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**ProVen Media VCT plc**

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**REPORT & ACCOUNTS**

**FOR THE YEAR ENDED  
29 FEBRUARY 2004**

**Managed by Beringea**

## Contents

	<b>Page No</b>
SHAREHOLDER INFORMATION	2
FINANCIAL CALENDAR	2
FINANCIAL SUMMARY	3
INVESTMENT OBJECTIVE	3
CHAIRMAN'S STATEMENT	4
MANAGEMENT & ADMINISTRATION	6
DIRECTORS	7
INVESTMENT MANAGER'S REVIEW	8
INVESTMENT PORTFOLIO	10
TEN LARGEST VENTURE CAPITAL INVESTMENTS	11
DIRECTORS' REPORT	16
DIRECTORS' REMUNERATION REPORT	19
CORPORATE GOVERNANCE	21
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	23
ACCOUNTING POLICIES	24
STATEMENT OF TOTAL RETURN (INCORPORATING THE REVENUE ACCOUNT)	25
BALANCE SHEET	26
CASH FLOW STATEMENT	27
NOTES TO THE FINANCIAL STATEMENTS	28
SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING	39
NOTICE OF ANNUAL GENERAL MEETING	41
FORM OF PROXY	

## Shareholder Information

### THE COMPANY

ProVen Media VCT plc was incorporated on 14 December 2000. In May 2001, the company obtained a listing on the London Stock Exchange. A total of £7.1 million was raised (before expenses) through an offer for subscription of new ordinary shares at 100p. The company has been provisionally approved as a Venture Capital Trust by the Inland Revenue.

### THE INVESTMENT MANAGER

ProVen Media VCT plc is managed by Beringea Limited, an independent fund management company based in London. Beringea is part of the Beringea Group, which currently manages or advises venture capital funds totalling approximately £100 million including ProVen VCT plc.

### VENTURE CAPITAL TRUSTS

Venture Capital Trusts (VCTs) were introduced in the Finance Act 1995 and are intended to provide a means whereby individual investors can invest in small unquoted trading companies in the UK, with incentives in the form of a number of tax benefits. The range of benefits available to investors includes:

- income tax relief at 20% on new subscriptions;
- deferral of tax on certain chargeable gains to the extent the gain is re-invested in new shares in a VCT;
- exemption from income tax on dividends paid by VCTs (such dividends may include the VCT's capital gains as well as its income); and
- exemption of capital gains tax on disposals of shares in VCTs.

ProVen Media VCT has been provisionally approved as a VCT by the Inland Revenue. In order to maintain its approval the company must comply with certain requirements on a continuing basis; in particular, within three years from the date of provisional approval at least 70% by value of the company's investments must comprise "qualifying holdings", of which at least 30% by value must be in eligible ordinary shares. A "qualifying holding" consists of up to £1 million invested in any one year in new shares or securities in an unquoted company which is carrying on a qualifying trade and whose gross assets do not exceed £15 million at the time of investment. For the purposes of these criteria, unquoted companies include companies whose shares are traded on the Alternative Investment Market ("AIM").

From 6 April 2004 for an initial period of two years, investors in a VCT will benefit from income tax relief at 40% on new subscriptions up to £200,000 in any one tax year. There will, however, be no capital gains tax deferral. Dividend and capital gains on sale of shares will continue to be tax free.

As with investment trusts, capital gains accruing to VCTs are not chargeable gains for Corporation Tax purposes.

### FINANCIAL CALENDAR

Annual General Meeting 2004	15 July 2004
Interim report for six months to 31 August 2004 published	October/November 2004
Preliminary announcement of results for the year to 28 February 2005	May 2005
Annual General Meeting 2005	July/August 2005

### SHARE PRICE

The mid-market price of shares in ProVen Media VCT plc is reported daily in the Financial Times and appears under the heading "Investment Companies".

## Financial Summary

	Year ended 29 February 2004	Year ended 28 February 2003	Period ended 28 February 2002
Revenue return per share for the year	0.2p	1.6p	1.8p
Total return per share for the year	28.3p	(7.3)p	(1.3)p
Distribution per share	3.5p	1.0p	1.4p
Cumulative distribution per share	5.9p	2.4p	1.4p
Net asset value per share	109.1p	84.1p	92.4p
NAV total return (net asset value plus cumulative distribution per share)	115.0p	86.5p	93.8p
Shareholders' funds (£000)	7,720	5,997	6,568
Mid-market price per share	80p	100p	100p

## Investment Objective

ProVen Media VCT plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The company's principal objectives as set out in the prospectus are to maximise tax-free capital and income returns to shareholders, over a five to ten year period, by investing in a portfolio consisting mainly of qualifying investments in established smaller UK companies with good growth prospects.

# Chairman's Statement

## Introduction

I was appointed chairman of your company on 1 June 2004 following Tom Sooke's retirement from the Board which I refer to below.

I have pleasure in presenting the annual report and accounts for your company for the year ended 29 February 2004. The year has been marked by an improving economic climate and in general the prospects for venture capital investment in your company's target markets are positive.

The year has also seen your company receive the "VCT of the Year" award at the Investor Allstars awards in London. This event highlighted private equity funds that had an exceptional year and the investment professionals who manage the funds. It is very pleasing to gain recognition from the industry but, more importantly, to be able to deliver significant increases in net asset value to shareholders.

## Investment Portfolio

The focus from the beginning of the year was to ensure that your company met the VCT qualifying investment total of 70% by 29 February 2004. I am pleased to report that this was achieved and that the qualifying total as of today's date is 74%. During the year your company made two new investments totalling £571,000 and follow-on investments in existing portfolio companies of £121,000. Financial markets improved significantly during the year and the investment manager took the opportunity to realise AIM investments with a cost of £140,000, generating a net profit of £393,000. Since the year end one new investment, one follow-on investment and further AIM realisations have been made.

At the balance sheet date your company had a portfolio of 17 companies with a cost of £4.4 million and a valuation of £5.7 million. The value of the portfolio increased by 44% compared to a rise of 28% in the FTSE All Share Index.

The performance of a number of companies has been highly encouraging. In particular, Espotting Media, a performance based internet advertising business has expanded rapidly and has agreed terms to merge with US NASDAQ listed FindWhat.com. This transaction is expected to complete in July this year. The valuations of a number of other investments have also increased following strong and consistent performance.

Further details on the portfolio activity are set out in the Investment Manager's Review and in the analysis of the ten largest venture capital investments.

## Net Asset Value & Dividends

The net asset value per share at 29 February 2004 before taking into account the proposed distribution was 112.6p per share. This represents an increase of 34% over the net asset value at 28 February 2003 and an increase of 19% over the initial launch price of 95p per share. Additionally your company has paid cumulative dividends, since inception and prior to the proposed distribution, of 2.4p per share. The NAV total return of 115p per share since the listing is significantly in excess of the performance of public equity markets over the same period.

The revenue account shows a surplus of £14,000. This balance has been retained for use within your company.

In line with your company's objective of maximising tax free returns to shareholders, the Directors propose a capital distribution of 3.5p per share for the year ended 29 February 2004 to be paid on 16 July 2004 to shareholders on the register at 25 June 2004.

## Share Buy Backs

During the year your company purchased 55,000 shares in the market at a cost of £39,025, representing a discount of 17% to the published net asset value at the time of the purchases. In order to maintain your company's ability to purchase its own shares where this is in the interests of shareholders, the Board will at the forthcoming annual general meeting once again be seeking shareholder approval to renew its authority to purchase shares in the market. Any shareholder wishing to sell shares should contact Downing Corporate Finance in the first instance. Contact details are on page 6 of this Annual Report.

## Board Changes

On 16 May 2003, the Board appointed Alexander Spiro Jr as a non-executive director of your company. Mr Spiro is a Senior Managing Director of Beringea LLC, the investment manager's US parent company. Gordon Power resigned from the Board on 14 November 2003.

Owing to other commitments our past chairman Tom Sooke retired from the Board on 1 June 2004, following the completion this year of your company's initial three years since its formation as a VCT and its achievement of reaching its three year VCT qualifying investment target of 70%.

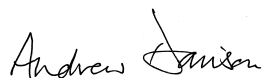
I and the rest of the Board would like to thank him very much for his support and advice over this successful and initial period.

## Prospects

The prospects for unquoted companies, generally, appear more attractive than they have done for some time. Low inflation and low interest rates, together with an improving economy, should provide a solid foundation from which well managed smaller companies can develop. The investment manager continues to invest significant amounts of time working directly with the portfolio companies and the results of these efforts have already started to show through. Your company also has sufficient funds to make further investments where suitable opportunities arise. The Board believes that given a supportive economy for the portfolio to continue to thrive, your company is well positioned for the future.

## Annual General Meeting

The annual general meeting will be held at 11.15 a.m. on 15 July 2004 at the Covent Garden Hotel, 10 Monmouth Street, London WC2H 9HB. I very much look forward to meeting those shareholders that are able to attend.



