 shares have been repurchased at a weighted average price of 80.06 pence.

The Board continues to target a share price discount of 5% of the NAV per share (as measured against the mid-price) for market purchases. It should be emphasised that this target is non-binding and dependent on circumstances, including the Company's liquidity and market conditions.

MERGER OF HARGREAVE HALE AIM VCT 1 AND 2 PLC AND OFFER FOR SUBSCRIPTION

On 27 December 2017, the Company and Hargreave Hale AIM VCT 2 announced that they had entered into discussions to merge the Companies into one company. Hargreave Hale AIM VCT 1 also announced their intention to raise further funds into the Company through an offer for subscription.

On 12 February 2018, the Company announced the publication of a prospectus and circulars in connection with the recommended proposals to merge the companies and an offer for subscription of ordinary shares to raise up to £20 million in the Company with a £10 million over-allotment facility.

The Offer

The offer was approved by shareholders at a general meeting on 16 March 2018 and was opened to both new and existing shareholders. On 8 May 2018, the Company announced it had received applications in excess of £19 million and, accordingly, £5 million of the available £10 million over-allotment facility was to be utilised. Since its launch, the offer has resulted in gross funds being received of £22.6 million and the issue of 26.7 million new shares in the Company.

The Merger

On 23 March 2018, the Company announced the approval of the merger. To preserve its VCT status, this was done by placing Hargreave Hale AIM VCT 2 into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 Insolvency Act 1986. The assets and liabilities of Hargreave Hale AIM VCT 2 were transferred to Hargreave Hale AIM VCT 1 in consideration for the issue of 68,680,227 ordinary shares of 1p each in the capital of the Company to Hargreave Hale AIM VCT 2 shareholders. The scheme shares were issued at a ratio of 1.458754 scheme shares for each Hargreave Hale AIM VCT 2 share held.

The merger was implemented on a relative unaudited NAV basis, adjusted for the anticipated costs of the scheme. The merger and roll-over values were based on the latest unaudited valuations of the Company's investments. The effect of the scheme was that Hargreave Hale AIM VCT 2 shareholders received Hargreave Hale AIM VCT 1 shares with the same total market value as at the scheme calculation date as their Hargreave Hale AIM VCT 2 shares. The total cost of undertaking the merger was £0.40 million and Hargreave Hale made a significant contribution of £0.16 million.

Following the merger, the net assets of the Company were £127,977,633, with 155,936,403 ordinary shares of 1p each in issue.

I would like to take this opportunity to thank David Hurst-Brown and Philip Cammerman for all their hard work on the Board of Hargreave Hale AIM VCT 2.

CANCELLATION OF SHARE PREMIUM AND CAPITAL REDEMPTION RESERVE

At the Annual General Meeting of the Company held on 16 March 2018, a special resolution was passed approving the cancellation of the Company's share premium account and capital redemption reserve. The Company intends to carry out the cancellation before the end of the financial year and will update shareholders when the cancellation has become effective.

REGULATORY UPDATE

Through the budget delivered on 22 November 2017, the government announced substantial changes to the legislation governing the management of Venture Capital Trusts. Broadly speaking, the proposed changes are designed to bring greater focus to the scheme and encourage more investment into small British companies. These changes will come into effect in stages and will start to apply to the Company from the beginning of the next financial year.

Some of these changes will have little or no impact on the management of your Company. The most significant and important of the proposed changes will be the increase in the investment test with the minimum percentage of the Company that must be invested into Qualifying Companies increasing from 70% to 80% for accounting periods beginning on or after 6 April 2019. This becomes applicable for Hargreave Hale AIM VCT 1 plc from 1 October 2019. To assist with this change, the period of disregard for the disposal of Qualifying Investments will be increased from 6 months to 12 months.

As described above, Venture Capital Trusts have up to three years to invest new funds into Qualifying Companies before those new funds are included within the investment test. The legislation includes an additional condition to encourage early investment into Qualifying Companies. The new condition will apply to all new funds raised by the Company on or after 1 October 2018, with 30% of the new funds to be invested into Qualifying Companies within 12 months of the end of the accounting period in which the VCT issues the new shares.

The budget did not propose any changes to the tax reliefs available to new or existing shareholders, nor did it propose a change to the 5-year minimum holding period required by those claiming the 30% income tax relief.

VCT STATUS

For now, to maintain its status as a Venture Capital Trust, the Company is required to invest at least 70% of the net funds raised in any one accounting period, into Qualifying Companies by the start of the accounting period containing the third anniversary of the date on which the funds were raised, often referred to as the 'investment test'. I am pleased to report that we continue to perform well against this test and, at the period end, the investment test was 90.71% when measured using HMRC's methodology. The Company satisfied all other tests relevant to its status as a Venture Capital Trust.

BOARD APPOINTMENT

I am pleased to announce the appointment of Ashton Charles Bradbury to the Board. Ashton started his career at Charterhouse Tilney stockbrokers in 1988 before moving to join Hill Samuel Investment Management and specialise in small company investment. After periods with Hill Samuel and HSBC Asset Management, Ashton joined Old Mutual Asset Management UK Ltd (now Old Mutual Global Investors) in 2000 and set up the Old Mutual UK Small and Mid-Cap team, subsequently becoming Head of Equities.

HARGREAVE HALE LIMITED TAKEOVER AND TRADING NAME

In July 2017, it was announced that Canaccord Genuity Group Inc. through its UK and Europe based wealth management business Canaccord Genuity Wealth Management agreed to acquire Hargreave Hale Limited and the transaction was completed in September 2017. The fund management division of Hargreave Hale Limited is now known as 'Canaccord Genuity Fund Management' which is a trading name of Hargreave Hale Limited.

INVESTMENT MANAGEMENT FEE

The Company and Hargreave Hale Limited, the Company's investment manager, have agreed to increase the investment management fee payable from an amount equal to 1.5% of the Company's net assets to an amount equal to 1.7% of the Company's net assets, with effect from 1 April 2019.

GENERAL DATA PROTECTION REGULATION

The General Data Protection Regulation (GDPR) is a regulation in EU law on data protection that became enforceable on 25 May 2018. GDPR aims primarily to give control to citizens over their personal data and to simplify the regulatory environment for international business. We have published a comprehensive privacy policy that sets out in detail how we process, store and use your personal data. A copy can be found on the Company website at www.hargreaveaimvcts.co.uk/document-library.

In practice, the introduction of GDPR will not change how we collect, process and store your personal data. It does, however, mean that we will need your express permission to share your personal data beyond our legitimate interest, contractual, legal and regulatory requirements. For example, you will need to give us your permission to share information about your shareholding with your financial adviser or accountant.

We have only ever used your data to fulfil our obligations in relation to the VCT. This will not change. We do not and will not sell your data to third parties. Third parties such as our printers and registrars are only allowed to use your data for matters relating to your investment. This is all set out in more detail in the privacy notice.

OUTLOOK

After a few quiet months, we have seen a welcome increase in the number of qualifying investment opportunities through new issues on AIM. We continue to see a steady flow of interesting private companies in which to invest. This allows us to expand the investment universe and the opportunity to back innovative and rapidly growing companies, whilst also helping to improve access to deal flow in periods of market stress.

Whilst UK and US political risk remains elevated, we are relieved to see that some of the more negative post-Brexit scenario analysis has not played out as predicted. Trump's tax cut was helpful in that it supported risk assets whilst the UK and US continue the gradual process of normalising monetary policy. Employment is at its highest level since the war and equity markets hit record highs in the period under review.

