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Summer 08

ProVen VCTs exit ilG

The ProVen VCTs have realised their investment in ilG, a leading digital media agency, selling their stake to private equity group ECI.

The deal valued ilG in excess of £45.5 million generating a return of 3.3x the investment. ►

“Beringea has been an active and supportive investor”

David Pattison, CEO of iLG

ProVen VCTs exit iLG continued...



David Pattison
CEO of iLG

iLG was founded in 1999 by Andrew Walmsley and Charlie Dobres. It now turns over in excess of £100 million of online media expenditure across display advertising, search marketing, and affiliate management. Its current clients include the COI, Orange, William Hill, Specsavers and Sony. The group is made up of three divisions: i-level Ltd (including social networking business: Jam), Generator (consulting) and Premier Affiliate Network (PAN).

Trevor Hope, Beringea’s Chief Investment Officer, managed the exit for the ProVen VCTs. Commenting on the deal he said: **“Our investment in iLG has been an exciting and rewarding one. iLG have combined their absolute determination to be the industry-defining agency in this dynamic growth sector with integrity and client focus. The company has experienced stellar growth since our original investment and has generated some excellent returns for our investors.”**

David Pattison, CEO of iLG was delighted with the deal and praised Beringea’s role in developing the business, commenting **“Beringea has been an active and supportive investor. As Beringea’s non executive director, Trevor brought with him strong understanding and experience of the digital media space as well as an appreciation that the key to iLG’s success is our people.”**

Gyro International exit generates dividends



The sale of Gyro International earlier this year resulted in the ProVen VCTs announcing further dividend payments. ProVen Growth & Income ordinary shares initially invested in Gyro in February 2005 and both VCTs’ ordinary shares and ProVen Growth & Incomes C shares participated in a second round of investment in October 2006. Together the VCTs’ investment in Gyro delivered a combined IRR of 58.6%

Gyro International, founded in 1991, was originally focused on business to business marketing

in the technology and finance industries. The agency’s success within these competitive sectors became a springboard for rapid growth. Gyro is now one of Europe’s leading integrated marketing agencies - with global ambitions.

This February a US private equity company bought a majority stake in the company – in a deal which valued Gyro at £50 million. The terms of the deal will allow the firm to open several new international offices, make further acquisitions and expand the range of services it

can offer clients. The deal also enabled the successful exit of a VCT investment syndicate, which included the ProVen VCTs.

Trevor Hope, Beringea’s Chief Investment Officer, commented **“Providing VCT shareholders with increased shareholder value is always our first priority and by investing in Gyro we have generated a great return on investment. But it is also very pleasing to know we have helped increase the number of staff employed by 50% and helped Gyro to become an international market leader.”**

Welcome to the 2008 issue of ProVen News

2008 has started strongly for the ProVen family of VCTs, with sales of two portfolio companies in the first few months, both of which realised a return of more than three times the original investment. More details of the sales of iLG Group and Gyro International are featured on the opposite page.



Stuart Veale
Managing Director

The ProVen VCTs also completed five new investments in the first four months of the year. This performance comes after one of the ProVen VCTs' most active years ever, with eleven deals being completed during 2007. We have a strong pipeline of deals for the second half of the year but we continue to look for new investment opportunities.

Beringea, the manager of the ProVen VCTs, has strengthened its investment team with the recruitment of Karen McCormick. Karen joined us from Boston Consulting Group. She also has considerable experience of working for and with smaller, high growth companies.

The performance of the ProVen VCTs has gone from strength to strength. ProVen Growth & Income VCT ordinary shares remain the best performing VCT shares (based on IRR since launch)*, with a total return of 209.5p, which includes dividends paid to date of over £1 per share. The performance of all the ProVen VCTs' share classes is summarised in the table below.

*Source www.taxshelterreport.co.uk as at 3 March 2008.

As I look forward to the second half of the year, I remain confident about their prospects. While always conscious of the potential threat to portfolio companies from economic turbulence, many of these businesses are in high growth sectors which should be largely insulated from any slow down in the wider economy. Indeed, I believe that the next couple of years will present some excellent investment opportunities. Beringea intends to launch a further fundraising for the ProVen VCTs late this year, to ensure that they are able to take advantage of these. •



VCT Performance ⁽¹⁾	ProVen VCT Ordinary Shares (Launched February 2000)	ProVen VCT C Shares (Launched November 2006)	ProVen Growth & Income VCT Ordinary Shares (Launched February 2001)	ProVen Growth & Income VCT C Shares (Launched November 2005)
Current net asset value (NAV)	92.4	89.6	109.1	94.5
Cumulative dividends paid per share	76.7	1.0	100.4	5.0
Total return : NAV + Dividends paid	169.1	90.6	209.5	99.5

⁽¹⁾ Unaudited net asset value as at 29 February 2008, adjusted for subsequent dividends and disposals.

Investment Round Up 2007

News

February

- Second round of funding announced for award-winning digital agency iLG.

