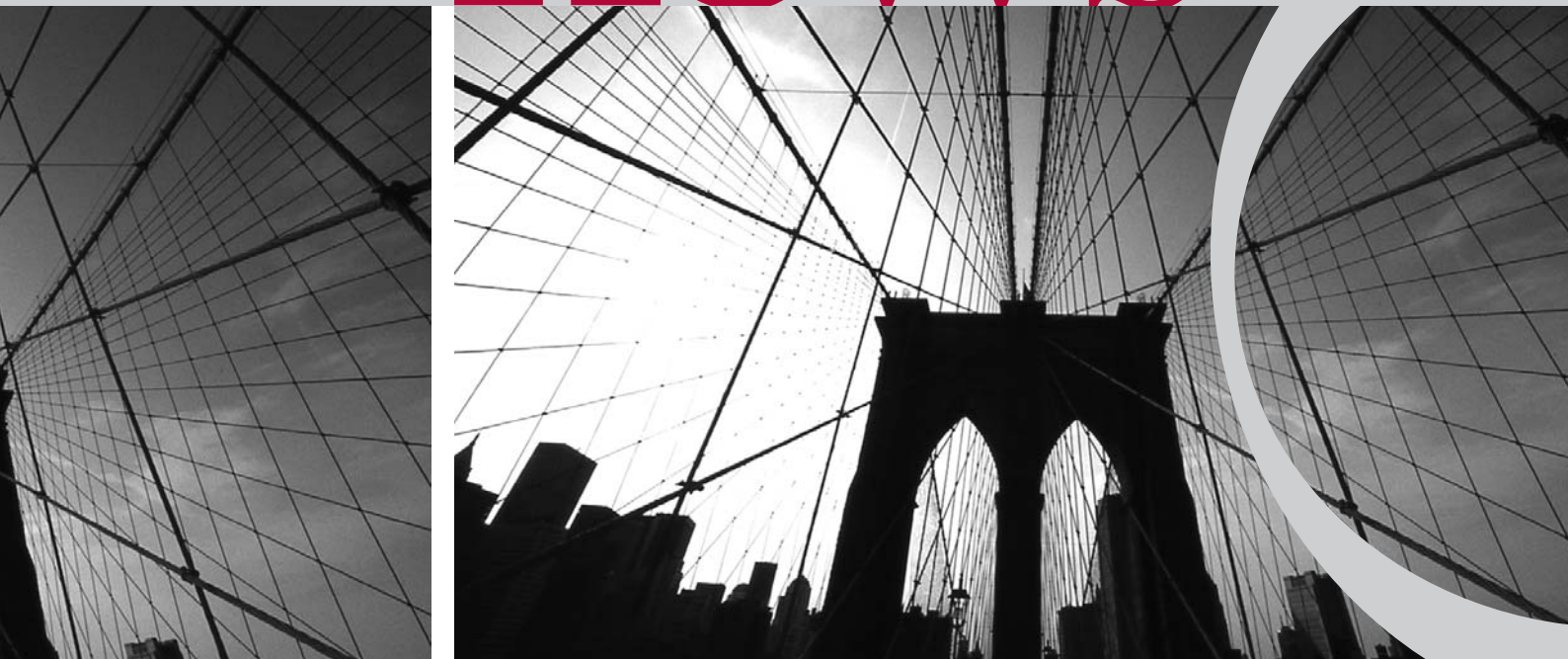




# news



## News in brief

We are delighted to report that Beringea, manager of the ProVen VCTs and Global Rights Fund II (GRF II), has enjoyed some notable achievements in the last few months. In September, both ProVen VCTs announced their interim results to 31st August. ProVen Growth & Income VCT (PGI VCT) has retained its number one position in the performance tables for VCTs launched in tax year 2001/02 and ProVen VCT is still third among the 2000/01 tax year vintage<sup>1</sup>. Furthermore, PGI VCT is now recognised as the **fourth best performing VCT over 60 VCTs with a track record of more than 3 years<sup>2</sup>**.