Equity markets have responded well to the positive outlook with strong economic growth and benign monetary policy, albeit with a developing trend towards higher interest rates. Notwithstanding the challenges within UK retail, corporate profitability is generally healthy. Quality companies are commanding premium valuations and we are mindful of the potential downside were those to unwind in a meaningful way through a repricing of risk, be it political, economic or interest rate. Whilst this could pull markets lower, I believe we have a portfolio of good companies which in aggregate are well placed to deliver good returns over the long term. In summary, we were for the most part able to operate against a positive backdrop and I am pleased to report that your Company is in good health.

SIR AUBREY BROCKLEBANK BT.

Chairman

Date: 26 June 2018

INVESTMENT MANAGER'S REPORT

INTRODUCTION

This report covers the first half of the 2017/18 financial year, 1 October 2017 to 31 March 2018. The manager's report contains references to movements in the NAV per share and Total Return per share (NAV per share plus distributed earnings per share). Movements in the NAV per share do not necessarily mirror the earnings per share ("EPS") reported in the accounts and elsewhere, which convey the profit after tax for the company within the reported period as a function of the weighted average number of shares in issue for the period.

INVESTMENT REPORT

The period under review was mixed with equity markets first reacting positively to cuts in US corporation tax before entering a period of consolidation following escalating concerns that the fiscal stimulus was poorly timed given the strength of the US economy, strong labour markets and the outlook for inflation. The markets adjusted for further increases in the Fed Funds rate. A similar dynamic played out in the UK markets, although more recent data has suggested a weakening within the UK economy and a more benign outlook for interest rates.

By and large, the companies that we meet seem content enough with their end markets. There are, of course exceptions: casual dining remains challenging, as does retail and housing. But it is not across the board and even within the more challenging sectors, those with well managed, properly differentiated and keenly priced offerings continue to do well. We continue to see enough opportunity to deploy capital into interesting companies with attractive growth dynamics.

PERFORMANCE

In the six months to 31 March 2018, the NAV increased from 80.82 pence to 81.74 pence. A total of 2.25 pence per share was paid in dividends, giving investors a total return of 3.17 pence per share, which translates to a gain of 3.9%. During the same period the FTSE AIM All-Share Total Return gained 1.6%, whilst the FTSE 100 Total Return declined 2.5%.

The qualifying investments made a net contribution of 2.04 pence per share. The adjusting balance was the net of non-qualifying portfolio gains, running costs and investment income.

Zoo Digital was the biggest positive contributor to NAV performance (+159.5%, +2.54 pence per share) with updates confirming strong trading within its last financial year, driven by the migration towards digitally delivered (over the top) film and television programming. Although revenue growth is dominated by demand for their subtitling solution, we were encouraged to see good early demand for their new dubbing platform. Learning Technologies Group also performed well (+64.5%, +1.31 pence per share) with strong organic revenue growth supported by margin growth within Net Dimensions, acquired in April 2017. More recently, the company announced its largest acquisition to date, the \$150m purchase of PPL. Craneware (+32.7%, +0.63 pence per share) has been a feature of the portfolio since 2007. Recent results and a number of material contract wins have added impetus to the share price. We marked SCA Investments/Gousto (+48.4%, +0.60 pence per share) higher following the close of a significant funding round at a premium to our entry price. Ideagen (+41.3%, +0.48 pence per share) was another to post a material increase in valuation following another period of strong organic growth supported by disciplined mergers and acquisitions.

The biggest (unrealised) losses within the period came from Idox (-54.3%, -0.76 pence per share) and Gfinity (-60.7%, -0.60 pence per share). Idox announced a material profit warning and the departure of its CEO. The reduction in profitability, has left the balance sheet exposed, but the company remains comfortably profitable and continues to be a market leader within its niche. Other losses came from Portr (-46.0%, -0.57 pence per share), which we marked to the lower price of its most recent round and Laundrapp (-50.6%, -0.56 pence per share), which we also marked lower following a reduction in their guidance for this year.

A new leadership team is now in place. Eagle Eye Solutions (-32.8%, -0.47 pence per share) has drifted lower despite a sequence of upbeat announcements on current trading, new client wins and the launch of their solution with Loblaw.

We invested £2.91m into 9 qualifying companies over the period, including 5 further investments into existing qualifying companies; 3 IPOs and 1 placing. A further £2.61m was invested into qualifying companies through Hargreave Hale AIM VCT 2 plc over the same period.

Within the qualifying portfolio, we made a series of small disposals in Zoo Digital to manage the increased portfolio weighting that followed the substantial gains in the company's share price. We also made a complete exit in TP Group and wrote Fusionex down to nil value and realised the loss in full following the company's decision to delist from AIM. In time, this may prove to be excessively prudent but we are yet to receive disclosure on the company's trading and solvency, although we note the company continues to release positive news flow.

PORTFOLIO STRUCTURE

The VCT is comfortably through the HMRC defined investment test and ended the period at 90.71% invested as measured by the HMRC investment test. By market value, the VCT had a 54.0% weighting to qualifying investments.

The allocation to non-qualifying equity investments decreased marginally from 19.6% to 18.0%. We continued to make use of the Marlborough Special Situations Fund as a temporary home for proceeds from fundraising, reducing the allocation from 10.9% to 9.6%. The non-qualifying investments contributed +1.54 pence per share to the overall gains. Fixed income increased from 0.0% to 0.1% and cash increased from 12.1% to 18.5%, largely due to the fundraising.

The HMRC investment tests are set out in Chapter 3 of Part 6 Income Tax Act 2007, which should be read in conjunction with this section of the investment manager's report. Funds raised by VCTs are first included in the investment tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. Therefore, the allocation of qualifying investments as defined by the legislation can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

MERGER OF HARGREAVE HALE AIM VCT 1 AND HARGREAVE HALE AIM VCT 2 PLC

The merger of the Company and Hargreave Hale AIM VCT 2 was completed on 23 March 2018 and should allow for more cost effective and efficient management and administration. Changes made to the VCT legislation in the last five years led to significant overlaps of the companies' portfolios, which was reflected in their closely aligned 5 year rolling returns. Given the significant overlap in their portfolios, the common investment policy, and the shared operational and support functions the boards could see little merit in continuing to operate the companies as two separate entities.

The assets and liabilities of Hargreave Hale AIM VCT 2 comprising fixed asset investments, cash, debtors and creditors were transferred to the Company. Investments were acquired at the closing market value on the scheme calculation date.

POST HALF YEAR UPDATE

Deal flow has been good since period end with 5 new qualifying investments made, 2 as follow-on investments into existing qualifying holdings and 3 into new qualifying companies. We also have several deals in the pipeline which we expect to complete in the coming weeks.

NAV performance has also been good post period end, with the net asset per share gaining 6.8% to 87.27 pence.