Andrew Davison  
Chairman

2 June 2004

## Management and administration

### Registered Office & Registered Number

17/18 Henrietta Street  
London WC2E 8QH  
Registered in England & Wales  
No. 4125326  
Tel: 020 7845 7820

### VCT Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6NN

### Registrar

Capita Registrars  
(formerly Northern Registrars)  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0LA  
Tel: 0870 162 3131

### Solicitor

Howard Kennedy  
19 Cavendish Square  
London W1A 2AW

### Investment Manager

Beringea Limited  
17/18 Henrietta Street  
London WC2E 8QH  
[info@beringea.co.uk](mailto:info@beringea.co.uk)

Beringea Limited is authorised and regulated  
by the Financial Services Authority

### Auditors

Deloitte & Touche LLP  
London

### Company Secretary

C L Whitten, FCIS  
Woodside Secretaries Limited  
36 Dover Street  
London W1S 4NH

### Financial Adviser

Downing Corporate Finance Limited  
69 Eccleston Square  
London SW1V 1PJ  
020 7416 7780  
[info@downing.co.uk](mailto:info@downing.co.uk)

## Directors

**Andrew Davison FCA** (61) is chairman of ProVen VCT plc, Pennine Downing Ethical VCT plc and City of London Investment Management Group PLC and is currently on the boards of a number of quoted and unquoted companies. He was formerly chairman and chief executive of Business Mortgages Trust plc from 1987 to 1991. He joined County Bank Limited in 1972 and by 1984 had become managing director of County NatWest Ventures Limited, which specialised in unquoted investments. He is a former council member of the British Venture Capital Association.

**Nicholas Lewis MA MSc** (48) is a director of Downing Corporate Finance Limited, which he founded in 1986. Downing specialises in promoting and administering tax based investments, having raised over £200 million since 1992. He was a founding director of HIT Entertainment PLC in 1989. He is currently a director of ten other VCTs, including ProVen VCT plc, which together have raised over £130 million. He was formerly with County NatWest Ventures Limited and before that with Apax Partners and Co. Limited.

**Alexander Spiro, Jr.** (56) is a senior managing director of Beringea LLC, an investment banking and fund management group based in Michigan, USA that is the ultimate parent company of Beringea Limited. He is responsible for the business development of the Beringea Group and is a member of the advisory board of Investcare Partners, a limited partnership fund managed by Beringea LLC that invests in venture capital opportunities in the healthcare sector. Prior to joining Beringea LLC he spent more than 30 years as an entrepreneur in the healthcare sector.

**James Stewart MA MBA** (55) was formerly managing director of Creditanstalt Investment Bank AG's subsidiary in London, where he had previously established Creditanstalt Bankverein's development capital activity. He is, and has been, a non-executive director of a number of quoted and unquoted companies and is on the board of Guinness Flight VCT. He now works as an independent venture capitalist.

**Marc Vlessing MSc BA** (42) was chief executive of First Call Group Limited, the UK's largest independent ticketing company. Previously, he was chief executive of Crescent Entertainment Limited, which ran one of the UK's largest groups of theatres and a number of cinemas in London. Prior to that he was a consultant to media companies for six years. He has also produced a number of films and currently sits on the advisory panel of The Global Rights Fund II, LP.

All directors are non-executive.

**Audit Committee:** Andrew Davison, Nicholas Lewis, James Stewart, Marc Vlessing.

# Investment Manager's Review

## Introduction

This review covers the year to 29 February 2004 during which financial markets in general, and venture capital markets in particular, improved from a low point at the start of the year. The focus this year has been on identifying investments of appropriate size and quality to meet the 70% VCT qualifying target by 29 February 2004. We are pleased to report that this target was reached.

We have, in addition, spent a great deal of time working with existing portfolio companies to ensure that that we maximise their value. We adopt a "hands-on" approach to this task. We usually take a seat on the portfolio company's board and liaise regularly with senior management, providing guidance, contributing to the development of strategy and generally monitoring the progress of the investment.

The qualifying investment total at 29 February 2004 was 73% and at the date of this report was 74%.

## Portfolio Activity

A total of £571,000 was invested in two new companies and a further £121,000 in follow-on investments. These investments are discussed below.

### Zenith Group Limited

*Television production company*

In March 2003, ProVen Media VCT invested £400,000 alongside other Beringea managed funds in the management buyout of this leading independent television production company. Zenith's successes include *Inspector Morse*, *Byker Grove* and *CD:uk*.

### Immedia Broadcasting Plc

*Design and operation of in-store radio stations*

ProVen Media VCT invested £171,000 in the AIM flotation of Immedia in December 2003. Immedia provides tailored commercial programming to retail outlets including Dixons and Lloyds Chemists.

### Cardpoint plc

*Independent ATM operator*

ProVen Media VCT invested a further £50,000 at 53p per share in the heavily oversubscribed Placing & Open Offer in June 2003. This raised funds of £6 million to enable Cardpoint to acquire the ATM estate of Securicor Corporation.

### Espresso Broadband Limited

*Development & delivery of educational material to schools*

Proven Media VCT invested a further £36,000 in March 2003 and £35,000 in September 2003 to support the further development of Espresso. The company has made substantial progress in the last year and in 2004 won two prestigious industry awards for its online educational resources. Since the year end ProVen Media VCT has invested a further £49,000.

We took the opportunity provided by a strong rise in the respective share prices to realise part of the company's holdings in Cardpoint, Centurion Electronics and Pilat Media generating average returns of 126%, 283% and 53% respectively.

In June 2003, the management of AIM-listed Sport Entertainment & Media Group (SEM) offered 27.5p to existing shareholders to take SEM into private ownership. The transaction was concluded in July 2003 and ProVen Media VCT converted its holding in SEM into ordinary shares in the new company, Sports Holdings Limited.

Since 29 February 2004, we have taken advantage of further share price increases and sold the remainder of the company's holding in Centurion and further shares in Pilat Media.

### Portfolio Valuation

At 29 February 2004, the company's unquoted and AIM portfolio comprised seventeen companies with a total cost of £4.4 million and a value of £5.7 million. The company also held £2.3 million in cash. Full details are shown on page 10.

In overall terms the unquoted and AIM portfolio increased in value by 44% compared to a rise of 28% in the FTSE All Share Index

The company's AIM portfolio outperformed the FTSE AIM Index rising 83% compared to 64% for the AIM Index. Strong price rises were seen, particularly with Pilat Media, Cardpoint and Centurion.

A number of the unquoted companies have performed well. The performance of Espotting Media has been particularly pleasing. We first invested in this performance based internet advertising business in 2001. Managed by a very dynamic and able team the business has expanded rapidly and during the year agreed terms to merge with US NASDAQ listed FindWhat.com. The deal, in cash and shares, values Espotting Media at over \$150 million, based on the FindWhat share price at 29 February 2004, and is expected to complete in July 2004. The value shown in the accounts is at a discount to full market value in accordance with BVCA guidelines.

The directors have also accepted our recommendations to increase the value of a number of other portfolio companies including Mergermarket, Ma Potters and Ashford Colour Press, following strong and consistent performance. Offsetting these, we have taken an additional provision against Sports Holdings as a result of operational difficulties which the company is experiencing. We are however working closely with the company to identify ways of maximising shareholder value.

### Outlook

Our focus in the coming year will be on making a small number of investments in new companies and maximising value from the existing portfolio. The UK's relative economic stability, together with low inflation/interest rates, is expected to result in a strong flow of investment opportunities for the company and, at the same time, provide the conditions in which well managed smaller companies can achieve strong growth. The portfolio has performed well and we remain optimistic about its future prospects and the future returns to the company's shareholders.

Beringea Limited  
2 June 2004

## Investment Portfolio

At 29 February 2004

	Cost £000	Valuation £000	% of Net Assets
<b>Qualifying holdings</b>			
Cardpoint plc*	221	718	9.3
Ashford Colour Press Limited	550	679	8.8
Mergermarket Limited	317	503	6.5
Ma Potter's Limited	300	445	5.8
Zenith Group Limited	400	400	5.2
Espresso Broadband Limited	474	374	4.8
LFR plc (t/a Loch Fyne Restaurants)	351	351	4.5
Nectar Taverns plc	300	300	3.9
Pilat Media Global plc*	82	274	3.5
UBC Media Group plc*	200	257	3.3
Immedia Broadcasting*	171	183	2.4
Oasis Healthcare plc*	170	84	1.1
Centurion Electronics plc*	23	83	1.1
Sports Holdings Limited	260	43	0.6
<b>Total qualifying holdings</b>	<b>3,819</b>	<b>4,694</b>	<b>60.8**</b>
<b>Non-qualifying holdings</b>			
Esporting Media (UK) Limited	250	643	8.3
Copyright Promotions Group Limited	93	194	2.5
Baby Innovations S.A. ( t/a Steribottle)	206	144	1.9
<b>Total non-qualifying holdings</b>	<b>549</b>	<b>981</b>	<b>12.7</b>
<b>Total investment portfolio</b>	<b>4,368</b>	<b>5,675</b>	<b>73.5</b>
<b>Cash and other net current assets</b>		<b>2,045</b>	<b>26.5</b>
<b>Shareholders' funds</b>		<b>7,720</b>	<b>100.0</b>

\* Investment traded on the Alternative Investment Market ("AIM")

\*\* Expressed as a percentage of the company's net assets at 29 February 2004 as distinct from total investments (as defined in the Venture Capital Trust regulations) which are the basis for the calculation of the qualifying investment totals referred to in the Chairman's Statement.

## Ten Largest Venture Capital Investments



**Cardpoint plc\*** *Lancashire*

### Independent automated teller machine operator

Cardpoint owns and/or operates a network of automated teller machines (“ATMs”) and mobile phone top up terminals in the UK and Europe. The machines are situated at motorway services areas, petrol stations, pubs, hospitals, hotels and large retail and leisure outlets. ProVen Media VCT invested alongside ProVen VCT and other investors when the company was admitted to AIM in June 2002 and made a follow on investment at 53p per share in a heavily oversubscribed Placing & Open Offer in June 2003. Following 18 months of rapid expansion, the company now has an estate of almost 2,100 ATMs in the UK and 30 in Germany, as well as over 3,300 mobile phone electronic top-up terminals. Along the way, Cardpoint has hit a number of important targets – turnover growth, the achievement of profitability, acquisition consolidation and enhancement, etc. and this consistency has been increasingly reflected in the rising share price. At 29 February 2004, the share price was 144.5p, an increase of 186% from the previous year end.