There have been a number of positive developments across the ProVen VCT portfolios during 2005. In February, the funds

backed the management buy-out of leading brand communications agency Gyro. In addition the ProVen VCTs have enjoyed two successful exits- Notability Solutions (2.4 times the initial investment after only two years) and Copyright Promotions Group, (2.5 times the initial investment return in four years).

ProVen VCT recently completed a further round of fund raising taking total funds in this VCT to over £26m. **Beringea will shortly be launching a "C" share offer for PGI VCT, seeking to raise up to £25m.** Stuart Veale, Managing Director of Beringea, and the rest of the investment team continue to look for investment opportunities in rapidly growing companies.



MANAGED BY  
BERINGEA

<sup>1</sup>[www.tax-shelter-report.co.uk](http://www.tax-shelter-report.co.uk) <sup>2</sup><http://www.bestinvest.co.uk>

## VCT backed companies contribute significantly to the economy

VCT investment plays a significant role in the growth of the UK economy, accounting for approximately 12% of the 1100 UK businesses backed by private equity investment each year. Since the Chancellor first introduced VCTs in 1995, as a way of encouraging investment into growing companies, over £2 billion has been invested in over 70 VCTs.

According to the British Venture Capital Association (BVCA), companies benefiting from VCT investment enjoy substantial increases in growth and employment. VCT backed companies surveyed by the BVCA had increased their sales by an average of 30% p.a., with growth rates 3.5 times higher than those for FTSE SmallCap companies.

In addition, the number of people they employ increased by an average of 32% p.a. against a national private sector employment growth rate of just 1.5%.

VCT backed companies benefit from the contribution made by their VCT managers as well as the funding provided. Beringea adds value to the ProVen VCT and ProVen Growth & Income VCT investments in various ways, including input to strategy development, providing corporate finance advice and enabling strategic alliances with other companies in the investment portfolio.



## ProVen VCT and PGI VCT Performance and Dividends

Beringea shares the Chancellor's views on the importance of funding the UK's smaller businesses.

VCTs play an important role in providing the investment necessary for such enterprises to flourish. Beringea aims to select the best of these companies for investment and then add value through its active approach to post investment management.

The success of Beringea's investment strategy is reflected in the performance of both ProVen VCT and PGI VCT, including the dividends paid to their shareholders.

The returns from both VCTs since launch are set out in the following table. Past performance of the funds or Beringea is no guide to future performance.

	Net asset value total return	Cumulative dividends per share	Current Net asset value	Dividends per per share (last 12 months)
<b>ProVen VCT (listed 04/2000)</b>	122.4p	18.7p	106.3p	6.5p
<b>ProVen Growth &amp; Income VCT (listed 04/2000)</b>	135.6p	15.4p	120.2p	6.5p

Source: ProVen VCT and PGI VCT

# Portfolio News

## Successful Exits

### Notability Solutions

In March, Beringea announced the sale of ProVen VCT investee company Notability Solutions Ltd, a leading supplier of IT solutions, to Logicalis Group Ltd, the UK subsidiary of Johannesburg Stock Exchange listed Datatec. The sale generated a return of 2.4 times capital in two years and a cash to cash IRR

of 57% from PVCT's investment in Notability.

Stuart Veale, Managing Director of Beringea Ltd., arranged the original investment in 2003. Beringea Investment Director Trevor Hope subsequently took a seat on the board of directors and managed the sale to Logicalis, which made a profit of £1.4m for

ProVen VCT. This is equivalent to over 6p per ProVen VCT share and is a classic example of the growth rate a small, well-managed company can achieve and of the potential returns that venture capital investments can make for investors.



### Copyright Promotions



CPLG manages the rights of Spiderman 2

In August, Beringea sold its equity interest in Copyright Promotions Licensing Group (CPLG) to the company's management team. With the sale of CPLG, Beringea achieved a return of circa 2.5 times capital and an IRR of over 30%.