STUART BROOKES

Company Secretary

Hargreave Hale AIM VCT 1 plc

01253 754740

Date: 26 June 2018

INVESTMENT PORTFOLIO SUMMARY

as at 31 March 2018

Qualifying investments	Cost £000	Valuation £000	Valuation %	Net Assets %	Sector
Zoo Digital Group plc	2,672	5,227	4.82	3.94	Information Technology
Learning Technologies Group plc	2,835	4,993	4.61	3.77	Information Technology
SCA Investments Ltd (Gousto)**	2,486	2,968	2.74	2.24	Consumer Discretionary
Ideagen plc	1,992	2,917	2.69	2.20	Information Technology
Faron Pharmaceuticals Oy	2,220	2,616	2.41	1.97	Health Care
Quixant plc	1,209	2,447	2.26	1.85	Consumer Discretionary
Abcam plc	55	2,043	1.89	1.54	Health Care
Loopup Group plc	1,204	1,982	1.83	1.50	Information Technology
Science in Sport plc	1,480	1,779	1.64	1.34	Consumer Staples
Creo Medical Group plc	1,429	1,775	1.64	1.34	Health Care
Craneware plc	125	1,691	1.56	1.28	Health Care
Cohort plc	619	1,639	1.51	1.24	Industrials
Zappar Ltd**	1,602	1,600	1.48	1.21	Information Technology
AnimalCare Group plc	720	1,571	1.45	1.19	Health Care
Hardide plc	1,637	1,518	1.40	1.15	Materials
Eagle Eye Solutions Group plc	1,643	1,472	1.36	1.11	Information Technology
DP Poland plc	1,391	1,413	1.30	1.07	Consumer Discretionary
ULS Technology plc	770	1,395	1.29	1.05	Information Technology
Mexican Grill Ltd (A Preference Shares)**	1,013	1,380	1.27	1.04	Consumer Discretionary
Cloudcall Group plc	1,138	1,217	1.12	0.92	Telecommunication Services
Maxcyte Inc Com Stk USD0.01 (DI)	668	1,096	1.01	0.83	Health Care
Beeks Financial Cloud Group plc	1,039	1,076	0.99	0.81	Information Technology
Escape Hunt plc	1,130	1,024	0.95	0.77	Consumer Discretionary
Honest Brew Ltd**	1,001	1,000	0.92	0.75	Consumer Discretionary
Infinity Reliance Ltd (My 1st Years)**	1,001	1,000	0.92	0.75	Consumer Discretionary
Everyman Media Group plc	600	973	0.90	0.73	Consumer Discretionary
Portr Ltd**	1,289	954	0.88	0.72	Information Technology
FairFX Group plc	751	902	0.83	0.68	Information Technology
Laundrapp Ltd**	1,238	873	0.81	0.66	Information Technology
TrakM8 Holdings plc	486	822	0.76	0.62	Information Technology
Osirium Technologies plc	859	815	0.75	0.62	Information Technology
EKF Diagnostics Holdings plc	565	810	0.75	0.61	Health Care
Aquis Exchange Ltd**	801	800	0.74	0.60	Information Technology
PCI-PAL plc	811	720	0.66	0.54	Information Technology
CentralNic Group plc	588	713	0.66	0.54	Information Technology
Angle plc	758	687	0.63	0.52	Health Care
WANDisco plc	347	664	0.61	0.50	Information Technology
Belvoir Lettings plc	762	617	0.57	0.47	Real Estate
Gfinity plc	772	614	0.57	0.46	Information Technology
Clearstar Inc	720	610	0.56	0.46	Industrials
Fulcrum Utility Services Ltd	580	606	0.56	0.46	Utilities

Qualifying investments (continued)	Cost £000	Valuation £000	Valuation %	Net Assets %	Sector
Surface Transforms plc	639	594	0.55	0.45	Industrials
Velocity Composites plc	624	546	0.50	0.41	Industrials
Idox plc	135	531	0.49	0.40	Information Technology
Tristel plc	543	524	0.48	0.40	Health Care
Mirriad Advertising plc	610	519	0.48	0.39	Media
K3 Business Technology Group plc	270	510	0.47	0.38	Information Technology
Satellite Solutions Worldwide Group plc	347	492	0.45	0.37	Telecommunication Services
Plastics Capital plc	478	488	0.45	0.37	Materials
The Property Franchise Group plc	377	449	0.41	0.34	Real Estate
Fusion Antibodies plc	415	442	0.41	0.33	Health Care
Vertu Motors plc	600	435	0.40	0.33	Consumer Discretionary
TLA Worldwide plc	439	416	0.38	0.31	Consumer Discretionary
Instem plc	297	411	0.38	0.31	Health Care
Globaldata plc	173	329	0.30	0.25	Information Technology
APC Technology Group plc	634	328	0.30	0.25	Information Technology
Verona Pharma plc	221	324	0.30	0.24	Health Care
Sanderson Group plc	298	273	0.25	0.21	Information Technology
Maxcyte Inc Com Stk USD0.01 (DI/REG S)	264	246	0.23	0.19	Health Care
Intercede Group plc	305	236	0.22	0.18	Information Technology
Premaita Health plc	521	216	0.20	0.16	Health Care
Imaginatik plc	422	213	0.20	0.16	Information Technology
Lidco Group plc	307	193	0.18	0.15	Health Care
Mycelx Technologies Corporation plc	361	182	0.17	0.14	Industrials
Universe Group plc	210	180	0.17	0.14	Information Technology
Ilika plc	307	160	0.15	0.12	Industrials
Mexican Grill Ltd (Ordinary Shares)**	113	153	0.14	0.12	Consumer Discretionary
Pressure Technologies plc	170	153	0.14	0.12	Energy
Reneuron Group plc	606	153	0.14	0.12	Health Care
Genedrive plc	203	130	0.12	0.10	Health Care
Porta Communications plc	549	127	0.12	0.10	Consumer Discretionary
Omega Diagnostics Group plc	129	125	0.11	0.09	Health Care
Medaphor Group plc	300	100	0.09	0.08	Consumer Discretionary
Paragon Entertainment Ltd	87	82	0.08	0.06	Industrials
Egdon Resources plc	158	80	0.07	0.06	Energy
Mirada plc	96	75	0.07	0.06	Information Technology
Redcentric plc	42	41	0.04	0.03	Information Technology
Tasty plc	288	37	0.03	0.03	Consumer Discretionary
Microsaic Systems plc	26	35	0.03	0.03	Information Technology
Midatech Pharma plc	53	34	0.03	0.03	Health Care
Mporium Group plc	33	30	0.03	0.02	Information Technology
Flowgroup plc	26	3	-	-	Industrials

Qualifying investments (continued)	Cost £000	Valuation £000	Valuation %	Net Assets %	Sector
Fusionex International plc*	-	-	-	-	Information Technology
<i>Total Qualifying Investments</i>	<i>57,682</i>	<i>71,614</i>	<i>66.06</i>	<i>54.08</i>	

Non-Qualifying investments	Cost £000	Valuation £000	Valuation %	Net Assets %	Sector
Scottish Amicable 7.5% 2049	152	152	0.14	0.11	
<i>Total – Corporate bonds</i>	<i>152</i>	<i>152</i>	<i>0.14</i>	<i>0.11</i>	
MFM Special Situations Fund**	11,917	12,712	11.73	9.59	
<i>Total – Unit Trusts</i>	<i>11,917</i>	<i>12,712</i>	<i>11.73</i>	<i>9.59</i>	
Dechra Pharmaceuticals plc	1,402	1,740	1.61	1.31	Health Care
NMC Health plc	1,268	1,700	1.57	1.28	Health Care
Melrose Industries plc	1,455	1,502	1.39	1.13	Industrials
On the Beach Group plc	1,137	1,437	1.33	1.08	Consumer Discretionary
Royal Dutch Shell plc	1,327	1,366	1.26	1.03	Energy
BP plc	1,203	1,246	1.15	0.94	Energy
Fulcrum Utility Services Ltd	408	1,121	1.03	0.85	Utilities
Anglo American plc	931	1,063	0.98	0.80	Materials
Hilton Food Group plc	907	1,014	0.94	0.77	Consumer Discretionary
Sanne Group plc	887	914	0.84	0.69	Financials
Ascential plc	768	898	0.83	0.68	Consumer Discretionary
JD Sports Fashion plc	855	818	0.76	0.62	Consumer Discretionary
Charter Court Financial Services Group plc	732	798	0.74	0.60	Financials
Learning Technologies Group plc	453	759	0.70	0.57	Information Technology
XP Power Ltd	660	691	0.64	0.52	Industrials
Wizz Air Holdings plc	622	667	0.62	0.50	Consumer Discretionary
Prudential plc	561	534	0.49	0.40	Financials
Lloyds Banking Group plc	549	517	0.48	0.39	Financials
FDM Group (Holdings) plc	489	505	0.47	0.38	Information Technology
Bakkavor Group plc	518	496	0.46	0.37	Consumer Discretionary
Everyman Media Group plc	293	472	0.44	0.36	Consumer Discretionary
Clipper Logistics plc	482	463	0.43	0.35	Consumer Discretionary
Quixant plc	159	452	0.42	0.34	Consumer Discretionary
Just Eat plc	409	419	0.39	0.32	Information Technology
Renishaw plc	415	405	0.37	0.31	Information Technology
Cohort plc	368	362	0.33	0.27	Industrials
Horizon Discovery Group plc	374	330	0.30	0.25	Health Care
IntegraFin Holdings plc	279	327	0.30	0.25	Financials
Mycelx Technologies Corporation plc	298	211	0.20	0.16	Industrials
Mexican Grill Ltd (A Preference Shares)**	135	148	0.14	0.11	Consumer Discretionary
Regent Pacific Group Ltd	201	124	0.11	0.09	Health Care