May

- Investment in the £5.5 million AIM placing by intellectual property specialists Coolabi.
- Online lead generation company Dianomi raises expansion capital.
- Funding provided for the acquisition of WDIS Ltd, a specialist business-to-business data management company, by Optima Data Intelligence Limited.
- Management buy-out of leading independent producer and publisher of music programming, Eagle Rock Group Limited, from HgCapital.
- Investment in Saffron Media Group - the newly formed parent company of Filmnight Digital and Saffron Digital.

July

- Management buy-out of The Vending Corporation, the UK's leading independent distributor of chilled beverage and snack vending machines.
- Expansion capital investment in Coal Restaurants.
- Expansion capital funding for rapidly growing expert digital marketing agency Steak Media.

October

- £2 million expansion capital deal announced with Imagestate, one of the world's leading image rights agencies.

December

- £2.8 million to support the MBO of Donatantonio, leading importer and distributor of Italian fine foods.●

Adventure Capital



Image left to right Jay Patel - Spark Ventures, Ranjan Singh - isango! and Trevor Hope, Beringea.

isango!, a leading online provider of travel experiences, has received £4.4 million of funding to support the next stage of its growth. As part of this investment Beringea have provided £1.28 million of expansion capital funding through both the ProVen VCTs.

In less than a year and a half since its launch in 2006, isango! has gained a market-leading reputation thanks to its usability, breadth of service, global coverage and fresh design.

Its aim is to provide both consumers and travel professionals with the most authoritative online resource for planning and booking travel experiences. Currently isango!

offers around 4,000 activities in nearly 60 countries and works alongside travel companies, airlines, car rental firms, hotel groups and other portals that include Hertz, Yahoo! and Teletext.

Ranjan Singh, Co-Founder and CEO of isango!, commented:

“This is an important milestone in the development of the business and to have attracted such highly respected and experienced investors is a clear endorsement of the progress we have made over the last eighteen months. The market for travel experiences, tours and activities is the ‘last frontier’ of online travel which remains unaggregated. isango! is in pole position in this huge and

exciting market. We have seen a very strong revenue growth since our launch and this latest round of funding gives us a platform from which to take the business to the next level.”●

Special Offer

isango! is offering an exclusive 10% discount on all travel experiences (that's 4000 in 60 countries!) for ProVen News readers until July 31st 2008. Visit www.isango.com and use discount code IS3E4EGWK9 on the payment page when booking.

“Beringea shares our vision and is unique in its ability to support our growth through its extensive knowledge and expertise in the digital media and content industries.”

Gregor Isbister, Founder of Breeze Tech

Breeze Tech

At the end of January 2008 Beringea made an expansion capital investment in mobile proximity marketing specialists Breeze Tech. The investment, which committed £800,000 to support the growth of the firm’s sales and marketing capabilities, was led by investment director Karen McCormick, who joined Beringea last August.

When Breeze Tech was founded in 2003 the company specialised in Bluetooth technology that enabled clients to broadcast simple content, within a localised area, from their own PCs. The firm has since grown dramatically, becoming an international provider of wireless proximity marketing solutions.

Breeze Tech’s marketing services involve placing rich digital content in high dwell areas which can be delivered directly to consumers’ mobile phones. Content can range from ringtones and movie trailers to city travel guides and tutorials. Content is broadcast via Bluetooth or WiFi to all enabled phones within a specific location, and users can choose to download or opt out of receiving any further messages. Breeze Tech already has an impressive

client list which includes Titan Outdoor, 3 Mobile, Sky and Universal.

Gregor Isbister, founder of Breeze Tech, was delighted with the investment commenting that “At this stage of Breeze Tech’s growth, and with a market with huge potential, this funding will allow Breeze Tech to accelerate its development and roll out of proximity content networks. Beringea shares our vision and is unique in its ability to support our growth through its extensive knowledge and expertise in the digital media and content industries.”

Karen McCormick commented “We are very excited to be working with Breeze Tech. Businesses are increasingly looking for new ways to engage consumers and the innovative technology developed by Gregor and his team, combined with their marketing expertise, puts Breeze Tech in a great position. Breeze Tech already have a strong track record and great potential for further growth.”•

Karen’s experience comes from a variety of consulting and corporate positions, specifically in the consumer products and financial services sectors. As a consultant with The Boston Consulting Group and Kurt Salmon Associates, her project work focused on developing growth strategies and hands-on implementation. While Director of Watches for Wenger/Swiss Army, she increased divisional revenues by over 70% and margins by 15% within one year. She has also worked with several start-up and small growth companies, including the co-founding of a luxury products retail and lifestyle website in the Middle East. Karen has an MBA from INSEAD and a BSBA from Boston University.



Karen McCormick
Investment Director



“Donatantonio has identified and is continuing to develop good growth opportunities; both in its existing and new customer base”

ProVen VCTs back Management Buy Outs of Donatantonio and Path Group

In 1902 Luigi Donatantonio established a specialist retail outlet catering for London’s growing Italian population. During the 1950s and 1960s Donatantonio moved from retail into distribution.



Today Donatantonio Limited is one of the UK’s leading importers of premium quality, Mediterranean foods and principally supplies the food manufacturing sector with Italian ingredients including pasta, tomatoes, olive oil and speciality brands Lupa and Casalinga.