Investment date:	June 2002, June 2003
Equity held:	1.5%
Cost:	£221,000 (2003: £250,000)
Valuation:	£718,000 (2003: £293,000)
Valuation basis:	Mid-market price
Dividends received during the year:	Nil
Last audited accounts:	30 September 2003
Net assets:	£6.9 million
Loss before taxation:	£(608,000)

**Ashford Colour Press Limited** *Hampshire*



### Educational printing

Ashford Colour Press Limited is a medium sized printing business specialising in the educational sector. Beringea led the £5 million management buyout of Ashford in September 2002 in which ProVen Media VCT invested alongside ProVen VCT. The business is long established and has a broad customer base of blue chip companies which continues to expand. There is a strong operational management team with significant experience in the printing business and an in-depth knowledge of the company’s customer base and operational procedures.

Investment date:	September 2002
Equity held:	12.9%
Cost:	£550,000 (2003: £550,000)
Valuation:	£679,000 (2003: £550,000)
Valuation basis:	Earnings multiple
Dividends received during the year:	Nil
Last audited accounts:	31 March 2003
Net assets:	£906,000
Profit before taxation:	£499,000

## Ten Largest Venture Capital Investments *continued*

### Esporting Media (UK) Limited\* *London*



#### Performance based internet advertising service provider

Esporting Media (UK) is Europe's leading performance based advertising medium. Esporting operates a marketplace where advertisers bid against each other for prominence within its search listings. The company is well-established in the UK and subsequent to fund-raising in December 2001 expanded into Europe. It now operates across nine territories in Europe and continues to show rapid growth in sales. During the year the company agreed terms to merge with US NASDAQ listed FindWhat.com. The deal, in cash and shares, values Esporting Media at over \$150 million, based on the FindWhat share price at 29 February 2004, and is expected to complete in July 2004. The value shown in the accounts is at a discount to full market value in accordance with BVCA guidelines.

Investment date(s):	December 2001 and August 2002
Equity held:	nil
Cost :	£250,000 (2003: £250,000)
Valuation:	£643,000 (2003: £250,000)
Valuation basis:	Discounted realisation
Dividends received during the year:	Nil
Last audited accounts:	31 December 2003 (Esporting Media Inc.)
Net liabilities:	US\$(28.7) million
Loss before tax:	US\$(9.2) million

### Mergermarket Limited *London*



#### Business information services

Mergermarket Limited, based in London, provides a business intelligence service for advisers and companies active in mergers and acquisitions. The company now has four on-line subscription-based publications: mergermarket, dealReporter, debtWire, and Remark and delivers information directly to subscribers' desktops, PDAs, or mobile phones. The company has grown rapidly and has developed a diversified product portfolio across different strata of the finance market, as well as different territories with the launch into the US market at the end of 2003. Sales have increased nearly three-fold, year-on-year, and the company performed ahead of its budget both on sales and profitability.

Investment dates:	June 2001 and August 2002
Equity held:	7.7%
Cost:	£317,000 (2003: £317,000)
Valuation:	£503,000 (2003: £317,000)
Valuation basis:	Revenue multiple
Dividends received during the year:	Nil
Last audited accounts:	31 December 2002
Net assets:	£(1,000)
Loss before taxation:	£(620,000)



## Ma Potter's Limited London

### Branded restaurant chain

Ma Potter's is a branded restaurant chain offering value-priced dining in locations mostly based in major shopping centres or cinema complexes across the UK. The company opened its first restaurant in London in 1995 and at the time of our investment had built up to a chain of eleven restaurants. ProVen Media VCT invested alongside other VCTs including ProVen VCT in January 2003 to provide development capital for further expansion. The company has plans to open a number of new restaurants in 2004 and negotiations are currently at an advanced stage at a number of locations.

Investment date:	January 2003
Equity held:	4.8%
Cost:	£300,000 (2003: £300,000)
Valuation:	£445,000 (2003: £300,000)
Valuation basis:	Earnings multiple
Dividends received during the year:	Nil
Last audited accounts:	30 November 2003
Net assets:	£1.3 million
Profit before tax:	£77,000



## Zenith Group Limited London

### Television production company

Zenith is an independent producer of television programmes, primarily in the drama, entertainment, factual and lifestyle genres. It was established in 1983, since when it has built an excellent reputation in the industry for producing quality programmes, on time and within budget. Its successes include *Inspector Morse* (7 series), *Byker Grove* (now in its 14<sup>th</sup> series) and *CD:uk* (now in its 5<sup>th</sup> series). ProVen Media VCT invested alongside other Beringea managed funds including ProVen VCT in March 2003 to provide funding for the management buy out.

Investment date:	March 2003
Equity held:	5.0%
Cost:	£400,000
Valuation:	£400,000
Valuation basis:	Cost
Dividends received during the year:	Nil
First audited accounts:	31 July 2004

## Ten Largest Venture Capital Investments *continued*

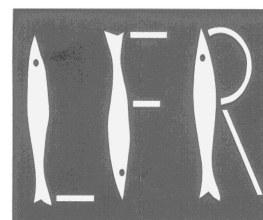


### Espresso Broadband Limited      London

#### Development and delivery of educational materials for schools

ProVen Media VCT originally invested in September 2001 alongside ProVen VCT to fund the development and roll-out of the company's flagship product *Espresso for Schools* ("EFS"), a digital media education service for UK primary schools. Further investments were made in both the prior year and current year to support ongoing development of the company. The company has demonstrated considerable progress in the last year and over 3,300 schools have now signed up to EFS. Recently, the company won two prestigious industry awards for its online educational resources.

Investment dates:	September 2001, March 2002 to September 2003
Equity held:	4.6%
Cost:	£474,000 (2003: £403,000)
Valuation:	£374,000 (2003: £227,000)
Valuation basis:	Provision
Dividends received during the year:	Nil
Last audited accounts:	31 July 2002
Net assets:	£(746,000)
Loss before tax:	£(3.0) million



LOCH FYNE RESTAURANTS

### LFR plc (t/a Loch Fyne Restaurants)      Scotland

#### Branded seafood restaurants

LFR manages 23 fish restaurants throughout the UK under the "Loch Fyne Restaurants" brand and 4 "Le Petit Blanc" restaurants which it acquired in the year under review. ProVen Media VCT originally invested in the company in May 2002 alongside other institutional investors including ProVen VCT. The company intends to rollout the "Loch Fyne" and "Le Petit Blanc" brands in the UK and potentially abroad. The company is well managed and benefits from strong brand recognition in its market.

Investment date:	May 2002
Equity held:	2.6%
Cost:	£351,000 (2003: £351,000)
Valuation:	£351,000 (2003: £351,000)
Valuation basis:	Earnings multiple
Dividends received during the year:	Nil
Last audited accounts:	31 December 2003
Net assets:	£6.8 million
Profit before tax:	£758,000



**Nectar Taverns plc**      *London*

**Freehold pub investment company**

Nectar Taverns was established to build a portfolio of non-branded, unthemed freehold public houses to be managed under a management agreement with AIM-quoted Honeycombe Leisure plc. ProVen Media VCT invested alongside a number of other VCTs, including ProVen VCT, in the placing which raised £11 million of equity and bank debt. Nectar Taverns has invested the proceeds of fund raising in a portfolio of 18 public houses primarily in the northwest of England.

Investment date:	August 2002
Equity held:	7.4%
Cost:	£300,000 (2003: £300,000)
Valuation:	£300,000 (2003: £300,000)
Valuation basis:	Cost
Dividends received during the year:	Nil
First audited accounts:	27 April 2003
Net assets:	£3.6 million
Loss before tax:	£(59,000)



**Pilat Media**

**Pilat Media Global plc\***      *London*

**Broadcasting software technologies**

ProVen Media VCT first invested in Pilat Media in February 2002, alongside ProVen VCT and other investors, when it floated on AIM. The company develops, markets and supports business management software for the global TV broadcasting industry, providing a one database product which improves the efficiency of a broadcaster's scheduling, inventory management and advertising sales.

Significantly 2003 was the company's first profitable year and the last quarter had a net profit of £1.4m on record sales of £4.25m. In December 2003 the company announced that it had signed its biggest contract to date with Canada's CTV for £10m over a three year period. The company recently gained shareholder approval for a placing for £5.2m (18.8% of the enlarged share capital) at a share price of 55p. The placing was three times oversubscribed. At 29 February 2004, the company's share price was 67p, an increase of 482% from the previous year end.

Investment date:	February 2002
Equity held:	0.9%
Cost:	£82,000 (2003: 92,000)
Valuation:	£274,000 (2003: 52,000)
Valuation basis:	Mid-market price
Dividends received during the year:	Nil
Last audited accounts:	31 December 2003
Net assets:	£4.5 million
Profit before tax:	£595,000

*Notes: Qualifying equity investments in the above companies carry full voting rights. Where stated, references to the "first" audited accounts relate to the first annual report and accounts to be prepared by the investee company following the date of investment by ProVen Media VCT.*

*\* AIM listed investment*

## Directors' Report

The directors present their report and the audited financial statements for the year to 29 February 2004.

### ACTIVITIES AND STATUS

The principal activity of the company during the year was the making of long-term equity and loan investments in unquoted and AIM traded companies in the United Kingdom. The company is an investment company as defined in section 266 of the Companies Act 1985 and has been listed on the London Stock Exchange since April 2001. The proposed capital distribution will require the revocation of investment company status prior to payment. The company has been granted provisional approval by the Inland Revenue as a Venture Capital Trust. The Chairman's Statement on pages 4 and 5 and the Investment Manager's Review on pages 8 and 9 give a review of developments during the year and of future prospects.