Non-Qualifying investments (continued)	Cost £000	Valuation £000	Valuation %	Net Assets %	Sector
Amerisur Resources plc	212	92	0.09	0.07	Energy
Eagle Eye Solutions Group plc	87	85	0.08	0.06	Information Technology
The Fulham Shore plc	69	65	0.06	0.05	Consumer Discretionary
Egdon Resources plc	47	45	0.04	0.03	Energy
Reneuron Group plc	119	45	0.04	0.03	Health Care
Midatech Pharma plc	39	26	0.02	0.02	Health Care
Mexican Grill Ltd (Ordinary Shares)**	26	19	0.02	0.01	Consumer Discretionary
Genagro Ltd**	2	2	-	-	Industrials
<i>Total – Non-Qualifying equities</i>	<i>21,146</i>	<i>23,878</i>	<i>22.07</i>	<i>17.99</i>	
<i>Total –Non-Qualifying Investments</i>	<i>33,215</i>	<i>36,742</i>	<i>33.94</i>	<i>27.69</i>	
Total investments	90,897	108,356	100.00	81.77	
Cash at bank		24,505		18.49	
Prepayments & Accruals		(338)		(0.26)	
Net Assets		132,523		100.00	

* Unquoted Company holding of less than £500

**Unquoted Companies

The majority of investments held within the portfolio are listed, headquartered and registered in the UK with the exception of the following:

	Listed	Headquartered	Registered
<i>AIM listed Investments:</i>			
Clearstar Inc	UK	Cayman Islands	Cayman Islands
DP Poland plc	UK	Poland	UK
Faron Pharmaceuticals Oy	UK	Finland	Finland
Fulcrum Utility Services Ltd	UK	UK	Cayman Islands
Maxcyte Inc	UK	USA	USA
Mycelx Technologies Corporation plc	UK	USA	USA
Paragon Entertainment Ltd	UK	UK	Cayman Islands
Regent Pacific Group Ltd	Hong Kong	Hong Kong	Cayman Islands
Royal Dutch Shell plc	UK	Netherlands	UK
Sanne Group plc	UK	Jersey	Jersey
WANDisco plc	UK	UK and USA	Jersey
Wizz Air Holdings plc	UK	Switzerland	Jersey
XP Power Ltd	UK	Singapore	Singapore
<i>Unlisted private companies:</i>			
Aquis Exchange Ltd	-	UK	UK
Brigantes Energy Ltd	-	UK	UK
Fusionex International plc	-	UK	Jersey
Genagro Ltd	-	Jersey	Jersey
Honest Brew Ltd	-	UK	UK
Infinity Reliance Ltd (My 1st Years)	-	UK	UK
Infoserve Group plc	-	UK	UK
Invocas Group plc	-	UK	UK
Laundrapp Ltd	-	UK	UK
Mexican Grill Ltd	-	UK	UK
Portr Ltd	-	UK	UK
SCA Investments Ltd (Gousto)	-	UK	UK
Zappar Ltd	-	UK	UK
<i>Authorised unit trust:</i>			
MFM Special Situations Fund	-	UK	UK

CO-INVESTMENT

As at 31 March 2018, other funds managed by Hargreave Hale Ltd were also invested in all of the investments held within the Company's portfolio with the exception of the following:

Angle plc	Anglo American plc	Aquis Exchange Ltd	Ascential plc
Brigantes Energy Ltd	FairFX Group plc	Fusionex International plc	Genedrive plc
Honest Brew Ltd	Infoserve Group plc	Intercede Group plc	Just Eat plc
Laundrapp Ltd	Lidco Group plc	Medaphor Group plc	Mexican Grill Ltd
Microsaic Systems plc	Mirada plc	Mirriad Advertising plc	Mporium Group plc
Omega Diagnostics Group plc	Paragon Entertainment Ltd	Plastics Capital plc	Porta Communications plc
Portr Ltd	Premaitha Health plc	Regent Pacific Group Ltd	Reneuron Group plc
Renishaw plc	Satellite Solutions Worldwide Group plc	Scot Ami 8.5% 2049	Tasty plc
TrakM8 Holdings plc	Tristel plc	Universe Group plc	Vertu Motors plc
WANDisco plc	Wizz Air Holdings plc	Zappar Ltd	

TOP TEN INVESTMENTS

As at 31 March 2018 (By Market Value)

The top 10 equity investments are shown below; each is valued by reference to the bid price, or, in the case of unquoted companies, values are either based on the last arm's length transaction or valuation techniques, such as earnings multiples. Forecasts, where given, are drawn from a combination of broker research and/or Bloomberg consensus forecasts and exclude amortisation, share based payments and exceptional items. Forecasts are in relation to a period end for which the company results are yet to be released. The net cash values are drawn from published accounts in most cases.

The costs as shown below reflect the book cost to Hargreave Hale AIM VCT 1 plus the transfer value of the equivalent holding in Hargreave Hale AIM VCT 2. As such, the values shown below may not reflect the cash investment into each of the holdings, and in some cases, may be materially higher than the actual sum invested.

Learning Technologies Group plc			87.6p
Investment date	November 2014	Forecasts for the year to	December 2018
Equity held	1.14%	Turnover (£'000)	97,800
Av. Purchase Price	50.1p	Profit/(loss) before tax (£'000)	19,300
Cost (£'000)	3,288	Net Cash/(Debt) December 2017 (£'000)	1,048
Valuation (£'000)	5,752	Net Assets December 2017 (£'000)	76,841

COMPANY DESCRIPTION

Learning Technologies Group (LTG) provides a comprehensive and integrated range of e-learning services and technologies to corporate and government clients. LTG is making good progress towards its goal of establishing a substantial global organisation of specialist digital learning businesses from Europe, US, Latin America and Asia to form a market-leading technologies agency.

Zoo Digital Group plc			96.0p
Investment date	April 2017	Forecasts for the year to	March 2018
Equity held	7.38%	Turnover (\$'000)	27,900
Av. Purchase Price	49.1p	Profit/(loss) before tax (\$'000)	500
Cost (£'000)	2,672	Net Cash/(Debt) September 2017 (\$'000)	(3,924)
Valuation (£'000)	5,227	Net Assets September 2017 (\$'000)	7,390

COMPANY DESCRIPTION

Zoo Digital is a provider of subtitling, dubbing and digital distribution services for the global entertainment industry. Zoo Digital combine their own technology with talented client teams across the globe to translate original video programmes into more than 50 foreign languages. Their technology helps process the edited digital materials to meet the technical delivery requirements of a growing number of online video services.

