

ProVen Health VCT plc
Annual Report and Accounts
For the year ended 31 January 2010



Managed by
Beringea LLP

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ProVen Health VCT plc

Investment Objective

ProVen Health VCT plc aims to provide investors with an attractive return by maximising the stream of tax free dividend distributions from the capital gains and income generated from a diversified portfolio of investments in the health sector.

The Case for Healthcare Investment

We believe that there are a number of trends which make an attractive case for investment in the health sector. These include the following:

- A progressively ageing population which will further increase demand for healthcare related products and services at an increased cost to taxpayers. In the UK, government spending on health in 2009/2010 was estimated at nearly £120 billion and has more than doubled in real terms since 1997.
- In the US, the recently passed healthcare reform bill will extend healthcare coverage to 32 million currently uninsured Americans at an estimated cost of US\$940 billion over 10 years and impact globally on all providers of healthcare.
- Continued wealth and development in emerging economies will expand available markets for leaders in healthcare.
- The increased level of healthcare spending, the need to contain costs and increasingly demanding and aware consumers will accelerate the search for improved healthcare products and services and their more efficient delivery.

The Investment Approach

The portfolio is currently weighted towards early and mid-stage investments. The Fund is now targeting investments in later stage businesses that will benefit from the trends outlined above and which will complement the existing portfolio as it continues to mature. Specifically, the Fund will look to provide capital for businesses which display some or all of the following characteristics:

- Medical devices, healthcare services and healthcare information technology businesses with proven technology and barriers to entry for competitors.
- Businesses with established and increasing revenues, which are at or near profitability.
- Businesses which could provide the opportunity for an attractive ongoing yield to investors and strong capital growth potential.
- Businesses with a strong, balanced and well motivated management team with a proven track record of achievement.
- Businesses with a clearly identifiable route for a profitable realisation within a 3-4 year period.

Fund Overview

Highlights

- Dividends paid and proposed for the financial year of 2p per share
- Follow on investments of £710,000 in four companies
- Realisations of eight investments generating proceeds of £1.3 million

Financial summary

	31 January 2010	31 January 2009
Net asset value per share ("NAV")	52.1p	51.5p
Dividends paid since launch	14.5p	13.5p
Total return (NAV plus dividends paid since launch)	66.6p	65.0p
Mid market share price	49.0p	40.0p

Dividend history (since launch)

Year end (including interim dividends)	pence per share	Year end (including interim dividends)	pence per share
2002	-	2007	2.0
2003	1.0	2008	6.5
2004	2.0	2009	-
2005	-	2010	1.0
2006	2.0		
		Cumulative dividends paid to date	14.5
		Proposed dividend (payable 11 June 2010)	1.0

Chairman's Statement

Introduction

I am pleased to present the Annual Report for ProVen Health VCT plc for the year ended 31 January 2010. The UK emerged, albeit tentatively, from recession at the end of 2009 but fears of a "double dip" recession, or at best a long slow recovery, persist. Whilst the Company avoided the volatility of public stockmarkets, it was affected by the wider impacts of the economic slowdown such as tighter lending criteria and a more cautious approach to investment which had a particular effect on smaller companies.

The Company's dual focus this year was on preserving and enhancing value within the existing portfolio and at the same time moving to a more balanced portfolio with an increased proportion of more mature unquoted investments. The Investment Manager has been active in this regard realising some of the Company's quoted holdings and undertaking a number of initiatives aimed at improving the quality and quantity of later stage investment opportunities. The Investment Manager's Review provides more information on the investment activity.

Net asset value

At the year end, the Company's net asset value per Share ("NAV") stood at 52.1p, an increase of 1.6p per Share or 3.1% over the year after adjusting for the dividend of 1.0p per Share which was paid during the year.

The total return (NAV plus cumulative dividends paid) to Shareholders who invested at the outset of the Company was 66.6p per share at 31 January 2010.

Portfolio activity and valuation

At 31 January 2010, the Company's investment portfolio consisted of 11 unquoted investments and 4 quoted investments at a total valuation of £6.9 million. In addition, the Company had cash and liquidity fund investments of £3.1 million.

The Company made four follow on investments totalling £710,000 and realised eight investments (including York Pharma plc which is in administration) crystallising a loss of £1.5 million. Further detail of portfolio activity is provided in the Investment Manager's Review.

Results and dividend

The return on activities after taxation for the year was £305,000 (2009: loss £4,919,000), comprising a revenue loss of £174,000 and a capital return of £479,000.

On 4 December 2009 the Company paid an interim dividend of 1.0p per Share. The Board is proposing a final dividend of 1.0p per share. Subject to Shareholder approval at the forthcoming Annual General Meeting ("AGM"), this dividend will be paid on 11 June 2010 to Shareholders on the register at 14 May 2010.

Share buybacks

The Company's Share buyback policy was suspended in 2008 but was recommenced on 2 November 2009. Shares are repurchased at a discount which is currently set at 10% to the last published NAV as adjusted for any dividends paid since publication. The Share buyback policy is subject to annual Shareholder approval and to continuous review by the Board.

During the year the Company purchased 150,291 Ordinary Shares for cancellation for an aggregate consideration of £74,000 at an average price of 49.0p per Ordinary Share (approximately equal to a 10% discount to the most recently published NAV at the time of purchase) and representing 0.8% of the issued Ordinary Share capital at 1 February 2009.

A special resolution to allow the Board to continue to purchase Shares for cancellation will be proposed at the forthcoming AGM.

Fundraising

Between 1 April 2010 and 7 April 2010, the Company issued 286,946 Ordinary Shares for consideration at approximately 53.1p per share, under a 10% top up prospectus dated 16 November 2009. Share issue costs thereon amounted to £8,000. At the date of this report the total number of Ordinary Shares in issue was 19,511,821.