The directors have managed the affairs of the company with the intention that it will qualify for approval by the Inland Revenue as a Venture Capital Trust for the purposes of Section 842AA of the Income and Corporation Taxes Act 1988 ('the Act'). The directors consider that the company was not at any time up to the date of this report a close company within the meaning of Section 414 of the Act.

Although it is not intended that the company should have a limited life, shareholders will be given the opportunity to review its future after approximately seven years and, thereafter, at five yearly intervals. Accordingly, the Articles of Association of the company contain provisions requiring the directors to propose an ordinary resolution at the company's annual general meeting in 2008 to seek confirmation from shareholders that it should continue as a VCT.

### RESULTS AND DIVIDEND

	<b>Year to 29 February 2004 £000</b>	Year to 28 February 2003 £000
Net revenue attributable to shareholders	<u>14</u>	<u>112</u>
Appropriated as follows:		
Interim dividend paid – nil (2003 – 1.0p)	-	71
Retained in revenue reserve	<u>14</u>	<u>41</u>
	<u>14</u>	<u>112</u>

The directors propose a capital distribution of 3.5p per share for the year ended 29 February 2004 (2003 – nil) to be paid on 16 July 2004 to shareholders on the register at 25 June 2004.

### DIRECTORS

The directors of the company who served during the year and their interests in the issued ordinary shares of 1p of the company are as follows:

As at	<b>29 February 2004 or date of resignation</b>	28 February 2003 or date of appointment
T P Sooke (resigned 1 June 2004)	5,000	5,000
A J Davison	5,125	5,125
N P Lewis	10,250	10,250
G R Power (resigned 14 November 2003)	10,250	10,250
J A Stewart	6,000	6,000
M F Vlessing	5,125	5,125
A Spiro Jr. (appointed 16 May 2003)	-	-

All of the directors' share interests shown above are held beneficially. There have been no changes in the directors' share interests between 29 February 2004 and the date of this report.

Brief biographical notes on the directors are given on page 7. Messrs Davison and Lewis, retiring by rotation, will offer themselves for re-election at the forthcoming annual general meeting.

None of the directors has a contract of service with the company and, except as mentioned below under the heading “Management”, there were no contracts that subsisted during the period in which a director was materially interested and which was significant in relation to the company’s business.

#### **DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE**

As permitted by section 310(3) of the Companies Act 1985, the company has maintained insurance cover on behalf of the directors and secretary indemnifying them against certain liabilities that may be incurred by them in relation to the company.

#### **COMPANY SECRETARY**

Celia Whitten, who has acted on behalf of the Corporate Company Secretary, Hutton Corporate Services Limited, since the company’s inception, has been appointed Company Secretary in her own right due to a corporate reorganisation of that company.

#### **SHARE BUY BACK**

During the year the company repurchased and cancelled 55,000 ordinary shares of 1p each (2003 – nil) for a consideration of £39,025. The buy back represented 0.8% of the called up share capital.

#### **MANAGEMENT**

Beringea Limited (“Beringea”) has acted as investment manager to the company since 16 February 2001. Downing Corporate Finance Limited (“Downing”) is contracted under an administration agreement to provide the company with advice relating to shareholder communications. The principal terms of the management and administration agreements are set out in note 2 to the financial statements.

Under the terms of agreements dated 25 January 2003, Downing acts as Financial Adviser to the company and its subsidiary Downing Management Services Limited acts for the company regarding a Matched Bargain Service in relation to share buy backs. The principal terms of the agreements are set out in note 4 to the accounts.

N P Lewis is a director of, and shareholder in, Downing. G R Power was formerly a director of Beringea and A Spiro Jr. is a director of, and shareholder in, Beringea LLC, the ultimate parent company of Beringea.

#### **VCT STATUS MONITORING**

The company has engaged PricewaterhouseCoopers LLP (PwC) to advise it on compliance with the VCT legislation. PwC reviews appropriate new investment opportunities for compliance with the VCT rules and conducts a regular review of the company’s investment portfolio to monitor ongoing VCT compliance. PwC works closely with the investment manager, but reports directly to the Board of the company.

#### **SUBSTANTIAL SHAREHOLDINGS**

As at 2 June 2004 the company had not been notified of any individual shareholdings representing 3 per cent or more of the company’s issued share capital during the period under review or at the date of this report.

#### **CREDITOR PAYMENT POLICY**

The company’s payment policy is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. The company’s principal expenses such as investment management fees and administration fees are paid quarterly in arrears in accordance with the respective agreements. Accordingly the company had no material trade creditors at the year end.

#### **ANNUAL GENERAL MEETING**

Details of special business to be proposed at the annual general meeting are set out on pages 39 and 40.

## Directors' Report *continued*

### AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board  
C L Whitten FCIS  
*Secretary*  
17-18 Henrietta Street  
London WC2E 8QH

2 June 2004

## Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 15 July 2004.

### DIRECTORS' REMUNERATION POLICY

The company does not have any executive directors and, as permitted under the Listing Rules, has not, therefore, established a remuneration committee. Directors' remuneration is calculated in accordance with the company's original prospectus dated 16 February 2001. This states that the ordinary remuneration of the directors (other than an executive director appointed under the Articles) shall be determined by the directors and shall not exceed £100,000 per year (unless otherwise approved by the company in general meeting). The directors shall also be paid by the company all travelling, hotel and other expenses they may incur in attending meetings of the directors or general meetings or otherwise in connection with the discharge of their duties. Any director who, by request of the directors, performs special services may be paid such extra remuneration as the directors may determine.

### DIRECTORS' REMUNERATION (AUDITED)

Directors' remuneration for the year under review was as follows:

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
T P Sooke (Chairman) (resigned 1 June 2004)	13	13
A J Davison (Chairman) (appointed Chairman 1 June 2004)	10	10
N P Lewis	10	10
G R Power * (resigned 14 November 2003)	-	-
J A Stewart	10	10
M F Vlessing	10	5
A Spiro Jr. * (appointed 16 May 2003)	-	-
	53	48

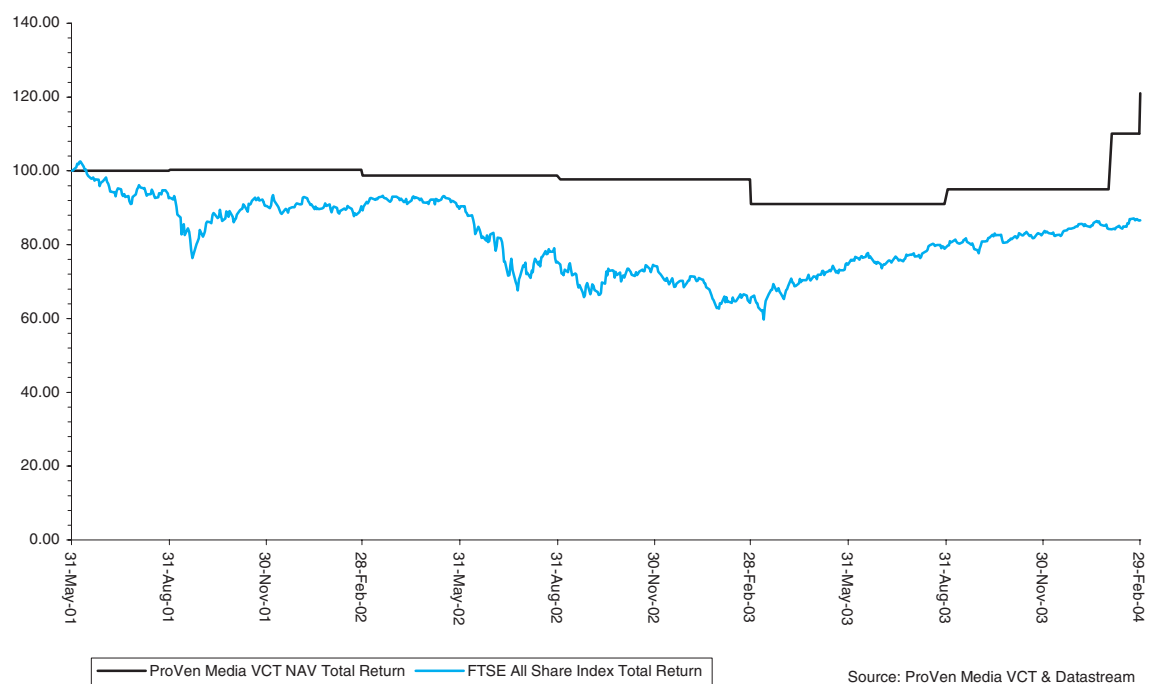
\* employees of Beringea LLC or Beringea Limited during the period under review.

No other emoluments or pension contributions were paid by the company to, or on behalf of, any director. None of the directors has a service contract with the company. During the year Beringea waived its entitlement to receive fees in respect of the provision of the services of Messrs Power and Spiro to the company as non-executive directors. The level of fees is determined by reference to a review of remuneration paid to the directors of other comparable venture capital trusts. It is expected that the level of fees will continue to be assessed on this basis in forthcoming years.

### PERFORMANCE CHART

The directors consider that the most appropriate measure of the company's performance is its NAV total return (net asset value plus cumulative dividends) compared to the FTSE All Share index total return. The following chart illustrates the relative performance since incorporation.