SCA Investments Ltd (Gousto)			4,434.0p
Investment date	July 2017	Results for the year to	December 2016
Equity held	2.41%	Turnover (£'000)	12,755
Av. Purchase Price	3,714.1p	Profit/(loss) before tax (£'000)	(6,739)
Cost (£'000)	2,486	Net Cash/(Debt) December 2016 (£'000)	5,407
Valuation (£'000)	2,968	Net Assets December 2016 (£'000)	6,512
Income recognised in period (£)	0		

COMPANY DESCRIPTION

Founded in February 2012, Gousto is an e-commerce company offering recipe kit boxes which include fresh ingredients for step-by-step chef designed recipes to be made at home. Shoppers select meals from a variety of options on Gousto's e-commerce platform. Gousto then delivers the pre-proportioned ingredients to the doorstep, along with instructions on how to prepare the meal.

Ideagen plc			113.0p
Investment date	December 2014	Forecasts for the year to	April 2018
Equity held	1.29%	Turnover (£'000)	36,100
Av. Purchase Price	77.2p	Profit/(loss) before tax (£'000)	9,700
Cost (£'000)	1,992	Net Cash/(Debt) April 2017 (£'000)	4,205
Valuation (£'000)	2,917	Net Assets April 2017 (£'000)	46,419

COMPANY DESCRIPTION

Ideagen is a supplier of compliance based information management software with operations in the UK and the United States. The company specialises in enterprise governance, risk and compliance and healthcare solutions for organisations operating within highly regulated industries. Ideagen provides complete content lifecycle solutions that enable organisations to meet their regulatory and quality compliance standards, helping them to reduce costs and improve efficiency.

Quixant plc			402.0p
Investment date	May 2013	Forecasts for the year to	December 2018
Equity held	1.09%	Turnover (\$'000)	120,000
Av. Purchase Price	189.7p	Profit/(loss) before tax (\$'000)	19,400
Cost (£'000)	1,368	Net Cash/(Debt) December 2017 (\$'000)	4,459
Valuation (£'000)	2,899	Net Assets December 2017 (\$'000)	47,260

COMPANY DESCRIPTION

Quixant designs and manufactures complete advanced hardware and software solutions for the pay-for-play gaming and slot machine industry. Quixant's specialised products provide an all-in-one solution, based on PC technology but with additional hardware features and operating software developed specifically to address the requirements of the gaming industry.

Faron Pharmaceuticals Oy			810.0p
Investment date	September 2016	Forecasts for the year to	December 2018
Equity held	1.04%	Turnover (€'000)	1,300
Av. Purchase Price	687.3p	Profit/(loss) before tax (€'000)	(25,100)
Cost (£'000)	2,220	Net Cash/(Debt) December 2017 (€'000)	6,884
Valuation (£'000)	2,616	Net Assets December 2017 (€'000)	4,743

COMPANY DESCRIPTION

Faron Pharmaceuticals is a clinical stage biopharmaceutical company developing novel treatments for medical conditions with significant unmet needs. The company currently has a pipeline focusing on acute organ traumas, vascular damage and cancer immunotherapy.

Abcam plc			1,238.0p
Investment date	October 2005	Forecasts for the year to	June 2018
Equity held	0.08%	Turnover (£'000)	233,000
Av. Purchase Price	33.3p	Profit/(loss) before tax (£'000)	84,000
Cost (£'000)	55	Net Cash/(Debt) June 2017 (£'000)	84,752
Valuation (£'000)	2,043	Net Assets June 2017 (£'000)	307,119

COMPANY DESCRIPTION

Abcam is a global life sciences company providing highly validated antibodies and other binders and assays to the research and clinical communities to help advance the understanding of biology and cause of disease. The company's customers include universities, research institutes, and pharmaceutical and biotechnology companies in countries around the world.

Cohort plc			345.0p
Investment date	February 2006	Forecasts for the year to	April 2018
Equity held	1.16%	Turnover (£'000)	120,000
Av. Purchase Price	207.8p	Profit/(loss) before tax (£'000)	15,500
Cost (£'000)	987	Net Cash/(Debt) April 2017 (£'000)	8,472
Valuation (£'000)	2,001	Net Assets April 2017 (£'000)	73,988

COMPANY DESCRIPTION

Cohort, through its subsidiary, provides a range of technical services to clients in the defence and security sectors.

Loopup Group plc			420.0p
Investment date	August 2016	Forecasts for the year to	December 2018
Equity held	1.12%	Turnover (£'000)	34,600
Av. Purchase Price	255.1p	Profit/(loss) before tax (£'000)	3,700
Cost (£'000)	1,204	Net Cash/(Debt) December 2017 (£'000)	2,902
Valuation (£'000)	1,982	Net Assets December 2017 (£'000)	10,455

COMPANY DESCRIPTION

LoopUp Group is a global software-as-a-service provider of remote meetings.

Science in Sport plc			74.0p
Investment date	April 2014	Forecasts for the year to	December 2018
Equity held	3.57%	Turnover (£'000)	19,800
Av. Purchase Price	61.5p	Profit/(loss) before tax (£'000)	(4,400)
Cost (£'000)	1,480	Net Cash/(Debt) December 2017 (£'000)	16,570
Valuation (£'000)	1,779	Net Assets December 2017 (£'000)	22,808

COMPANY DESCRIPTION

Science in Sport manufactures and sells sports nutrition products. The company develops and distributes food, nutritional supplements, and beverages formulated to hydrate, energise, recover, and enhance sports performance.

For further information please contact:

STUART BROOKES

Company Secretary

Hargreave Hale AIM VCT 1 plc

01253 754740

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the half-yearly financial report

In accordance with Disclosure Transparency Rule (DTR) 4.2.10, Aubrey Brocklebank Bt (Chairman), David Brock, Oliver Bedford and Ashton Bradbury, the Directors, confirm that to the best of their knowledge:

- The half yearly financial results have been prepared in accordance with UK GAAP and give a true and fair review of the assets, liabilities, financial position and profit of the Company as at 31 March 2018 as required by DTR 4.2.4;
- The interim management report included within the chairman's statement, investment manager's report, investment portfolio and notes to the half yearly report includes a fair review of the information required by the Financial Conduct Authority Disclosure and Transparency Rules, being:
 - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
 - a description of the principal risks and uncertainties for the remaining six months of the year; and
 - a description of related party transactions that have taken place in the first six months of the current financial year, that may 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.

On behalf of the Board of Directors.

SIR AUBREY BROCKLEBANK BT.
Chairman

Date: 26 June 2018

CONDENSED INCOME STATEMENT

for the six month period to 31 March 2018 (unaudited)

	For the six month period to 31 March 2018 (unaudited)			For the six month period to 31 March 2017 (unaudited)		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Realised gains on investments held at fair value through profit or loss	-	2,090	2,090	-	757	757
Unrealised gains on investments held at fair value through profit	-	564	564	-	2,590	2,590
Income	271	-	271	175	15	190
	271	2,654	2,925	175	3,362	3,537
Management fee	(138)	(414)	(552)	(94)	(282)	(376)
Other expenses	(485)	-	(485)	(187)	(32)	(219)
	(623)	(414)	(1,037)	(281)	(314)	(595)
(Loss)/gain on ordinary activities before taxation	(352)	2,240	1,888	(106)	3,048	2,942
Taxation	-	-	-	-	-	-
(Loss)/gain on ordinary activities after taxation	(352)	2,240	1,888	(106)	3,048	2,942
(Loss)/gain per share basic and diluted (Note 2)	(0.43)p	2.71p	2.28p	(0.14)p	4.12p	3.98p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has no other comprehensive income other than the results for the six month period as set out above. The accompanying notes are an integral part of these financial statements.