Chairman's Statement (continued)

Annual general meeting

The AGM of the Company will be held at 39 Earlham Street, London WC2H 9LT at 11:00 am on 10 June 2010 and all Shareholders are welcome to attend. Notice of the meeting is at the end of this document.

Three items of special business will be proposed at the AGM. Two resolutions relate to the Directors' authority to allot Shares and one to allow the Company to make market purchases of its Shares.

It was pleasing to see so many Shareholders at the ProVen Shareholder presentation held in October. The event was well received and the Investment Manager looks forward to holding a similar event in October/November this year.

Outlook

I commented last year on the uncertain economic outlook and the unprecedented and therefore untested interventions made by governments in the general economy. The same comments apply to the outlook this year notwithstanding the strong performance of many stockmarkets over the period. The Board recognises the efforts made by the Investment Manager with the existing portfolio and in evaluating potential new investments. The other Directors and I look forward to the further development of the Company over the coming year.

Charles Pinney

Chairman

4 May 2010

Investment Manager's Review

Introduction

We are pleased to present our investment management review for the period from 1 February 2009 to 31 January 2010, following our appointment as the Investment Manager from 1 February 2009. As well as working with the existing portfolio, we have begun the process of rebalancing the portfolio to include more mature, later stage unquoted investments which will provide balance to the earlier stage investments that were made some time ago.

The Company's total return increased by 3.1% during the period including a dividend of 1p paid on 4 December 2009. The movement in the FTSE All Share Total Return Index was 33% over the same period. The comparison of a largely unquoted venture capital trust to any quoted stockmarket index needs to be viewed with care. The Company's performance has, however, been impacted by the significant proportion of its net assets held in cash and liquidity funds at a time when the Bank of England base rate has fallen to 0.5% and stockmarkets generally have risen from low bases.

Portfolio performance and activity

At 31 January 2010, the Company's investment portfolio comprised holdings in 15 companies, of which 11 were unquoted and 4 quoted, at a valuation of £6.9 million and original acquisition cost of £9.6 million. In addition, the Company had cash and liquidity funds of £3.1 million.

During the year, £710,000 was invested into four existing portfolio companies. Eight investments with an original acquisition cost of £2.8 million were realised generating a loss of £1.5 million. The tables below summarise the transactions during the year:

Additions	Cost £'000	Description
Altacor Limited	100	Follow on investment
Amura Holdings Limited	60	Follow on investment
Biovex Group Inc	30	Follow on investment
Population Genetics Technologies Limited	520	Follow on investment
	<u>710</u>	

Disposals

	Cost £'000	Market value at 31/01/09 £'000	Proceeds £'000	Realised gain/(loss) £'000	Gain/ (loss) against cost £'000
Abcam plc	58	61	69	8	11
Craneware plc	140	237	251	14	111
Immunodiagnostic Systems Holdings plc	43	118	148	30	105
Inforsense Limited	1,119	379	326	(53)	(793)
MediGene AG	639	226	209	(17)	(430)
Paion AG	200	64	99	35	(101)
Purecircle Limited	145	159	174	15	29
York Pharma plc	449	24	-	(24)	(449)
	<u>2,793</u>	<u>1,268</u>	<u>1,276</u>	<u>8</u>	<u>(1,517)</u>

The biggest investment was in Population Genetics Technologies (PGT). PGT is developing tools around genetic sequencing which will make it easier and cheaper for pharmaceutical companies and researchers to use sequencing for drug development, research and diagnostics. The funding was anticipated when the initial investment of £347,000 was made. The investments in Altacor and Amura were part of larger funding rounds. The investment in Biovex is part of a total commitment of \$100,000 and will protect the Company's interest in the company which continues to make good progress in developing cancer treatments.

Investment Manager's Review (continued)

The disposals, with the exception of Paion, were reported in either the annual report to 31 January 2009 or the half year report to 31 July 2009. The investment in Inforsense was the largest, by acquisition cost, in the portfolio and a significant loss was incurred. Whilst it is never pleasing to report a loss, it was clear that, given trading and the reluctance of other investors to continue to support the business, the exit in the form of a trade sale was probably the best outcome that could have been expected. The disposal of a number of the quoted company holdings reflected the investment strategy of focussing on unquoted investments. This process commenced in the early part of the Company's financial year. Paion was sold in October following a sharp uplift of over 60% in the company's share price.

The investment portfolio increased in value by £623,000, taking into account the combined effect of additions and disposals. The key contributors to this change were movements in Altacor, Plum Baby, Omni Dental Sciences, Amura Holdings, Digital Healthcare and Optasia Medical.

Since the year end, a further £105,000 has been invested in Optasia Medical and a further £100,000 has been committed. There have been no other significant changes to the unquoted portfolio. The quoted portfolio fell in value by £207,000 from 1 February 2010 to 30 April 2010. The key movement was Vectura which fell in value by £250,000. This follows its decision to take full control over the US development and commercialisation of one of its key products and one of its partners recently acquiring a company which operates in a similar area. IS Pharma increased in value by £40,000 over the same period. Its share price has risen following its announcement that post tax profits and earnings per share to 31 March 2010 would be materially ahead of expectations.

Outlook

As we remarked in the introduction, we have begun the process of rebalancing the portfolio. This process is necessarily in its early stages given the general illiquidity of unquoted investments and the time taken to complete new investments. A number of quoted company shareholdings have, however, been realised and we have been proactively sourcing new, later stage investment opportunities. We have deliberately chosen not to pursue new opportunities where we felt that valuations could not be justified and which may have impacted adversely on long term shareholder returns. We are, however, encouraged by some of the recent opportunities we have seen and more broadly, we remain enthusiastic about general opportunities within the healthcare sector and of the sector's long term ability to deliver strong returns.