## Directors' Remuneration Report *continued*



By Order of the Board  
C L Whitten FCIS, Secretary  
17-18 Henrietta Street  
London WC2E 8QH

2 June 2004

## Corporate Governance

The company is committed to maintaining high standards in corporate governance. In particular, the Board seeks to observe the principles set out by the Report of the Committee on Corporate Governance (“the Combined Code”) for accounting periods commencing before 1 November 2003, insofar as these are consistent with the company’s status and objectives as a Venture Capital Trust. Throughout the year to 29 February 2004 the company has complied with the provisions of Section 1 of the Combined Code, as they relate to venture capital companies, other than as noted below.

### THE BOARD

During the year the company had a Board of six non-executive directors, five of whom were independent of the investment manager. In these circumstances the Board does not believe it is necessary to identify a senior independent director other than the chairman.

The Board meets at least quarterly and on other dates as required to review the performance of the company and its portfolio of investments and to monitor compliance with the investment policy laid down by the Board. The investment manager provides the Board with appropriate information on a timely basis to support its review and decision-making procedures. The Board has adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

All of the directors have access to the advice and services of the company secretary, and directors may also take independent professional advice at the company’s expense where necessary in the furtherance of their duties.

All directors are subject to election by shareholders at the first annual general meeting following their appointment and thereafter are subject to retirement by rotation at intervals of no more than three years. Non-executive directors are not appointed for specified terms, as the Board believes the contribution of a non-executive director to a Venture Capital Trust may be enhanced rather than diminished by long service. The Board has not appointed a nominations committee as it considers the Board to be small. Appointments of new directors are reserved to the full Board.

### DIRECTORS' REMUNERATION

As stated in the Articles of Association, the remuneration of the directors is determined by the Board. Details of directors’ remuneration is given on page 19 and in note 4 to the accounts.

### AUDIT COMMITTEE

During the year, the audit committee comprised the five independent non-executive directors. The audit committee meets twice a year and is responsible for reviewing the interim and annual accounts before their submission to the Board for discussion and approval. The auditors will attend at least one of these meetings. The last meeting of the audit committee took place on 13 May 2004 to review the financial statements for the year to 29 February 2004.

### RELATIONS WITH SHAREHOLDERS

The company’s annual general meeting will be held on 15 July 2004 when shareholders will have the opportunity to meet the Board. Separate resolutions are proposed at the AGM on each substantially separate issue. Proxy votes are counted, and in order to comply with the Combined Code, proxy votes will be announced at the AGM, following each vote on a show of hands, except in the event of a poll being called.

In addition to the formal business of the AGM, representatives of the investment manager, the Board and the audit committee will be available to answer any questions a shareholder may have, and the Board is always pleased to respond to any queries from shareholders during the course of the year.

### INTERNAL CONTROL

The Board is responsible for the company’s system of internal control and for reviewing its effectiveness, at least annually. The system of internal control to be operated should cover all controls including financial, operational

## Corporate Governance *continued*

and compliance controls and risk management. The objective of these controls is to safeguard shareholders' investment and the company's assets. The company's system of internal control is designed to manage rather than eliminate the risks involved in managing a portfolio of investments, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The company has adopted a risk-based approach to the review of internal controls. The applicability and effectiveness of the controls is reviewed at least annually by the Board and reported upon twice a year by exception. This exception report is prepared by the investment manager, Beringea Limited. The Board last reviewed the effectiveness of the internal control system on 13 May 2004.

In accordance with the delegation of the company's investment management and administration to Beringea, the Board has identified in its risk framework those controls operated on its behalf by the investment manager. The Board requires the investment manager to report twice a year on these controls. The Board also requires the Secretary to report annually on the operation of internal controls as they relate to ProVen Media VCT.

The key elements of the internal controls system operated by the Board are as follows:

- the Board receives semi-annual reports of the company's VCT status;
- every investment proposal is submitted to the Board for approval;
- the Board reviews the performance of the portfolio at each Board meeting, and is kept informed of developments more frequently, as required;
- the Board approves annual budgets prepared by the investment manager, and receives quarterly reports of financial results and net asset value; and
- ProVen Media VCT and other funds managed by Beringea co-invest in opportunities on an agreed and documented basis, which has been subject to prior approval by the Board.

The Board receives reports from its advisers on internal control matters and does not believe there is scope or necessity for an internal audit function. This matter will be subject to periodic review.

### **GOING CONCERN**

The directors are of the opinion that at the time of approving the financial statements, 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.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the revenue of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the company, enabling them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the company's system of internal control, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditors' Report to the members of ProVen Media VCT plc

We have audited the financial statements of ProVen Media VCT plc for the year ended 29 February 2004 which comprise the accounting policies, the statement of total return, the balance sheet, the cash flow statement and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and the part of the directors' remuneration report described as having been audited.

### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 29 February 2004 and of the total return of the company for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

2 June 2004

# Accounting Policies

## GENERAL

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting policies and the Statement of Recommended Practice “Financial Statements of Investment Trust Companies”. The accounts have been prepared under the historical cost convention, as modified to include the revaluation of fixed asset investments.

## INVESTMENTS

Listed or AIM traded investments are stated at market value, which is based upon middle market prices at the balance sheet date. In the event that the shares held by the company are subject to certain restrictions, or the holding is significant in relation to the traded issued share capital of the investee company then the directors may apply a discount to the relevant middle market price.

Investments in unquoted companies are valued by the directors in accordance with British Venture Capital Association (“BVCA”) guidelines. Revised guidelines were issued by the BVCA in June 2003. The bases of valuation have not materially changed from those adopted in previous years.

Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to realised capital reserves. Unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves. Costs incurred relating to acquisitions and disposals are charged to capital reserves as a deduction from proceeds or an addition to costs.

It is not the company’s policy to exercise controlling or significant influence over investee companies, although it may hold a significant interest in some companies. Accordingly, the results of these companies are not incorporated into the revenue account except to the extent of any income earned or received.

## INCOME

Dividend income receivable from quoted securities is recognised on the ex-dividend date. Income from unquoted equity and non-equity securities is recognised on an accruals basis except that a full provision is made until the receipt of the income is certain.

Interest from cash and deposits and fixed returns on debt securities are recognised on an accruals basis.

## EXPENSES

All expenses are accounted for on an accruals basis. One quarter of the investment management fee is charged to the revenue account and the remaining three quarters is charged to capital reserves, net of corporation tax relief, and inclusive of any irrecoverable value added tax. The allocation of the management fee reflects the directors’ estimate of the source of the long-term returns in the portfolio from revenue and capital.

## TAXATION

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## Statement of Total Return (incorporating the revenue account)

### for the year to 29 February 2004

	Notes	Year ended 29 February 2004			Year ended 28 February 2003		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gains/(losses) on investments	8						
- realised		-	167	167	-	(150)	(150)
- unrealised		-	1,874	1,874	-	(440)	(440)
Income	1	205	-	205	318	-	318
Investment management fee	2	(16)	(48)	(64)	(18)	(56)	(74)
Other expenses	3	(172)	-	(172)	(160)	-	(160)
<b>Return on ordinary activities before taxation</b>		<b>17</b>	<b>1,993</b>	<b>2,010</b>	<b>140</b>	<b>(646)</b>	<b>(506)</b>
Tax (charge)/credit on ordinary activities	5	(3)	3	-	(28)	11	(17)
<b>Return on ordinary activities after taxation</b>		<b>14</b>	<b>1,996</b>	<b>2,010</b>	<b>112</b>	<b>(635)</b>	<b>(523)</b>
Distributions	6	-	(248)	(248)	(71)	-	(71)
<b>Transfer to/(from) reserves</b>	15	<b>14</b>	<b>1,748</b>	<b>1,762</b>	<b>41</b>	<b>(635)</b>	<b>(594)</b>
<b>Return per ordinary share Basic and diluted</b>	7	<b>0.2p</b>	<b>28.1p</b>	<b>28.3p</b>	<b>1.6p</b>	<b>(8.9)p</b>	<b>(7.3)p</b>

The notes on pages 28 to 38 form an integral part of these financial statements.

All revenue and capital items in the above statement are from continuing operations. The revenue column represents the profit and loss account of the company. No operations were acquired or discontinued in the period. Other than shown above, the company had no recognised gains or losses.

## Balance Sheet

at 29 February 2004

	Notes	29 February 2004 £000	28 February 2003 £000
<b>Fixed assets</b>			
Investments	8	<u>5,675</u>	<u>5,534</u>
<b>Current assets</b>			
Debtors	11	119	118
Cash at bank and in hand		<u>2,276</u>	<u>474</u>
		2,395	592
<b>Creditors: amounts falling due within one year</b>	12	(350)	(129)
<b>Net current assets</b>		<u>2,045</u>	<u>463</u>
<b>Total assets less current liabilities</b>		<u>7,720</u>	<u>5,997</u>
<b>Capital and reserves</b>			
Called-up share capital	13	70	71
Share premium	14	27	27
Capital redemption reserve	14	1	-
Special reserve	14	6,247	6,674
Capital reserve – realised	14	5	(257)
Capital reserve – unrealised	14	1,300	(574)
Revenue reserve	14	70	56
<b>Total equity shareholders' funds</b>		<u>7,720</u>	<u>5,997</u>
<b>Net asset value per ordinary share</b>	16	<u>109.1p</u>	<u>84.1p</u>

The financial statements on pages 24 to 38 were approved by the Board of Directors on 2 June 2004 and were signed on its behalf by:

*Andrew Davison*

Andrew Davison  
Chairman

The notes on pages 28 to 38 form an integral part of these financial statements.