CONDENSED INCOME STATEMENT

for the year ended 30 September 2017 (audited)

	For the year to 30 September 2017 (audited)		
	Revenue £000	Capital £000	Total £000
Realised (losses) on investments held at fair value through profit or loss	-	(237)	(237)
Unrealised gains on investments held at fair value through profit or loss	-	7,586	7,586
Income	446	15	461
	446	7,364	7,810
Management fee	(216)	(648)	(864)
Other expenses	(325)	(49)	(374)
	(541)	(697)	(1,238)
(Loss)/gain on ordinary activities before taxation	(95)	6,667	6,572
Taxation	-	-	-
(Loss)/gain after taxation	(95)	6,667	6,572
(Loss)/gain per share basic and diluted (Note 2)	(0.13)p	8.99p	8.86p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has no other comprehensive income other than the results for the year as set out above. The accompanying notes are an integral part of these financial statements.

CONDENSED BALANCE SHEET

as at 31 March 2018 (unaudited)

	31 March 2018 (unaudited) £000	31 March 2017 (unaudited) £000	30 September 2017 (audited) £000
Fixed assets			
Investments at fair value through profit or loss	108,355	51,795	58,125
Current assets			
Prepayments and accrued income	290	40	63
Cash at bank	24,506	11,930	8,007
	24,796	11,970	8,070
Creditors: amounts falling due within one year			
Accruals and deferred income	(628)	(202)	(206)
Net current assets	24,168	11,768	7,864
Net assets	132,523	63,563	65,989
Capital and Reserves			
Called up share capital	1,621	814	816
Share premium	104,229	36,863	37,515
Capital redemption reserve	50	31	37
Special reserve	12,636	17,386	15,522
Capital reserve - realised	(2,968)	(3,267)	(4,644)
Capital reserve - unrealised	17,801	12,241	17,237
Revenue reserve	(846)	(505)	(494)
Total shareholders' funds	132,523	63,563	65,989
Net asset value per share basic and diluted (Note 4)	81.74p	78.12p	80.82p

The accompanying notes are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six month period to 31 March 2018 (unaudited)

Ordinary Shares	Share capital £000	Share premium £000	Capital redemption reserve £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 October 2017	816	37,515	37	15,522	(4,644)	17,237	(494)	65,989
Share buybacks	(13)		13	(1,071)				(1,071)
Share issues	818	66,902						67,720
Issue costs		(188)						(188)
Equity dividends paid				(1,815)				(1,815)
Realised gain on investments					2,090			2,090
Unrealised gain on investments						564		564
Management fee charged to capital					(414)			(414)
Revenue (loss) after taxation for the period							(352)	(352)
Total gain/(loss) after taxation					1,676	564	(352)	1,888
At 31 March 2018	1,621	104,229	50	12,636	(2,968)	17,801	(846)	132,523

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 31 March 2018 were £8.82 million. The accompanying notes are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six month period to 31 March 2017 (unaudited)

Ordinary Shares	Share capital £000	Share premium £000	Capital redemption reserve £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 October 2016	620	21,845	28	19,052	(3,725)	9,651	(399)	47,072
Share buybacks	(3)		3	(236)				(236)
Share issues	197	15,361						15,558
Issue costs		(343)						(343)
Equity dividends paid				(1,430)				(1,430)
Realised gain on investments					757			757
Unrealised gain on investments						2,590		2,590
Management fee charged to capital					(282)			(282)
Arrangement fee income					15			15
Due diligence investment costs					(32)			(32)
Revenue (loss) after taxation for the period							(106)	(106)
Total gain/(loss) after taxation					458	2,590	(106)	2,942
At 31 March 2017	814	36,863	31	17,386	(3,267)	12,241	(505)	63,563

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 31 March 2017 were £13.61 million. The accompanying notes are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017 (audited)

Ordinary Shares	Share capital £000	Share premium £000	Capital redemption reserve £000	Special reserve £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000	Total £000
At 1 October 2016	620	21,845	28	19,052	(3,725)	9,651	(339)	47,072
Share buybacks	(9)		9	(668)				(668)
Share issues	205	16,013						16,218
Issue costs		(343)						(343)
Equity dividends paid				(2,862)				(2,862)
Realised gain on investments					(237)			(237)
Unrealised gain on investments						7,586		7,586
Management fee charged to capital					(648)			(648)
Arrangement fee income					15			15
Due diligence investment costs					(49)			(49)
Revenue (loss) after taxation for the period							(95)	(95)
Total (loss)/gain after taxation					(919)	7,586	(95)	6,572
At 30 September 2017	816	37,515	37	15,522	(4,644)	17,237	(494)	65,989

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2017 were £10.4 million. The accompanying notes are an integral part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS

for the six month period to 31 March 2018 (unaudited)

	31 March 2018 (unaudited) £000	31 March 2017 (unaudited) £000	30 September 2017* (audited) £000
Total gain on ordinary activities after taxation	1,888	2,942	6,572
Realised (gain)/loss on investments	(2,090)	(757)	237
Unrealised (gain) on investments	(564)	(2,590)	(7,586)
(Increase)/Decrease in debtors	(227)	4	(19)
Increase in creditors	422	11	15
Net cash (outflow) from operating activities	(571)	(390)	(781)
Cash flows from investing activities			
Purchase of investments	(54,589)	(14,270)	(22,657)
Sale of investments	7,013	4,394	10,453
Net cash (outflow) from investing activities	(47,576)	(9,876)	(12,204)
Cash flows from financing activities			
Proceeds from share issues	11,114	15,558	16,218
Proceeds from merger	56,606	-	-
Share issue costs	(188)	(343)	(343)
Share buybacks	(1,071)	(236)	(668)
Dividends paid	(1,815)	(1,430)	(2,862)
Net cash from financing activities	64,646	13,549	12,345
Increase in cash	16,500	3,283	(640)
Analysis of net funds			
Opening cash	8,007	8,647	8,647
Cash movement	16,499	3,283	(640)
Closing cash	24,506	11,930	8,007

* 30 September 2017 cash flow represents annual results

The accompanying notes are an integral part of these financial statements.

EXPLANATORY NOTES

for the six month period to 31 March 2018 (unaudited)

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below:

Basis of preparation

The Company has prepared its half-yearly financial results for the six month period ending 31 March 2018 in accordance with Financial Reporting Standard 104 (FRS104) and the Statement of Recommended Practice for “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (the SORP).

The same accounting policies and methods of computation are followed in the half-yearly financial results as compared with the most recent annual financial statements.

Investments

All investments are classified as fair value through profit or loss. Investments are measured initially and subsequently at fair value which is deemed to be bid market prices for listed investments and investments traded on AIM. Unquoted investments are valued using the most appropriate methodology recommended by the International Private Equity Venture Capital (“IPEV”) guidelines.

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price in an active market wherever possible. Where no such active market exists for the particular asset or liability the Company holds the investment at cost for a period where there is considered to be no change in fair value.

Valuations of unquoted investments are reviewed on a six monthly basis and more frequently if events occur that could have a material impact on the investment. Where cost is no longer considered appropriate the Company will use a value indicated by a material arms-length transaction by an independent third party in the shares of a company. Where no such transaction exists the Company will use the most appropriate valuation technique including discounted cash flow analysis, earnings multiples, net assets and industry valuation benchmarks. All inputs are market observable with the exception of level 3 financial instruments.

Investments are recognised and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Transaction costs are included in the initial book cost or deducted from the disposal proceeds as appropriate.

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board.

Gains and losses arising from changes in fair value (realised and unrealised) are included in the net profit or loss for the period as a capital item in the income statement and are taken to the unrealised capital reserve or realised capital reserve as appropriate.