ProVen VCT and PGI VCT, along with Beringea's Global Rights Fund II (GRFII) financed the MBO of CPLG in 2001, taking

a significant minority equity stake in the group. CPLG represents the licensing rights of some of the world's biggest entertainment, media and sports companies, including Twentieth Century Fox, Sony, Dreamworks and the Football Association. CPLG also manages the rights of well-known properties such as Shrek and Spiderman 2. This has been a very successful investment for Beringea

and clearly demonstrates the role that venture capital can play in building a successful and sustainable business.

Beringea is currently at an advanced stage with a number of its other portfolio companies on realisation and refinancing strategies.

## New Investments

### Gyro Group

In February, PGI VCT provided £500,000 of funding for the management buy-out of Gyro Group PLC. Gyro Group is the UK's leading integrated, business-to-business brand communications agency, with offices in London, Geneva, Stockholm, Amsterdam, New York, San Francisco and Dublin.

The company provides an integrated suite of marketing services including brand strategy, direct marketing, on and off-line advertising, media planning, web marketing and event management. In the year to October 2004, the company had fee income of approximately £12m.

PGI VCT's investment will provide funds for the company's operations to expand internationally and allow one of the founders of the business to retire.

**GYRO**<sup>®</sup>  
creating brand energy

## Portfolio Developments

### Espresso

In March, Independent Television News (ITN) made a strategic investment in the ProVen VCTs' portfolio company Espresso Education. Espresso is the UK's market leader in the provision of video-rich digital teaching materials to schools, providing multi-media service to 30% of the UK's primary schools. The new partnership will enable

Espresso to accelerate the rollout to the remaining schools, as well as to explore opportunities to market the Espresso concept outside the UK.

Beringea's ProVen and ProVen Growth and Income VCTs first invested £1.7m in Espresso in 2001. Beringea Managing Director Stuart Veale has been a

director since 2003 and played a key role in negotiating ITN's investment. Beringea is delighted to have ITN as an investor and partner and is certain that this will extend Espresso's ability to produce quality services for the education market in the UK and, in time, abroad.

**espresso**<sup>™</sup>  
education Ltd



# Portfolio Developments Continued...

## Zenith Entertainment

Beringea Portfolio Company Zenith Entertainment recently celebrated its re-commission by CITV to produce a second edition of the highly entertaining animated series King Arthur's Disasters.

Following the success of series one, the 13 new half-hour episodes will continue the madcap adventures of King Arthur, his trusty friend

Merlin, the manipulative Princess Guinevere and the narcissistic Sir Lancelot. It is expected that the series will be delivered in September 2006 and that the original cast of Rik Mayall, Matt Lucas, Morwenna Banks and Phil Cornwell will be on board.

Stuart Veale lead the MBO of Zenith in March 2003 and has been

a member of the board since the investment completed. Other successful Zenith Entertainment productions include CD:UK Live, 55 Degrees North and Byker Grove.



Contact details: For more information please call us on

**0845 686 0225, [provenvcts@beringea.co.uk](mailto:provenvcts@beringea.co.uk) or visit [www.provenvcts.com](http://www.provenvcts.com) or [www.beringea.co.uk](http://www.beringea.co.uk)**



Stuart Veale 020 7845 7827  
Managing Director [sveale@beringea.co.uk](mailto:sveale@beringea.co.uk)



Jamie Kennell 020 7845 7828  
Investment Director [jkennell@beringea.co.uk](mailto:jkennell@beringea.co.uk)



Trevor Hope 020 7845 7822  
Investment Director [thope@beringea.co.uk](mailto:thope@beringea.co.uk)



Jeff Cornish 020 7845 7831  
Sales Director [jcornish@beringea.co.uk](mailto:jcornish@beringea.co.uk)

The information and opinions in this report were prepared by Beringea Limited ("Beringea"). The information herein is believed by Beringea to be reliable and has been obtained, where possible, from public sources believed to be reliable, but Beringea makes no representation as to the accuracy or completeness of such information. Copyright© 2005 Beringea Limited. This is not a financial promotion.  
Beringea Ltd is authorised and regulated by the Financial Services Authority.