## Cash Flow Statement

### for the year to 29 February 2004

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
<b>Net revenue from operating activities</b>		
Net revenue from ordinary activities before tax	17	140
Decrease/(increase) in debtors	89	(18)
(Decrease)/increase in creditors	(10)	5
Management fees charged to capital	(48)	(56)
	<hr/>	<hr/>
Net cash inflow from operating activities	48	71
<b>Financial investment</b>		
Purchase of investments	(4,694)	(4,797)
Sale of investments	6,504	5,045
	<hr/>	<hr/>
Net cash inflow from financial investment	1,810	248
<b>Corporation tax paid</b>	(17)	(15)
<b>Equity dividends paid</b>	-	(171)
<b>Financing</b>		
Issue of ordinary shares	-	25
Share issue expenses	-	(2)
Buy-back of 55,000 ordinary shares (2003 – nil)	(39)	-
	<hr/>	<hr/>
Net cash (outflow)/inflow from financing	(39)	23
<b>Increase in cash in the year</b>	<hr/>	<hr/>
	1,802	156
<b>Analysis of cash balance</b>		
At 28 February 2003	474	318
Net cash inflow for the year	1,802	156
	<hr/>	<hr/>
At 29 February 2004	2,276	474
	<hr/>	<hr/>

The notes on pages 28 to 38 form an integral part of these financial statements.

# Notes to the financial statements

for the year to 29 February 2004

## 1 INCOME

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
<b>Interest receivable</b>		
- from listed fixed interest securities	156	268
- from unlisted fixed interest securities	-	16
- from unquoted investment portfolio	44	26
- from bank deposits	<u>3</u>	<u>5</u>
	203	315
<b>Dividends receivable</b>		
	<u>2</u>	<u>3</u>
	<u>205</u>	<u>318</u>

## 2 INVESTMENT MANAGEMENT FEE

	Year ended 29 February 2004 £000		Year ended 28 February 2003 £000	
	Revenue £000	Capital £000	Revenue £000	Capital £000
Investment management fee	14	41	15	48
Irrecoverable VAT thereon	<u>2</u>	<u>7</u>	<u>3</u>	<u>8</u>
	<u>16</u>	<u>48</u>	<u>18</u>	<u>56</u>

Beringea Limited (“Beringea”) provides investment management services to the company in respect of the company’s portfolio of venture capital investments under an investment management agreement dated 16 February 2001.

Under the terms of the investment management agreement, Beringea is entitled to a fee (exclusive of VAT) equal to 2.5% per annum (2003 – 2.0% pa) of the net assets of the company, subject to a cap on total costs of 3.6% per annum of net assets. The fee is calculated at half-yearly intervals based on the net assets at 31 August and 28 February and is payable quarterly in arrears. During the year ended 29 February 2004, the fee payable to Beringea equated to 0.8% per annum of net assets (2003 – 1.0% p.a.). The investment management agreement is for a minimum period of five years from 16 February 2001 terminable by either party at any time thereafter by one year’s prior written notice.

Beringea also provides administrative and secretarial services to the company under the terms of an administration agreement dated 16 February 2001 for an annual fee of £30,000 (plus VAT & RPI). During the period to 29 February 2004, Beringea waived its right to payment under this agreement. Downing Corporate Finance Limited (“Downing”) is entitled to an annual fee of 0.2% of net assets (plus VAT & RPI) subject to a maximum fee of £20,000 (plus VAT & RPI) in consideration for services to the company relating to its communications with shareholders and their financial advisers.

Under the terms of the investment management and administration agreements described above, Beringea and Downing are potential beneficiaries of the company’s performance incentive arrangements. These arrangements are described in more detail in note 17.

### 3 OTHER EXPENSES

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
Administrative and secretarial services	15	13
Directors' remuneration (see note 4)	53	48
Auditors' remuneration		
- for audit services	11	10
- for non-audit services	2	3
Irrecoverable VAT	18	19
Other expenses	73	67
	<u>172</u>	<u>160</u>

Irrecoverable VAT attributable to the management fee is disclosed in note 2 and is not included in the figure for irrecoverable VAT stated above.

### 4 DIRECTORS' REMUNERATION

	Year ended February 2004 £000	Year ended 28 February 2003 £000
Fees paid to directors	10	5
Amounts paid to third parties in consideration for the services of directors	43	43
	<u>53</u>	<u>48</u>
The fees paid in respect of directors during the period were as follows:		
T P Sooke (Chairman) (Resigned 1 June 2004)	13	13
A J Davison (Chairman) (Appointed Chairman 1 June 2004)	10	10
N P Lewis	10	10
G R Power (resigned 14 November 2003)	-	-
J A Stewart	10	10
M F Vlessing	10	5
A Spiro Jr. (appointed 16 May 2003)	-	-
	<u>53</u>	<u>48</u>

N P Lewis is a director of and shareholder in Downing, which provides services to the company as outlined in note 2. The company has agreed to pay Downing an annual retainer of £1,500 (plus VAT) in accordance with the terms of an agreement dated 25 January 2003 under which Downing was appointed as Financial Adviser to the company. The company has also agreed to pay Downing Management Services Limited (a subsidiary company of Downing) an annual retainer of £2,000 plus VAT under the terms of an agreement dated 25 January 2003 which appointed Downing Management Services Limited to provide services in connection with the purchase by the company of its own shares.

A Spiro Jr. is a senior managing director of Beringea LLC, the ultimate parent company of Beringea. G R Power was formerly a director of Beringea. During the year Beringea waived its entitlement to receive fees in respect of the provision of the services of Mr Power and Mr Spiro Jr to the company as non-executive directors.

Except as noted above, or as otherwise disclosed in these accounts, none of the directors received any other remuneration or benefit during the period.

**Notes to the financial statements** *continued*  
for the year to 29 February 2004

**5 TAX CHARGE/(CREDIT) ON ORDINARY ACTIVITIES**

	Year ended 29 February 2004 £000		Year ended 28 February 2003 £000	
	Revenue £000	Capital £000	Revenue £000	Capital £000
United Kingdom tax based on the taxable profit for the period	<u>3</u>	<u>(3)</u>	<u>28</u>	<u>(11)</u>
<b>Factors affecting tax charge for the period</b>				
Return on ordinary activities before taxation	<u>17</u>	<u>1,993</u>	<u>140</u>	<u>(646)</u>
Tax on return on ordinary activities at the standard rate of UK corporation tax (30%)	5	597	42	(194)
UK dividends not subject to corporation tax	-	-	(1)	-
Capital returns not subject to corporation tax	-	(612)	-	177
Effect of profits taxed at smaller companies rate of corporation tax rather than the standard rate	(2)	12	(13)	6
Current tax charge/(credit) for the period	<u>3</u>	<u>(3)</u>	<u>28</u>	<u>(11)</u>

**6 DIVIDENDS AND CAPITAL DISTRIBUTIONS**

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
Interim paid – nil (2003 – 1.0p per share)	-	71
Proposed final capital distribution – 3.5p per share (2003 - nil)	248	-
	<u>248</u>	<u>71</u>

**7 RETURN PER ORDINARY SHARE**

The revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £14,000 (2003 - £112,000) and on 7,096,556 ordinary shares (2003 - 7,126,528), being the weighted average number of ordinary shares in issue during the year.

The capital return per ordinary share is based on a net realised and unrealised capital gain of £1,996,000 (2003 – £635,000 loss) and on 7,096,556 ordinary shares (2003 - 7,126,528), being the weighted average number of ordinary shares in issue during the year.

## 8 FIXED ASSET INVESTMENTS

	29 February 2004 £000	28 February 2003 £000
Unquoted investments	4,076	2,535
AIM traded investments	1,599	714
Listed fixed interest investments	-	2,285
Unlisted fixed interest investments	-	-
	<u>5,675</u>	<u>5,534</u>

Movements in investments during the year are summarised as follows:

	Unquoted £000	AIM traded £000	Listed fixed interest £000	Unlisted fixed interest £000	Total £000
Value of investments at 1 March 2003	2,535	714	2,285	-	5,534
Purchases at cost	471	221	4,002	-	4,694
Disposal - proceeds	-	(393)	(6,201)	-	(6,594)
- realised gain/(loss) on disposal	-	253	(86)	-	167
Transfer following de-listing	260	(260)	-	-	-
Increase in unrealised appreciation	810	1,064	-	-	1,874
<b>Valuation at 29 February 2004</b>	<u>4,076</u>	<u>1,599</u>	-	-	<u>5,675</u>
Book cost at 29 February 2004	3,501	867	-	-	4,368
Unrealised appreciation at 29 February 2004	575	732	-	-	1,307
	<u>4,076</u>	<u>1,599</u>	-	-	<u>5,675</u>

All investments traded on AIM consist of equity shares.