If an investment has been impaired such that there is no realistic expectation that there will be a full return from the investment, the loss is treated as a permanent impairment and transferred to the capital reserve realised.

Financial Instruments – fair value measurement hierarchy

FRS 102 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

The fair value hierarchy has the following levels:

Level	Methodology
1	The best evidence of fair value is a quoted price for an identical asset in an active market. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.
2	When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distress sale), that price is adjusted.
3	If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

	Level 1 Investments £'000	Level 2 Investments £'000	Level 3 Investments £'000	Total Investments £'000
Six months ended 31 March 2018 (unaudited)	84,745	12,712	10,898	108,355
Year ended 30 September 2017 (audited)	44,287	7,173	6,665	58,125
Six months ended 31 March 2017 (unaudited)	40,169	6,459	5,167	51,795

Merger and Conversion

With effect from 23 March 2018, the Company acquired the assets and liabilities of Hargreave Hale AIM VCT 2 in exchange for new ordinary shares in the Company. Hargreave Hale AIM VCT 2 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

The merger was implemented on a relative unaudited NAV basis, adjusted for the anticipated costs of the scheme. The merger and roll-over values were based on the latest unaudited valuations of the companies investments on the scheme calculation date.

All of the assets and liabilities of Hargreave Hale AIM VCT 2 totalling £56,535,285 were transferred to the Company in exchange for the issue of 68,680,227 new ordinary shares in the Company at an issue price of 82.07p per share. Each Hargreave Hale AIM VCT 2 shareholder received 1.458754

shares in the Company for each Hargreave Hale AIM VCT 2 share held on 23 March 2018. Fixed asset investments were acquired at closing market value on the scheme calculation date. The nominal value of shares issued was allocated to share capital and the remaining consideration (adjusted for prepayments and accruals) was posted to the share premium account.

The assets and liabilities acquired by the Company were as follows:

23 March 2018	£'000
Fixed asset investments	49,840
Cash at Bank	6,766
Debtors	61
Creditors	(132)
Total Consideration	56,535

Key judgements and estimates

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Key estimation uncertainties mainly relate to the fair valuation of unquoted investments, which are based on historical experience and other factors that are considered reasonable including the transfer price of the most recent transaction on an arm's length basis. The estimates are under continuous review with particular attention paid to the carrying value of the investments. The process of estimation is also affected by the determination of the fair value hierarchy.

Income

Equity dividends are taken into account on the ex-dividend date, net of any associated tax credit. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. All other income, including deposit interest receivable, is recognised on an accruals basis. All revenue and capital items in the unaudited income statement derive from continuing operations. There are no other items of comprehensive income other than those disclosed in the unaudited income statement.

Expenditure

All expenditure is accounted for on an accruals basis. 75% of management fees are allocated to the capital reserve realised and 25% to the revenue account in line with the Board's expected long term split of investment returns in the form of capital gains to the capital column of the income statement. All other expenditure is charged to the revenue account.

Trail commission

Trail commission previously due is held as a creditor until such time as claims are made by the relevant intermediary and supporting documentation provided. If claims are not received these amounts are written off after a period of six years.

Capital reserves

Realised profits and losses on the disposal of investments, due diligence costs and income in relation to private company investments, losses realised on investments considered to be

permanently impaired and 75% of investment management fees are accounted for in the capital reserve realised.

Increases and decreases in the valuation of investments held at the year end are accounted for in the capital reserve unrealised.

Operating segments

There is considered to be one operating segment as reported to the chief operating decision maker being investment in equity and debt securities.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not yet reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that recovery is probable in the foreseeable future.

Current tax is expected tax payable on the taxable revenue for the period using the current tax rate. The tax effect of different items of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

Approved VCTs are exempt from tax on capital gains from the sale of fixed asset investments. The Directors intend that the Company will continue to conduct its affairs to maintain its VCT status, no deferred tax has been provided in respect of any capital gains or losses arising from the revaluation or disposal of investments.

Dividends

Only dividends recognised during the year are deducted from revenue or capital reserves. Final and interim dividends are recognised in the accounts when the Company's liability to pay them has been established.

Summary of dividends paid in the six months to 31 March 2018 and the financial year ending 30 September 2017 are detailed below:

	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000
Final capital dividend of 2.25 pence per share for the year ended 30 September 2016 paid on 17 January 2017	-	1,430
Interim capital dividend of 1.75 pence per share for the half year ended 31 March 2017 paid on 30 June 2017	-	1,432
Final capital dividend of 2.25 pence per share for the year ended 30 September 2017 paid on 30 January 2018	1,815	-
Total	1,815	2,862

Functional currency

In accordance with FRS 102 s.30, the Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board has determined that

sterling is the Company's functional currency. Sterling is also the currency in which these accounts are presented.

Repurchase of shares to hold in treasury

The cost of repurchasing shares into treasury, including the related stamp duty and transaction costs is charged to special reserve and dealt with in the statement of changes in equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in treasury are subsequently cancelled, the nominal value of those shares is transferred out of share capital and into capital redemption reserve.

Should shares held in treasury be reissued, the sale proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sale proceeds over the purchase price will be transferred to share premium.

Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at 31 March 2018.

Legal form and principal activities

The Company was incorporated and registered in England and Wales on 16 August 2004 under the Companies Act 1985, registered number 5206425.

The Company has been approved as a Venture Capital Trust by HMRC under section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 29 October 2004 and can be found under the TIDM code "HHV". The Company is premium listed.

The Company's principal activity is to invest in a diversified portfolio of qualifying small UK based companies, primarily trading on AIM, with a view to maximising tax free dividend distributions to shareholders.

The Company is an externally managed fund with a Board comprising of four non-executive directors. Hargreave Hale Limited acts as investment manager, administrator and custodian to the Company and provide the company secretary.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy, however, the Board may exercise these responsibilities through delegation to Hargreave Hale as it considers appropriate.

The Directors have managed and continue to manage the Company's affairs in such a manner as to comply with Section 259 of the Income Taxes Act 2007.

The Company's registered office is 41 Lothbury, London, EC2R 7AE.

CAPITAL STRUCTURE

Share capital

Ordinary shares are classed as equity. The ordinary shares in issue have a nominal value of one pence and carry one vote each.

Reserves

A description of each of the reserves follows:

Share premium

This reserve represents the difference between the issue price of shares and the nominal value of shares at the date of issue, net of related issue costs.

Capital redemption reserve

This reserve is used for the cancellation of shares bought back under the buyback facility.

Special reserve

Distributable reserve used to pay dividends and re-purchase shares under the buyback facility.

Capital reserve realised

Gains/losses on disposal of investments, due diligence costs and income from private company investments, permanent impairment of financial assets and 75% of the investment management fee are accounted for in the capital reserve realised.

Capital reserve unrealised

Unrealised gains and losses on investments held at the year-end arising from movements in fair value are taken to the capital reserve unrealised.

Revenue reserve

Net revenue returns and losses of the Company.

2. EARNINGS PER SHARE (BASIC AND DILUTED)

The gain per ordinary share of 2.28 pence at 31 March 2018 (31 March 2017: gain 3.98 pence and 30 September 2017: gain 8.86 pence) is based on a net gain for the period of £1,888,431 (31 March 2017: gain £2,942,172 and 30 September 2017: gain £6,572,097) and the weighted average number of ordinary shares in issue over the period of 82,641,439 (31 March 2017: 73,942,080 and 30 September 2017: 74,161,478).

3. CAUTIONARY STATEMENT

The results should not be taken as a guide to the results for the financial period ending 30 September 2018. This report may contain forward looking statements with regards to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this report should be considered as a profit forecast.