In December 2007 Beringea invested in the Management Buy Out (MBO) of Donatantonio Limited. Under the terms of the deal the owner Shelia Donatantonio left the business, but her husband Vincent and daughter Tanya continue to form a key part of the management team.

Beringea Director Jamie Kennell, who led the investment for Beringea, commented “Donatantonio has identified and is continuing to develop growth opportunities both in its existing and new customer base, and has invested well in infrastructure in terms of its warehousing, logistics and technical capability. We have introduced Andrew Lord, former CEO of The Serious Food Company, as Chairman. Andrew brings with him a wealth of experience and a proven track record in this sector. Both the origins and reputation of this firm are real assets and I am delighted that the family will continue to play an integral part in this business.”

Beringea has invested £2.8 million in Donatantonio through ProVen VCT and ProVen Growth & Income VCT.

In February this year, Jamie Kennell also led Beringea’s investment in the MBO of Path Group, one of the UK’s leading distributors of consumer electronic accessories. The £7 million MBO was backed by funding from both ProVen VCT and ProVen Growth & Income VCT.

Path specialises in electronic entertainment accessories, including those for use with MP3 players, high definition and flat screen TVs, game consoles and audio equipment. The firm has been distributing electronic accessories since it was founded in 1984 and is now a leading distributor in the UK with established international operations in the US, Russia and Hong Kong.

The company has clear plans for growth and has made significant investment both in its people and its international operations network. Path has impressive and long standing relationships with all the major consumer electronics retailers both in the UK and Europe. Jamie commented “Path is a successful and highly profitable player in the market, but we believe there is great potential for further growth through international expansion and development of the IXOS brand.”•



Path Management Team Celebrate

ProVen VCTs invest in Optic Vision

It may be commonplace for organisations to use security services to protect themselves externally, but many struggle to guard against internal security breaches. Optic Vision Limited is a leading UK security solutions provider based in Oxford. Unlike many of its competitors, the company provides security systems that not only protect from the external intruder, but are also able to monitor and alert organisations to possible security issues from within. The company's specialist software allows virtually any form of IT activity to be tracked and halted.

In March Beringea's Co-founder, Malcolm Moss, led a £1.75 million expansion capital investment in OpticVision. Malcolm commented "One of the most compelling features of this investment is the truly innovative product offering. The company recently acquired Silent Knight Technologies Limited, the provider and developer of their software solutions. By joining with this natural partner, Optic Vision is able to offer solutions that address both external and internal security threats through a new product – VigilancePro - which uniquely integrates

logical (IT) security with physical security technologies such as CCTV, access control and RFID systems."

The company has undertaken a number of prestigious and highly demanding projects, earning itself a reputation for providing innovative solutions and excellent service. The funding, made through Beringea's ProVen and ProVen Growth & Income VCTs, will support the company's expansion plans, allowing them to meet the strong demand for services and launch VigilancePro to the market. •

Digital Media - Portfolio Company News

The ProVen family of VCTs invests in companies across a broad range of sectors. This approach helps spread risk as well as offering a wide range of opportunities for investment. The VCTs do also benefit, however, from Beringea's media expertise – in particular Beringea's understanding of digital technology and new media. A few recent highlights from our portfolio companies within this dynamic and high growth sector have been selected here.

espresso[™]
education ltd



Espresso Education, the UK's leading digital curriculum service, has collected the BAFTA Children's Award in the Learning Primary category. The awards are designed to celebrate the best in moving image for children including film, television, video games and online. This is Espresso's first BAFTA award win. Within the BAFTA Learning Primary category, entries were required to educate children aged 4-11 and support or complement the curriculum across a variety of eligible formats including television programmes, online, CDs/DVDs and interactive television. Out of the 4 shortlisted entries, BAFTA members chose Espresso's cross curricular online service to represent the very best across all of these formats.

dianomi
Contextual Lead Generation

Dianomi Ltd is an online lead generation company, placing specialised ad links for businesses on publishing partners' sites, such as The Times, the FT, The Telegraph, The Guardian and the London Stock Exchange. Dianomi has now expanded its business services to include www.distinctiontravel.com, showcasing a wide range of specialist travel operators and providing ultimate travel solutions for those seeking unrivalled luxury and excitement.



Steakmedia
RARE MEDIUM, WELL DONE.

Steak Media was named as Media Agency of the Year at the Interactive Marketing and Advertising Awards. Hosted and organised by industry journals New Media Age and Marketing Week, there were over 320 entries competing for top position in 21 categories. The awards were established four years ago to recognise and celebrate the most effective examples of marketing and advertising using the internet, mobile and interactive TV. Steak also won 'Best High Growth Business' at the Daily Mail Enterprising Young Brits awards. The event recognises young people who have turned their ideas into reality and was attended by Gordon Brown and Alastair Darling. Steak recently opened new offices in New York and Melbourne enabling the agency to offer clients global reach for campaigns. •

If you would like to subscribe to the email edition of ProVen News and receive email updates on our portfolio company news – please contact Anna Blacklock by email ablacklock@beringea.co.uk or by phone on 0207 845 7826.

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