Beringea LLP

4 May 2010

Investment Portfolio

as at 31 January 2010

The following investments were held at 31 January 2010:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments				
Plum Baby Limited	749	1,067	318	10.6%
Altacor Limited	720	941	684	9.3%
Population Genetics Technologies Limited	867	867	-	8.6%
Onyx Scientific Limited	850	850	(15)	8.4%
Omni Dental Sciences Limited	750	728	398	7.2%
Amura Holdings Limited	1,047	682	(303)	6.8%
Digital Healthcare Limited	1,010	636	(198)	6.3%
Vectura Group plc *	482	523	46	5.2%
IS Pharma plc **	366	357	35	3.5%
Optasia Medical Limited	650	95	(423)	0.9%
	7,491	6,746	542	66.8%
Other venture capital investments	2,154	187	81	1.9%
Total venture capital investments	9,645	6,933	623	68.7%
Standard Life Investments Liquidity Fund		1,791		17.8%
Cash at bank and in hand		1,358		13.5%
Total investments		10,082		100.0%

All venture capital investments are unquoted unless otherwise stated.

* Quoted on the Main Market

** Quoted on AIM

Other venture capital investments at 31 January 2010 comprise Sinclair Pharmaceuticals plc *, Biovex Group Inc, Chromogenex Limited, 1st Dental Laboratories plc ** and DeltaDOT Limited.

All venture capital investments held at the year end are registered in England and Wales, with the exception of Biovex Group Inc which is registered in the US.

Review of Investments

as at 31 January 2010

Further details of the ten largest investments (by value) follow:

Plum Baby Limited



www.plum-baby.co.uk

Cost:	£749,000	Valuation at 31/01/10:	£1,067,000
Investment comprises:		Valuation at 31/01/09:	£749,000
Equity shares:	£749,000	Valuation method:	Revenue multiple

Audited abbreviated accounts:	31/12/08	31/12/07	Dividend income:	£Nil
Turnover:	Unpublished information			
Profit before tax:	Unpublished information		Proportion of equity held:	10.6%
Net assets:	£0.7 m	£0.6 m	Diluted equity:	9.5%

Plum Baby is a UK premium organic baby food brand, sold through major high street supermarket chains and online.

Altacor Limited



www.altacor-pharma.com

Cost:	£720,000	Valuation at 31/01/10:	£941,000
Investment comprises:		Valuation at 31/01/09:	£157,000
Equity shares:	£720,000	Valuation method:	Price of recent investment

Audited abbreviated accounts:	31/12/08	31/12/07	Dividend income:	£Nil
Turnover:	Unpublished information		Loan note income:	£9,000
Profit before tax:	Unpublished information		Proportion of equity held:	19.9%
Net (liabilities)/ assets:	(£0.6 m)	£0.4 m	Diluted equity:	19.9%

Altacor is an ophthalmology specialty pharmaceutical company which develops and markets products directed to the needs of both ophthalmologists and patients. Altacor uses its drug development skills and in depth market knowledge to build a portfolio of high quality, differentiated prescription medicines that set new standards in the sector. Altacor's pipeline consists of development and in-licensed products which address ocular surface disease, ocular infection and glaucoma.

Population Genetics Technologies Limited



www.populationgeneticstechnologies.com

Cost:	£867,000	Valuation at 31/01/10:	£867,000
Investment comprises:		Valuation at 31/01/09:	£347,000
Equity shares:	£867,000	Valuation method:	Price of recent investment

Audited abbreviated accounts:	31/08/09	31/08/08	Dividend income:	£Nil
Turnover:	Unpublished information			
Profit before tax:	Unpublished information		Proportion of equity held:	13.7%
Net assets:	£2.9 m	£2.0 m	Diluted equity:	12.2%

Population Genetics Technologies Limited is creating new paradigms for performing large-scale population genetics studies. This novel technology, conceived by Nobel laureate Professor Sydney Brenner, samples large populations to identify the genetic variation responsible for human disease and drug response.

Review of Investments (continued)

Onyx Research Chemicals Limited



www.onyx-scientific.com

Cost:	£850,000	Valuation at 31/01/10:	£850,000
Investment comprises:		Valuation at 31/01/09:	£865,000
Equity shares:	£500,000	Valuation method:	Revenue multiple
Preference shares:	£350,000		

Audited abbreviated accounts:	31/03/09	31/03/08	Dividend income:	£16,000
Turnover:	Unpublished information			
Profit before tax:	Unpublished information			
Net assets:	£2.9 m	£2.7 m	Proportion of equity held:	12.5%
			Diluted equity:	12.5%

Onyx provides a wide range of chemical services to the life sciences and pharmaceutical industries. Its key focus is scaling up the synthesis of new chemical entities for drug development. Onyx has more than 40 expert scientists specialising in drug development from medicinal chemistry to early stage GMP production.

Omni Dental Sciences Limited



www.oraldent.co.uk

Cost:	£750,000	Valuation at 31/01/10:	£728,000
Investment comprises:		Valuation at 31/01/09:	£330,000
Equity shares:	£500,000	Valuation method:	Disc. Cash flow
8.0% Loan note:	£250,000		

Abbreviated unaudited accounts:	31/03/09	31/03/08	Dividend income:	£Nil
Turnover:	Unpublished information			
Profit before tax:	Unpublished information			
Net assets:	£0.5 m	£0.5 m	Proportion of equity held:	38.0%
			Diluted equity:	38.0%

Omni Dental Sciences Ltd is the holding company for two trading companies — Oraldent Limited which develops and sells oral care products and Professional Dental Supplies Ltd which sells cross infection products. The core business is to provide high added value dental products where there is a proven market and scientific support for the products.