4. NET ASSET VALUE PER SHARE

The net asset value per ordinary share at 31 March 2018 of 81.74 pence (31 March 2017: 78.12 pence and 30 September 2017: 80.82 pence) after deducting the 2.25 pence dividend paid in January 2018 is based on net assets of £132,522,812 (31 March 2017: £63,562,650 and 30 September 2017: £65,988,872) and on 162,125,608 shares (31 March 2017: 81,370,569 shares and 30 September 2017: 81,653,218 shares), being the number of ordinary shares in issue as at 31 March 2018.

5. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in the 31 March 2018 income statement, balance sheet,

statement of cash flows and statement of changes in equity does not constitute full financial statements and has not been audited.

6. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company relate to the Company's investment activities and include venture capital trust approval, investment, discount volatility, compliance, economic, fraud, operational, reputational, liquidity and outsourcing risk. Other risks faced by the Company include market risk, currency risk, interest rate risk and credit risk. These risks and the way in which they are managed are described in more detail in the Company's annual report and accounts for the year ended 30 September 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. TRANSACTIONS IN SHARES

Buybacks

In total, the Company repurchased 1,350,039 shares during the six month period ending 31 March 2018 at a total cost of £1,071,199. The repurchased shares represent 1.65% of ordinary shares in issue on 1 October 2017. The acquired shares have been cancelled.

Share issues

In total, the Company issued 13,142,202 new shares (nominal value £131,422) through an offer for subscription during the six month period ending 31 March 2018 raising net proceeds of £10,926,076. A further 68,680,227 new shares (nominal value £686,802) were issued through a scheme of reconstruction to acquire the assets and liabilities of Hargreave Hale AIM VCT 2 and merge it with the Company.

8. RELATED PARTY TRANSACTIONS

Hargreave Hale Limited is considered to be a related party to the Company. Oliver Bedford, a non-executive director of the Company and a member of its key management personnel, is an employee of Hargreave Hale Limited. In addition, Hargreave Hale Limited acts as investment manager, administrator and custodian to the Company and it provides the company secretary. All of the support functions performed by Hargreave Hale Limited are segregated by department and location and are independent of each other.

Hargreave Hale Limited in its capacity as investment manager of the fund receives annual fees of 1.5% per annum of the net assets of the Company, calculated and payable quarterly in arrears. Fees for the half-year are £552,245 (2017: £376,830). In relation to the other support functions described above, Hargreave Hale Limited also provides administration services, custody services, company secretarial services and one non-executive director and received fees of £74,237 in the period (2017: £50,000) in relation to these services. Of those fees, £196,379 (2017: £90,032) was still owed at the half-year end.

Hargreave Hale Limited has agreed to indemnify the Company against annual running costs (such costs excluding VAT, any performance incentive fee and any trail commissions the payment of which is the responsibility of the Company) exceeding 3.5% of its net assets. No fees were waived by Hargreave Hale Limited in the first half of the financial year under the indemnity.

During the half year, the Company issued 13,142,202 ordinary shares (nominal value £131,422) in an offer for subscription which resulted in gross funds being received of £11,114,494. As marketing adviser and receiving agent to the Company, and in return for covering the costs of the offer,

Hargreave Hale Limited was entitled to 3.5% of the gross proceeds (£389,007), often referred to as the 'premium'. From this, Hargreave Hale Limited paid for the allotment of additional shares to investors with a value of £198,287 and introductory commission of £4,000, resulting in net fees payable to Hargreave Hale Limited of £186,720.

9. GOING CONCERN

After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

10. POST BALANCE SHEET EVENTS

Issue of equity

Following the period end, the offer for subscription resulted in an additional 13,552,414 ordinary shares being issued, raising gross proceeds of £11,547,093.

Buybacks

Since the period end, a further 709,279 ordinary shares have been repurchased at a total value of £567,848.

Directors

The Company announced on 14 May 2018 that Ashton Bradbury had been appointed as non-executive director.

New investments

The Company has invested in the following new companies since the period end:

Qualifying companies

Forbidden Technologies £852k, I-Nexus £701k and KRM22 £621k.

Non-Qualifying

Countryside Properties £376k, Fisher James £355k, Future £393k, Go Compare £324k, GVC Holdings £459k, Halma £472k, Ricardo £472k, Sophos £499k, Vesuvius £517k, Zotefoams £323k and ZPG £493k

The Company has further invested in the following companies since the period end:

Qualifying companies

Infinity Reliance (My 1st Years) £1,503k and Portr £501k.

Non-Qualifying

Sanne Group £132k.

SHAREHOLDER INFORMATION

The Company's ordinary shares (Code: HHV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, www.londonstockexchange.com, for the latest news and share prices of the Company. Further information for the Company can be found on its website at www.hargreaveaimvcts.co.uk.

NET ASSET VALUE PER SHARE

The Company's NAV per share as at 15 June 2018 was 87.27 pence per share. The Company publishes its unaudited NAV per share on a weekly basis.

DIVIDENDS

The board has approved the payment of an interim dividend of 1.75 pence in respect of the six months ended 31 March 2018.

Shareholders who wish to have future dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrar, Equiniti.

SELLING YOUR SHARES

Hargreave Hale AIM VCT 1 plc operates a share buy-back policy to improve the liquidity in its ordinary shares. Share buy-back policies are subject to the Act, the Listing Rules and tax legislation, which may restrict the VCTs' ability to buy shares back in. The policy is non-binding and is at the discretion of the Board.

The buy-back policy targets a 5% discount to the last published NAV per share as announced on the London Stock Exchange through a regulatory news service provider. The discount is measured against the mid-price per share as listed on the London Stock Exchange and reflects the price at which the Company buys its shares off the market makers. The Company publishes its unaudited NAV per share on a weekly basis.

VCT share disposals settle two business days post trade if the shares are already dematerialised or placed into CREST ahead of the trade, or ten days post trade if the stock is held in certificated form.

VCT share disposals are exempt of capital gains tax when the disposal is made at arms' length, which means a shareholder must sell their shares to a market maker through a stockbroker or another share dealing service. Hargreave Hale has particular expertise in the sale of VCT shares and is able to act for VCT shareholders who wish to sell their shares. However, you are free to nominate any stockbroker or share dealing service to act for you. If you would like Hargreave Hale to act for you as their client (as opposed to a shareholder in the Company) then please contact Andrew Pang for further information (020 7009 4900, andrew.pang@canaccord.com).

Please note that Hargreave Hale will need to be in possession of the share certificate and a completed CREST transfer form before executing the sale. If you have lost your share certificate, then you can request a replacement certificate from the Company's registrar Equiniti. The registrar will send out an indemnity form, which you will need to sign. The indemnity form will also need to be countersigned by a UK insurance company or bank that is a member of the Association of British Insurers. Since indemnification is a form of insurance, the indemnifying body will ask for a payment to reflect their risk. Fees will reflect the value of the potential liability.

SHAREHOLDER ENQUIRIES:

For general Shareholder enquiries, please contact Hargreave Hale Limited on 01253 754700 or by e-mail to aimvct@canaccord.com.

For enquiries concerning the performance of the Company, please contact the investment manager on 0207 009 4937 or by e-mail to aimvct@canaccord.com.

Electronic copies of this report and other published information can be found on the Company's website at www.hargreaveaimvcts.co.uk.

CHANGE OF ADDRESS

To notify the Company of a change of address please contact the Company's Registrar at the address on page 36.

COMPANY INFORMATION

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BROKERS

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COMPANY REGISTRATION NUMBER

05206425 in England and Wales



HARGREAVE HALE AIM VCT 1 PLC
(INCORPORATED IN ENGLAND AND WALES
UNDER THE COMPANIES ACT 1985
WITH REGISTERED NUMBER 05206425)