The overall profit/(loss) on investments for the period shown in the Statement of Total Return is analysed as follows:

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
Net realised profit/ (loss) on disposal	167	(150)
Increase in unrealised appreciation	1,874	(440)
	<u>2,041</u>	<u>(590)</u>

## Notes to the financial statements *continued*

for the year to 29 February 2004

### 9 UNLISTED INVESTMENTS

The cost and carrying value of investments in unquoted companies and those whose shares are traded on AIM were as follows:

	29 February 2004		28 February 2003	
	Cost £000	Carrying value £000	Cost £000	Carrying value £000
<b>Cardpoint plc *</b>				
Ordinary shares	221	718	250	293
<b>Ashford Colour Press Limited</b>				
Ordinary shares	73	202	73	73
Secured loan stock	477	477	477	477
	550	679	550	550
<b>Espotting Media (UK) Limited**</b>				
Convertible loan notes	250	643	250	250
<b>Mergermarket Limited</b>				
'B' Ordinary shares	203	389	203	203
Convertible loan notes	114	114	114	114
	317	503	317	317
<b>Ma Potter's Limited</b>				
Ordinary shares	90	235	90	90
Secured loan stock	210	210	210	210
	300	445	300	300
<b>Zenith Group Limited</b>				
Ordinary shares	40	40	-	-
Preference shares	-	-	-	-
Loan stock	360	360	-	-
	400	400	-	-
<b>Espresso Broadband Limited</b>				
Ordinary shares	100	-	100	-
Secured loan notes	374	374	302	227
	474	374	402	227
<b>LFR plc (t/a Loch Fyne Restaurants)</b>				
Ordinary shares	351	351	351	351

## 9 UNLISTED INVESTMENTS *continued*

	29 February 2004		28 February 2003	
	Cost £000	Carrying value £000	Cost £000	Carrying value £000
<b>Nectar Taverns plc</b>				
Ordinary shares	90	90	90	90
Cumulative redeemable preference shares	210	210	210	210
	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
<b>Pilat Media Global plc*</b>				
Ordinary shares	<u>82</u>	<u>274</u>	<u>92</u>	<u>52</u>
<b>UBC Media Group plc *</b>				
Ordinary shares	<u>200</u>	<u>257</u>	<u>200</u>	<u>136</u>
<b>Copyright Promotions Group Limited**</b>				
Ordinary shares	18	119	18	103
Unsecured loan notes	75	75	75	75
	<u>93</u>	<u>194</u>	<u>93</u>	<u>178</u>
<b>Immedia Broadcasting plc*</b>				
Ordinary shares	<u>171</u>	<u>183</u>	<u>-</u>	<u>-</u>
<b>Baby Innovations S.A. (t/a Steribottle)**</b>				
Ordinary shares (2002 - Funding Units)	144	-	144	-
Convertible loan	41	41	41	41
Unsecured loan units	21	103	21	21
	<u>206</u>	<u>144</u>	<u>206</u>	<u>62</u>
<b>Oasis Healthcare plc*</b>				
Ordinary shares	<u>170</u>	<u>84</u>	<u>170</u>	<u>69</u>
<b>Centurion Electronics plc *</b>				
Ordinary shares	<u>23</u>	<u>83</u>	<u>75</u>	<u>94</u>
<b>Sports Holdings Limited (SEM)</b>				
Ordinary shares	<u>260</u>	<u>43</u>	<u>260</u>	<u>70</u>
<b>Totals</b>	<u>4,368</u>	<u>5,675</u>	<u>3,816</u>	<u>3,249</u>

\*Investments traded on the AIM market

\*\*Non-qualifying investments

During the year, the company realised part of its investment in Cardpoint plc, Centurion Electronics plc and Pilat Media Global plc. Since 29 February 2004, the company has realised the balance of its holding in Centurion Electronics plc and realised further holdings in Cardpoint plc and Pilat Media Global plc.

Since 29 February 2004, one new investment has been completed at a cost of £200,000. A further £49,000 has been invested in follow-on investments in portfolio companies.

## Notes to the financial statements *continued*

for the year to 29 February 2004

### 10 SIGNIFICANT INTERESTS

Details of shareholdings in those companies where the company's holding represents (1) more than 10% of the allotted equity share capital of any class, (2) more than 10% of the total allotted share capital or (3) more than 10% of the assets of the investee company itself, are given below. All of the companies named are incorporated in Great Britain.

Company	Class of shares	Number held	Proportion of class held
Ashford Colour Press Limited	'A' ordinary shares (£1)	73,150	27.5%
Mergermarket Limited	'B' ordinary shares (1p)	80,897	13.5%
Espresso Broadband Limited	'A' ordinary share (10p)	910,898	12.6%

It is considered that, as permitted by FRS 9 "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the company lies in their marketable value as part of that portfolio rather than as a medium through which the company carries out its business. Therefore the investments are not considered to be associated undertakings and their results have not been incorporated in the revenue account.

Unless stated to the contrary, all classes of ordinary shares have voting rights.

### 11 DEBTORS

	29 February 2004 £000	28 February 2003 £000
Debtors and prepayments	103	12
Accrued income	16	106
	<u>119</u>	<u>118</u>

### 12 CREDITORS

	29 February 2004 £000	28 February 2003 £000
Trade creditors and accruals	102	112
Corporation tax payable	-	17
Proposed capital distribution	248	-
	<u>350</u>	<u>129</u>

### 13 SHARE CAPITAL

	29 February 2004 £000	28 February 2003 £000
<b>Authorised</b>		
35,000,000 ordinary shares of 1p each	<u>350</u>	<u>350</u>
<b>Allotted, called up and fully paid</b>		
7,073,978 ordinary shares of 1p each (2003 - 7,128,778)	<u>70</u>	<u>71</u>

During the year 55,000 ordinary shares of 1p were bought by the company for a total cash consideration of £39,025. These shares were subsequently cancelled.

### 14 RESERVES

	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Capital reserve - realised £000	Capital reserve - unrealised £000	Revenue reserve £000
At 1 March 2003	27	-	6,674	(257)	(574)	56
Realised on disposal of investments	-	-	-	167	-	-
Unrealised gain on valuation	-	-	-	-	1,874	-
Management fee capitalised	-	-	-	(48)	-	-
Share buy back and cancellation	-	1	(39)	-	-	-
Transfer to/(from) special reserve	-	-	(388)	388	-	-
Tax effect of capital items	-	-	-	3	-	-
Capital distribution	-	-	-	(248)	-	-
Net revenue retained for the period	-	-	-	-	-	14
<b>At 29 February 2004</b>	<u>27</u>	<u>1</u>	<u>6,247</u>	<u>5</u>	<u>1,300</u>	<u>70</u>

In July 2002, the company received the consent of the High Court for the cancellation of its share premium account and the creation of a special capital reserve which can be utilised, amongst other things, to purchase shares in the market for cancellation.

## Notes to the financial statements *continued*

for the year to 29 February 2004

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 29 February 2004 £000	Year ended 28 February 2003 £000
At 1 March 2003	5,997	6,568
Total return after tax and distributions	1,762	(594)
Net proceeds of share issues	-	23
Share buy back and cancellation	(39)	-
At 29 February 2004	<u>7,720</u>	<u>5,997</u>

### 16 NET ASSET VALUE PER SHARE

Net asset value per share is based on net assets at 29 February 2004 of £7,720,000 (2003 - £5,997,000) and on 7,073,978 (2003 - 7,128,778) ordinary shares in issue at that date.

### 17 PERFORMANCE INCENTIVE ARRANGEMENTS

Under the terms of the investment management agreement and the administration agreement outlined in note 2, Beringea Limited and Downing Corporate Finance Limited are potential beneficiaries of the company's performance incentive arrangements. Beringea is entitled to receive at least 90% and Downing the balance (up to 10%) of any performance incentive by way of cash, shares or share options.

The performance incentive will not be triggered until the company's profits available for distribution are equivalent to not less than 7% per annum (compound) on each share and net assets per share are £1.00 or more. This incentive will be equal to 20% of the company's profits (derived from both investment income and capital profits) available for distribution in excess of 7p per share in each accounting period, before taking into account such incentive. The performance incentive will first be calculated in respect of the period to 29 February 2004 and annually thereafter. The incentive (if any) will be payable following approval of the relevant audited accounts by shareholders and will be in the form of cash, shares or share options in the company.

In the event that Beringea or Downing elects to receive such incentives by way of share options, the value per option will be calculated by subtracting the exercise price per share from the net asset value per share at the date on which the options become exercisable. The maximum number of options that may be issued without shareholder approval is capped at 15% of the issued share capital of the company from time to time. Beringea and Downing will be entitled to cash compensation in the event that the value of the incentive exceeds the amount in respect of which the company is capable of granting share options.

## 18 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

A statement of the company's principal objectives is given on page 3. In order to achieve these objectives the company invests its funds primarily in qualifying holdings in unlisted companies and companies traded on AIM, which by their nature may entail a higher degree of risk than investments in large listed companies. The company has not entered into any derivative transactions, and does not expect to do so in the foreseeable future. As a venture capital trust, the company invests in securities for the long term, and it is the company's policy that no trading in investments or other financial instruments shall be undertaken.

### **Market price risk**

The main risks arising from the company's investing activities are market price risk, representing the uncertain realisation values of the company's investments. The directors aim to limit the risk attaching to the portfolio as a whole by careful selection of investments and by maintaining a wide spread of investments in terms of financing stage, industry sector and geographical location.

### **Interest rate risk**

The company finances its activities through retained profits including realised and unrealised capital profits, and through the issue of equity shares. It has not entered into any borrowings. The company's investment portfolio includes investments in interest bearing securities in investee companies and in other fixed interest securities. Details of interest bearing assets are given below under Financial Assets.

### **Liquidity risk**

There is liquidity risk associated with unquoted investments, which are not readily realisable.

### **Credit risk**

Credit risk is the risk of a borrower defaulting on either an interest payment or the capital sum of a loan. The credit risk associated with the company's loan investments in unquoted companies is controlled as part of the investment process outlined under market price risk above, and wherever possible, the company will take security for such advances. Details of the loans outstanding to investee companies is shown below.

### **Currency risk**

All of the company's assets and liabilities are denominated in sterling.

## Notes to the financial statements *continued*

for the year to 29 February 2004

### 18 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *continued*

#### Financial assets

The interest rate profile of the company's financial assets is set out below:

	29 February 2004 £000	28 February 2003 £000
Floating rate	976	474
Fixed rate	2,397	3,700
Non-interest bearing	4,697	1,952
	<u>8,070</u>	<u>6,126</u>
Fixed rate assets	29 February 2004	28 February 2003
Weighted average interest rate	9.3%	9.6%
Weighted average years to maturity	3.7	1.9

Floating rate financial assets comprise cash held on deposit. The benchmark rate for these investments is the UK bank base rate.