Amura Holdings Limited



www.amura.co.uk

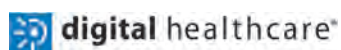
Cost:	£1,047,000	Valuation at 31/01/10:	£682,000
Investment comprises:		Valuation at 31/01/09:	£925,000
Equity shares:	£639,000	Valuation method:	Price of recent
0% Conv. Loan note:	£348,000		investment reviewed
25.0% Loan note:	£60,000		for impairment

Audited accounts:	31/12/08	31/12/07	Dividend income:	£Nil
Turnover:	£Nil	£Nil	Loan note income	£Nil
Profit/(loss) before tax:	£0.02m	(£0.02m)	Proportion of equity held:	11.3%
Net assets:	£0.1 m	£0.1 m	Diluted equity:	11.4%

Amura is a structure-based drug discovery business specialising in diseases such as osteoporosis, osteoarthritis, bone metastasis, autoimmunity, chronic pain and malaria. Amura has a proprietary technology platform (AMcore™) that provides a turnkey solution for the discovery of small-molecule inhibitors against cysteine peptidases (cathepsin enzymes); which are commercially attractive therapeutic targets. Amura compounds possess highly desirable drug-like properties; thereby facilitating the rapid and innovative discovery of orally active pharmaceutical ingredients across several disease areas.

Review of Investments (continued)

Digital Healthcare Limited



Cost:	£1,010,000	Valuation at 31/01/10:	£636,000
Investment comprises:		Valuation at 31/01/09:	£834,000
Equity shares:	£1,010,000	Valuation method:	Cost less provision

Abbreviated unaudited accounts:					
	30/09/08	30/09/07	Dividend income:	£Nil	
Turnover:	Unpublished information				
Profit before tax:	Unpublished information			Proportion of equity held:	11.1%
Net assets:	£0.1 m	£1.6 m	Diluted equity:	9.1%	

Digital Healthcare delivers software solutions that address some of the world's fastest growing healthcare issues. Founded to provide image management and storage solutions for the ophthalmology sector, the company has extended its product range and expanded into new international territories based on its core competencies in clinical information and patient care management and is now a leading provider to the NHS in the UK, a major supplier to US physicians and has solutions in use within some of the world's leading eye institutions.

www.digital-healthcare.co.uk

Vectura Group plc



Cost:	£482,000	Valuation at 31/01/10:	£523,000
Investment comprises:		Valuation at 31/01/09:	£477,000
Equity shares:	£482,000	Valuation method:	Bid price

Audited accounts:	31/03/09	31/03/08	Dividend income:	£Nil
Turnover:	£31 m	£25 m		
Loss before tax:	(£20 m)	(£21 m)	Proportion of equity held:	0.2%
Net assets:	£155 m	£169 m	Diluted equity:	0.2%

Vectura develops products to treat respiratory diseases such as asthma, chronic obstructive pulmonary disease and cystic fibrosis. The company also develops products for non-respiratory diseases, where optimised delivery via the lungs could provide significant benefits, such as a rapid onset of action, improved efficacy and improved tolerability compared with current therapies.

www.vectura.com

IS Pharma plc



Cost:	£366,000	Valuation at 31/01/10:	£357,000
Investment comprises:		Valuation at 31/01/09:	£322,000
Equity shares:	£366,000	Valuation method:	Bid price

Audited accounts:	31/03/09	31/03/08	Dividend income:	£Nil
Turnover:	£12 m	£7 m		
Profit before tax:	£2.0 m	£1.1 m	Proportion of equity held:	1.6%
Net assets:	£29 m	£12 m	Diluted equity:	1.6%

IS Pharma (International Speciality Pharmaceuticals) develops, acquires and commercialises late-stage pharmaceuticals and medical devices, focusing in critical care, oncology and neurology. Based in the UK, IS Pharma commercialises its portfolio in the UK directly and internationally through a strong network of distributors.

www.ispharma.plc.uk

Review of Investments (continued)

Optasia Medical Limited



Cost:	£650,000	Valuation at 31/01/10:	£95,000	
Investment comprises:		Valuation at 31/01/09:	£518,000	
Equity shares:	£650,000	Valuation method:	Cost less provision	
Audited accounts:	30/09/08	30/09/07	Dividend income:	£Nil
Turnover:	£0.1 m	£0.2 m		
Loss before tax:	(£1.1 m)	(£0.8 m)	Proportion of equity held:	14.1%
Net liabilities:	(£1.3 m)	(£0.3 m)	Diluted equity:	11.3%

Optasia makes software that facilitates the reading of X-rays for the management of musculoskeletal diseases. The company's products are used in clinical trials and by physicians to identify and monitor patients who will benefit from treatment. With Optasia's tools, medical images can be evaluated more rapidly, more accurately and more reproducibly.

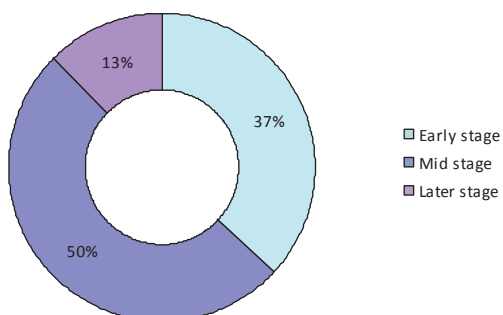
www.optasiamedical.com

Note:

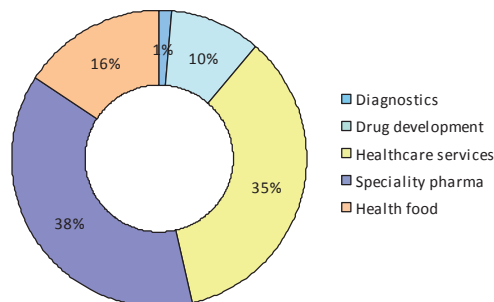
The proportion of equity held by each investment also represents the level of voting rights held by the Company in respect of the investment.

Analysis of top ten investments (by value)

By stage



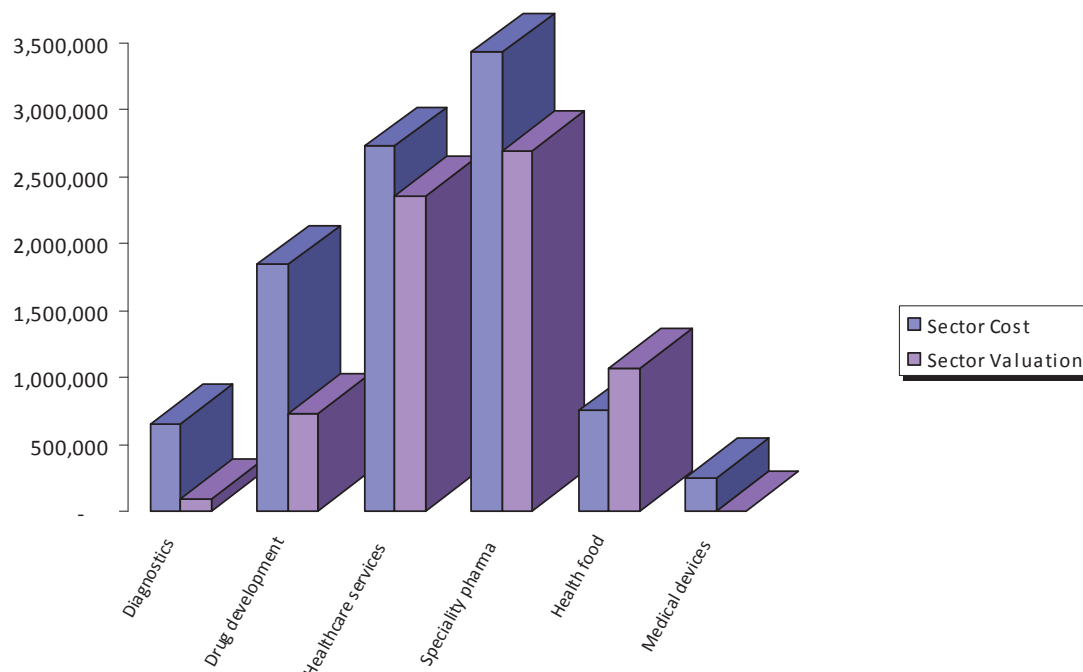
By sector



Review of Investments (continued)

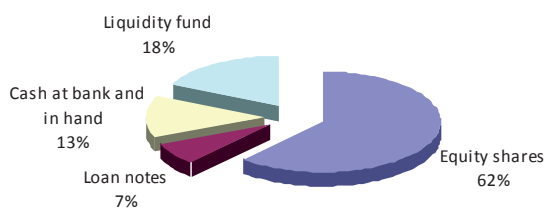
Analysis of investments by commercial sector

The split of the venture capital investment portfolio by commercial sector (by cost and by value at 31 January 2010) is as follows:



Analysis of investments by nature of instrument

The following chart summarises the Company's investment portfolio by the nature of instrument held (by value at 31 January 2010):



Portfolio balance

At 31 January 2010, the Company assets employed were broadly in line with the targets within the investment policy. These are summarised as follows:

Type of investment (by value, according to HMRC regulations.)	Actual	Target
VCT qualifying investments	71.9%	Minimum 70%
Other investments, including cash at bank and in hand and liquidity funds	28.1%	Maximum 30%
Total	100.0%	

Directors

Charles Pinney is a non-executive director of Noble AIM VCT plc and Baronsmead AIM VCT plc, and a fellow of the Securities & Investment Institute and of the Association of Chartered Certified Accountants. He was a director of Barclays Private Bank Limited with overall responsibility for the operations of the investment department and a director of APCIMS (the Association of Private Client Investment Managers and Stockbrokers). He previously worked in both the private client and corporate finance departments of Lazard Brothers and was a partner in de Zoete & Bevan. After its takeover by Barclays, he was managing director of BZW Portfolio Management Limited.

Peter Arthur is chairman of Aberdeen Asian Income Fund Ltd and is also a non-executive director of a number of private companies. He was previously a managing director of ISIS Asset Management plc (now F&C Asset Management), where he was responsible for the institutional and investment trust businesses, and formerly chairman of Artemis AiM VCT 2 plc. He had previously worked for Franklin Templeton Inc and Edinburgh Fund Managers plc. Peter is a solicitor and a fellow of the Chartered Institute of Secretaries and Administrators.

Ann Hacker is a non-executive director of Frimley Park NHS Foundation Trust Hospital, Karus Therapeutics Ltd and Isis Innovation Ltd and is a trustee of the William Harvey Research Foundation and of The Leonardo Trust. Ann has worked in the healthcare industry for over 35 years and has held senior management positions with Lilly and Glaxo Pharmaceuticals, now GSK, as well as having been CEO of three venture capital backed life science companies, Biocompatibles International Plc, Deltex Medical Limited and Metris Therapeutics Limited. In addition, she has held directorships in a number of private and public healthcare companies and health related government organisations.

Frank Harding is chairman of KLM Cityhopper UK Limited and until February 2006 was chairman of Provalis plc (a listed healthcare company). He is a chartered accountant with over 40 years experience at KPMG, latterly as an audit/general practice partner, specialising in advising UK companies with subsidiaries outside the UK and non UK companies with subsidiaries in Europe. Frank was president of the International Federation of Accountants from 1997 to 2000.

None of the Directors are, or have been, employed by the Investment Manager, and all are considered to be independent of the Investment Manager.

Director	Appointment date	At date of this Report	
		Length of service	Age
Charles Pinney	27/06/07	2.8 years	62
Peter Arthur	22/04/08	2.0 years	53
Ann Hacker	25/03/03	7.1 years	58
Frank Harding	12/02/01	9.2 years	72

Report of the Directors

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 January 2010.

Principal activity and status

The Directors initially obtained provisional approval for the Company to act as a venture capital trust from HM Revenue & Customs at formation. The Company has since continued to meet the standards set out by HM Revenue & Customs in relation to venture capital trusts.