Non-interest bearing financial assets comprise equity share and non-equity share investments in investee companies, cash held on non-interest bearing deposit and debtors.

#### Fair values

The investments of the company are valued by the directors in accordance with the guidelines issued by the British Venture Capital Association, and the carrying values are considered to approximate the fair value of the investments.

### 19 RELATED PARTY TRANSACTIONS

ProVen Media VCT is managed by Beringea Limited, and has entered into a co-investment agreement with, amongst others, Guinness Flight VCT plc and ProVen VCT plc. Beringea acts as the manager to ProVen VCT plc and was, until 22 July 2003, the adviser to Guinness Flight VCT plc. Certain directors of ProVen Media VCT plc serve, or did serve, on the boards of these companies. Tom Sooke was, until his resignation on 1 June 2004, a director of ProVen VCT plc, whilst Andrew Davison, Nick Lewis and Alexander Spiro Jr. are non-executive directors of that company. James Stewart is a non-executive director of Guinness Flight VCT plc.

### 20 CAPITAL COMMITMENTS

Investments approved at the end of the year and since completed amounted to £249,000. There were no approvals at the year-end that relate to investments that have not yet completed.

## Special Business at the Annual General Meeting

At the annual general meeting being convened for 15 July 2004 (“AGM”), there will be proposed as special business Resolution No.6 as an Ordinary Resolution and Resolutions No. 7 and 8 as Special Resolutions.

- 1 Resolutions 6 and 7 are to seek authority:
  - To renew the authority for directors to allot shares (Resolution 6).
  - That these allotments may be for cash and not necessarily offered to existing members of the company (Resolution 7).

### Background to the proposal

Shareholders may be aware of the recent changes to the VCT rules which increase the level of income tax relief available on new investments made in VCTs. In view of these changes, the directors may give consideration to issuing more shares by way of a top-up fundraising at an appropriate point in the future. Naturally, all shareholders will be notified should the directors decide to pursue this. In order to allow the company the flexibility to consider this option, resolutions will be put to shareholders at the AGM to give directors the authority to issue up to 2,334,412 ordinary shares, being approximately 33 per cent of the company’s issued share capital at today’s date.

- 2 Resolution No. 8 is to seek authority to renew its authority to make market purchases of its own shares by utilising distributable reserves of the company.

### Background to the proposal

The directors consider that it is in the best interests of the company and its shareholders for the company to be in a position to make occasional market purchases of its shares (which are then automatically cancelled) with the aim of reducing any discount and increasing the net asset value per share of the remaining shares. In the view of the directors, the awareness in the market that the company has such a capability may tend to moderate the scale of any discount that may emerge and the action of buying shares may enable any such discount to be narrowed. The Board has a general authority under its articles of association to make market purchases of its own shares. Accordingly, the Board proposes to seek the authority for the company to make market purchases of its own ordinary shares. A company is permitted to purchase its own shares out of the special reserve created from the cancellation of the company’s Share Premium Account, its distributable reserves or from the proceeds of a fresh issue of shares made for the purposes of such purchases. The authority being sought will enable the company to make such occasional purchases out of the special reserve or any distributable reserves.

### Purchase of ordinary shares by the company

Purchases of ordinary shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the company and its shareholders as a whole. Purchases will only be made in the market for cash at prices below the prevailing net asset value per ordinary share, thereby enhancing the net asset value per ordinary share for the company’s remaining shareholders.

Under the Listing Rules of the Financial Services Authority, the maximum price which can be paid by the company is 5 per cent above the average of the market value of the ordinary shares for the five business days preceding the purchase. Ordinary shares that are purchased will be cancelled. In making purchases, the company will deal only with member firms of the London Stock Exchange. Purchases of ordinary shares will be funded from the use of distributable reserves but so that the use of such reserves will not adversely impact on the company’s stated policy of maximising tax free dividend distributions to shareholders.

### Risk Factors

Shareholders who sell their ordinary shares within three years of subscription will lose, and will have to repay, any income tax relief previously given on subscription. Any capital gains deferred on subscription will crystallise at that time.

Any share purchases by the company may result in a reduction of the discount to net asset value at which the ordinary shares trade. However, the effect of market forces cannot be predicted with

## Special Business at the Annual General Meeting *continued*

certainty and this result cannot be guaranteed. Furthermore, even if initially the desired result is achieved, it is possible that the discount may widen further over the medium to long term.

### Taxation on company share purchase

The company, when it purchases ordinary shares, will be treated as repaying part or all of the amount of capital which is treated as paid up on each ordinary share for tax purposes. Stamp duty at the rate of 50p per £100 or part thereof of the purchase price of any ordinary share will be payable by the company. **This information is based on the law and practices currently in force in the United Kingdom and is not a complete statement of tax legislation affecting shareholders of venture capital trusts.**

### Action to be taken

The AGM is being convened for 15 July 2004 at 11.15 a.m. A form of proxy is enclosed for use at the AGM. Whether or not you intend to be present at the meeting, you are asked to return the enclosed form of proxy in accordance with the instructions printed on it so as to arrive no later than 11.15 a.m. on 13 July 2004. Completion and return of a form of proxy will not preclude you from attending the meeting and voting in person, should you so wish. Shareholders are urged to seek independent financial advice from a person authorised under the Financial Services Act 1986 when considering whether or not to approve Resolutions No 6, 7 and 8. If you have sold or transferred all or part of your ordinary shares in ProVen Media VCT plc, you should forward this document, together with the form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

### Directors' recommendation

The directors of the company believe that shareholders should vote in favour of the proposals described above, as they intend to do in respect of their own beneficial holdings amounting to 26,500 ordinary shares (representing 0.4 per cent of the issued share capital of the company) and that they are in the best interests of shareholders.

## Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of ProVen Media VCT plc will be held at the Covent Garden Hotel, 10 Monmouth Street, London WC2H 9HB on Thursday, 15 July 2004 at 11.15 a.m. for the following purposes:

### ORDINARY BUSINESS

- 1 To receive and adopt the financial statements for the year to 29 February 2004 and the directors' and auditors' reports thereon.
- 2 To approve the Directors' Remuneration Report
- 3 To re-elect A Davison as a director
- 4 To re-elect N P Lewis as a director
- 5 To re-appoint Deloitte & Touche LLP as auditors of the company and to authorise the directors to agree their remuneration.

### SPECIAL BUSINESS

To consider and if thought fit, pass Resolution 6 as an Ordinary Resolution and Resolutions 7 and 8 as Special Resolutions:-

#### 6 AUTHORITY TO ALLOT RELEVANT SECURITIES

THAT the directors be generally and unconditionally authorised in accordance with Section 80 of the Act to allot shares up to a maximum nominal amount of £23,345 (representing approximately 33% of the ordinary share capital in issue at today's date), this authority to expire at the later of the conclusion of the company's annual general meeting next following the passing of this resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the company in general meeting but so that such authority allows the company to make Offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority).

#### 7 EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

To empower the directors pursuant to Section 95(1) of the Act to allot or make offers or agreements to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in resolution 6 as if Section 89(1) of the Act did not apply to any such allotments and so that:

- (a) reference to allotment in this Resolution shall be construed in accordance with Section 94 of the said Act; and
- (b) the power conferred by this Resolution shall enable the company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the annual general meeting of the company next following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

#### 8 AUTHORITY TO MAKE MARKET PURCHASES

THAT the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 1p each in the company ("ordinary shares") provided that:

- (a) the maximum number of ordinary shares so authorised to be purchased shall not exceed 14.99% of the present issued Ordinary share capital of the company;
- (b) the minimum price which may be paid for an ordinary share shall be 1p;

## Notice of Annual General Meeting *continued*

- (c) the maximum price, exclusive of expenses, which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
- (d) the authority conferred comes to an end at the conclusion of the next annual general meeting of the company or upon the expiry of 15 months from the passing of this resolution, whichever is the later; and
- (e) the company may enter into a contract to purchase its ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

By Order of the Board  
C L Whitten FCIS  
*Secretary*

17/18 Henrietta Street  
London  
WC2E 8QH  
2 June 2004

### NOTES

- a) A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member.
- b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the company, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA so as to be received by no later than 48 hours before the time the annual general meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the annual general meeting.

# Proxy Form

## ProVen Media VCT plc

Annual General Meeting – 15 July 2004

I/We.....  
(block capitals please)

of .....

being a member of ProVen Media VCT plc, hereby appoint

.....  
or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the annual general meeting of the company to be held on 15 July 2004, notice of which was sent to shareholders with the directors' report and the accounts for the year to 29 February 2004, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number	For	Against	Withheld
1 To receive, consider and adopt the financial statements for the year to 29 February 2004	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To receive the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-elect A Davison as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-elect N P Lewis as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To re-appoint Deloitte & Touche LLP as auditors and authorise the directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To authorise the directors to allot shares (Ordinary Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To disapply Section 89(1) of the Companies Act 1985 (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To authorise the directors to make market purchases of its own shares by utilising distributable reserves of the company (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed: .....Dated: ..... 2004

### NOTES

1. A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided.
2. Use of the proxy form does not preclude a member from attending and voting in person.
3. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
5. To be valid, the proxy form must be received by the Registrars no later than 48 hours before the commencement of the meeting.

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Capita Registrars  
Registrars for Pro Ven Media VCT plc  
Northern House  
Woodsome Park  
Fenay Bridge  
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First Fold

Second Fold