The Company revoked its status as an investment company in 2006. The Directors consider, however, that the Company has conducted its affairs in a manner to enable it to continue to comply with Part 6 of the Income Tax Act 2007.

Business review and developments

The investment portfolio increased in overall value over the 12 months to 31 January 2010 by £0.6 million. The movements underlying this change are set out in the investment portfolio on page 6.

The total running costs of the Company exceeded revenue arising from the investments held (including cash at bank and liquidity funds) by £326,000. This takes into account the reduction in the Investment Manager's fee by £68,000, as a result of the operation of the 3.6% cap on annual expenses (excluding trail commission). The total expense ratio at the year end, compared to net assets before taking account of the expense cap was 4.4% (2009: 5.5%), and thereafter was 3.7% (2009: 3.6%).

The Company's business and developments during the year are reviewed further in the Chairman's Statement, the Investment Manager's Review and the Review of Investments.

Share capital

On 7 December 2009, 67,382 Ordinary Shares of 1p each were issued at 54.2p per share under the Company's dividend re-investment scheme. The aggregate consideration for the shares was £36,000 with related share issue costs thereon amounting to £7,000.

During the year the Company purchased 150,291 Ordinary Shares for cancellation for an aggregate consideration of £74,000 at an average price of 49.0p per Ordinary Share (approximately equal to a 10% discount to the most recently published NAV at the time of purchase) and representing 0.8% of the issued Ordinary Share capital at 1 February 2009.

The total authorised share capital at 31 January 2010 was 245,000,000 Ordinary Shares of 1p each, with 19,224,875 such shares in issue. There are no other share classes in issue.

Between 1 April 2010 and 7 April 2010, the Company issued 286,946 Ordinary Shares for consideration at approximately 53.1p per share, under a 10% top up prospectus dated 16 November 2009. Share issue costs thereon amounted to £8,000. At the date of this report the total number of Ordinary Shares in issue was 19,511,821.

Results and dividends

	2010		2009	
	£'000	Pence per share	£'000	Pence per share
Return/(loss) for the year	305	1.6p	(4,919)	(25.5p)
<i>Dividends paid</i>				
4 December 2009	192	1.0p	-	-

Subject to Shareholder approval at the forthcoming AGM, it is proposed to pay a final dividend of 1.0p per Ordinary Share on 11 June 2010 to Shareholders on the register at 14 May 2010.

Investment objective

ProVen Health VCT plc aims to provide investors with an attractive return by maximising the stream of tax-free dividend distributions from the capital gains and income generated from a diversified portfolio of investments in the health sector.

Report of the Directors (continued)

Investment policy

The Company's investment policy covers several aspects as follows:

General

The Company's policy is to create a balanced portfolio of growth companies in the health sector. Investments are made selectively across a range of health sub-sectors in companies that have:

- proven management and technology, or
- business propositions which are protected by patents and know-how and where there are barriers to entry for competitors

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, warrants and fixed interest securities as well as cash and liquidity funds. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are in ordinary shares. The Investment Manager targets companies with high growth prospects and bases its selection of investments on:

- the experience and quality of the management team;
- the maturity and stage of company development;
- existing revenues and revenue growth potential;
- potential exit value and timing;
- contribution to portfolio diversification.

Geographical focus

Investments are usually made in UK companies, although these may trade outside of the UK. At least 70% of funds invested in companies as of the time of the initial investment will be invested in unquoted companies.

Portfolio allocation

Investment is made primarily in VCT Qualifying Investments in the health sector. Any funds awaiting investment are generally held in cash and liquidity funds so that they are readily available for follow-on investments, buybacks or to meet the running costs of the fund although investments may be made in other investments as deemed appropriate by the Board.

Diversification of risk

The Company invests in a variety of businesses within health industry sub-sectors using a mixture of securities to diversify risk. Health sub-sectors include, but are not limited to, services to patients and health professionals, diagnostics, information and data analysis, medical devices, drug delivery, and drug development companies, particularly where such companies are focussed on distinct niche opportunities or speciality pharmaceuticals where smaller companies can be more effective. In many cases the companies will have proprietary technology or know-how or some other barrier to entry. The maximum amount invested in any one company is limited to £1 million in a tax year and generally no more than £1.5 million, at cost, is invested in the same company.

Investment style

Investments are selected through the application of stringent private equity criteria. Where possible, the Investment Manager is represented at board level on unquoted investments in order to be able to monitor closely the companies' progress.

Report of the Directors (continued)

Investment policy (continued)

VCT regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

- The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
- At least 30% of the Company's qualifying investments (by value) are held in "eligible shares" ("eligible shares" generally being ordinary share capital);
- At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
- No investment constitutes more than 15% of the Company's total investments (by value at time of investment);
- The Company's income for each financial year is derived wholly or mainly from shares and securities;
- The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and
- A maximum unit size of £1 million in each VCT qualifying investment (per tax year).

Borrowings

The Company currently does not have any borrowings; however, the Company's Articles do permit borrowing to give a degree of flexibility. Any such borrowing would need to be approved by the Board.

At 31 January 2010, the maximum amount of borrowings allowed, without the previous sanction at a General Meeting, stood at £1.0 million. There are no plans to utilise this borrowing limit at the current time.

Environmental and social policy

The Board seeks to conduct the Company's affairs responsibly and considers relevant social and environmental matters where appropriate.

Investment management agreement

On 1 February 2009 Beringea LLP ("Beringea") replaced Noble Fund Managers Limited ("Noble") as the Company's Investment Manager. Beringea provides investment management services to the Company under a Discretionary Investment Management Agreement dated 12 February 2001 ("the Investment Management Agreement") and a Deed of Novation and Variation dated 23 December 2008. The Investment Management Agreement was for an initial period of four years from 26 March 2001 and continues thereafter unless terminated by either party giving not less than 12 months notice.

Under the terms of an Incentive Agreement dated 12 February 2001, the Investment Manager and the promoter of the original fundraising in 2001, Matrix-Securities Limited ("Matrix"), are entitled to 20% of the amount by which the actual compound annual growth in the net asset value of the Company, as adjusted to take account of cumulative dividends paid and proposed, exceeds a return of 2% over the NatWest bank base rate applied to the initial net value of the Company over the same period. No payment will be made pursuant to this agreement until the net asset value per share plus cumulative dividends per share paid and proposed have exceeded 174p, of which at least 50p per share must have been paid to shareholders in cash. Under the terms of the termination of Matrix's position as promoter of the VCT dated 5 July 2004, Matrix is not entitled to any incentive payments in respect of funds raised following the date of termination.

The Board considers that the continuing appointment of Beringea as the Investment Manager is in the interests of the Company's shareholders as a whole given Beringea's experience and track record in VCT fund management.

Administration and company secretarial services

On 1 February 2009 Beringea replaced Noble as the provider of Administration and Company Secretarial Services to the Company, under a Deed of Novation and Variation dated 23 December 2008. The agreement is terminable upon the cessation of the Investment Management Agreement. Beringea receives fees thereon of £30,000 plus VAT per annum.

Report of the Directors (continued)

Annual running costs cap

The Company's annual running costs (which exclude trail commission) are capped at 3.6% of the net assets at the year end. Any excess will be paid by Beringea LLP by reducing their fees payable. As previously stated, Beringea's fee was capped for the year under review, with the total fee due being reduced by £68,000. As Beringea had taken a lower fee during the year (to account for the cap), at the year end only £2,000 was repayable in respect of the cap on investment management fees.

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary shares of 1p each, in the Company at each year end, and the date of this report, were as follows:

Director	At the date of this report	31 Jan 2010	31 Jan 2009
Charles Pinney	9,103	9,103	9,103
Peter Arthur	19,507	19,507	19,507
Ann Hacker	-	-	-
Frank Harding	22,124	22,124	21,772

Directors' retirement and re-election are subject to the Articles of Association and the AIC Code of Corporate Governance.

Frank Harding retires by rotation at the forthcoming AGM and, having served as a Director for over nine years and in accordance with best practice as set out in the AIC Code of Corporate Governance, will now be subject to annual re-election by Shareholders. The remainder of the Board believe he has made valuable contributions to the VCT during the term of his appointment and remains highly committed to his role. Additionally, the Board does not believe it is appropriate at this time to change the composition of the Board, or ask the longest standing member of the Board to step down. Frank Harding is considered to be independent of the Investment Manager as he has had no previous dealings with them in either a professional or personal capacity. The Board therefore recommends Shareholders to re-elect Frank Harding at the forthcoming AGM.

Each of the Directors has signed a service contract and Frank Harding also has, additionally, signed a consultancy agreement with the Company. The Directors' appointments are on a continuous basis unless otherwise terminated at the discretion of either party upon three months written notice. Consultancy agreements shall terminate at the same time as the directorships are terminated. Each Director is required to devote such time to the affairs of the Company as the Board reasonably requires and their powers are bound by the Company's Articles of Association. Appointments of new Directors to the Board are considered by the Nomination Committee as, and when, it is deemed appropriate.

The Company provides Directors' and Officers' liability insurance, giving appropriate cover for legal action brought against its Directors, and has also agreed to indemnify Directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third party indemnity provision for the purpose of the Companies Act, is for the benefit of all of the Company's current Directors.

VCT status

The Company retains PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, including evaluation of investment opportunities, as appropriate, and regular review of the portfolio.

A summary of the VCT Regulations is included in the Company's Investment Policy as shown on page 15.

Compliance with the main VCT regulations as at 31 January 2010 and for the year then ended, is summarised as follows:

• 70% of its investments in qualifying companies	71.9%
• At least 30% of the Company's qualifying investments in "eligible shares"	64.2%
• At least 10% of each investment held in "eligible shares"	Complied
• No investment constitutes more than 15% of the Company's portfolio	Complied
• Income is derived wholly or mainly from shares and securities;	95.5%
• No more than 15% of the income from shares and securities is retained;	Complied
• A maximum unit size of £1 million in each VCT qualifying investment (per tax year).	Complied

Report of the Directors (continued)

Creditor payment policy

The Company's policy is to pay all suppliers' invoices in accordance with agreed terms. Trade creditors as at 31 January 2010 amounted to £16,000 (2009: £nil).

Key performance indicators

The Board considers the main key performance indicators for the Company to be the following:

In comparison to similar VCTs:

- net asset value and total return (page 1).
- share price (page 1) (including buyback price) and the discount level to NAV (page 2).

In relation to the Company:

- diversification of the investee portfolio by sector and by stage in relation to meeting the investment strategy (as shown on pages 10 and 11).
- compliance with the Venture Capital Trust Regulations (as shown on page 16).

These are monitored by the Board at each Board meeting, and are also kept under review by the Investment Manager.

Principal risks and uncertainties

The principal financial risks faced by the Company, which include market risks, credit risks and liquidity risks are disclosed within note 19 to the financial statements.

In addition to these risks the Board considers the following to be risks to the Company:

Investment risk

This is the risk of investment in poor quality assets which reduce the capital and income returns to shareholders and negatively impact on the Company's reputation. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes are more fragile than larger, long-established businesses.

To reduce the risk, the Board places reliance upon the skills and expertise of the Investment Manager and its track record for investing in this segment of the market. In addition, the Investment Manager operates a formal and structured investment process, which includes a formal investment committee. Investments are actively and regularly monitored by the Investment Manager and the Board receives detailed reports on each investment as part of the Investment Manager's report at regular Board meetings.

Compliance risk

As a venture capital trust, and a fully listed company on the London Stock Exchange, the Company operates in a complex regulatory environment and, therefore, faces a number of related risks. A breach of the VCT regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the UKLA Listing Rules and the Companies Act 2006, could lead to suspension from the London Stock Exchange and damage to the Company's reputation.

The Company's compliance with the VCT regulations is continually monitored by the Investment Manager, who reports regularly to the Board on the current position. The Company also retains PricewaterhouseCoopers to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to a minimal level. Board members have considerable experience of operating at senior levels within quoted and unquoted businesses. In addition, the Company has engaged an experienced Company Secretary to ensure that compliance with UK Listing Rules is maintained and seeks legal and regulatory advice from appropriate third-party experts when required.

The Board reviews and agrees policies for managing each of these risks. It receives quarterly reports from the Investment Manager, which monitor the compliance of these risks, and places reliance on the Investment Manager to give updates in the intervening period. These policies have remained unchanged since the beginning of the period.

Substantial shareholdings

As at 31 January 2010 and at the date of this report, the Company was not aware of any individual shareholdings exceeding 3 per cent of the issued share capital.

Report of the Directors (continued)

Auditors

A resolution to re-appoint PKF (UK) LLP as the Company's Auditor will be proposed at the forthcoming AGM.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors, the Directors' Remuneration Report, and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements, and the Directors' Remuneration Report, comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Company included on the Investment Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names are listed on page 16 confirms that, to the best of each person's knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and result of the Company; and
- the Management report contained in the Chairman's Statement, Investment Manager's Review and Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

Electronic publication

The financial statements are published on www.provenvcts.co.uk (maintained by the Investment Manager) and also on www.downing.co.uk.

Corporate governance

The Company's compliance with The AIC Code of Corporate Governance March 2009 (www.aic.co.uk) is shown on pages 20 to 24.

Report of the Directors (continued)

Statement as to disclosure of information to auditors

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditors are unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

By Order of the Board

Grant Whitehouse
Secretary of ProVen Health VCT plc
Company number: 04131354
Registered Office:
39 Earlham Street
London WC2H 9LT

4 May 2010

Corporate Governance Statement

The Board of ProVen Health VCT plc has considered the principles and recommendations of the AIC Code of Corporate Governance (“AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to ProVen Health VCT plc.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to Shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

The Combined Code includes provisions relating to:

- the role of the chief executive
- executive directors’ remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of ProVen Health VCT plc, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The Company has a Board of four directors. As a whole the Board comprises an appropriate balance of skills, experience and tenure. It also believes that each non-executive director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any directors. Biographical details of all Board members (including the Chairman’s significant other commitments) are shown on page 12. The Company has no staff other than the Directors and Officers and does not have a chief executive officer. Frank Harding is the approved Senior Independent Director.

Directors are not appointed for specified terms but are subject to re-election by Shareholders at the first opportunity after their appointment and to further re-election thereafter at three year intervals. Directors who have been on the Board for more than nine years will be subject to annual re-election provided that the Board is satisfied as to their continued independence. Ann Hacker was re-elected during the year. Frank Harding, who at the date of the AGM will have served on the Board for more than nine years, is subject to re-election at the forthcoming AGM. The Board is satisfied of Mr Harding’s continuing independence, as prior to the appointment of Beringea as Investment Manager he had no previous dealings with them in either a professional or personal capacity.

All non-executive directors have signed contracts and one has a signed consultancy agreement. Directors’ contracts and agreements are available for inspection by Shareholders immediately before and after the Company’s Annual General Meeting.

Directors are provided with key information on the Company’s activities including regulatory and statutory requirements and internal controls by the Investment Manager. The Investment Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company’s voting rights. Shareholdings are generally voted, at the Investment Manager’s discretion, with the objective of seeking to maximise Shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance. The Board has direct access to secretarial advice and compliance services through the Company Secretary, who is responsible for ensuring that Board procedures are followed and application procedures complied with.

All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Code, the Company has in place Directors’ and Officers’ liability insurance. On appointment any new Director will be given a comprehensive introduction to the Company’s business including meeting the Company’s key advisers where appropriate.

Corporate Governance Statement (continued)

The Board (continued)

The Board is responsible to Shareholders for the proper management of the Company and meets at least quarterly. The Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. This is achieved by a management agreement between the Company and the Investment Manager, which sets out the matters over which the Investment Manager has authority and the limits above which Board approval must be sought. All other matters including strategy, investment and dividend policies, gearing and corporate governance proceedings are reserved for the approval of the Board of Directors.

The Chairman, together with the Company Secretary, establish the agenda for each Board meeting. The necessary papers for each meeting are distributed well in advance of each meeting.

The Board has authority to make market purchases of the Company's own shares. This authority for up to 14.9% of the Company's issued share capital was granted at the last AGM. A resolution will be put to Shareholders at the forthcoming AGM to renew this authority.

The Board also has authority to issue new shares up to 10.0% of the current issued share capital. This authority was granted at the last AGM and a resolution will be put to Shareholders at the forthcoming AGM to renew this authority.

The Company's capital structure is disclosed on page 13.

Committees to the Board

The Company has an Audit Committee, Nomination Committee and Remuneration Committee, all of which have defined terms of reference and duties, which are available from the Company Secretary. A Management Engagement Committee has not been constituted with matters thereon being dealt with by the Board as a whole.

Audit Committee

A fully constituted committee of the Board of Directors, established to perform the duties set out below and to report on those matters to the Board.

- To monitor the integrity of the Company's financial statements including its annual and half yearly reports and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them.
- To review the Company's internal controls and risk management systems.
- To review the need for an internal audit function.
- To make recommendations to the Board for it to put to shareholders for their approval at the AGM, in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors.
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- To develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
- To report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- The chairman shall attend the AGM of the Company prepared to respond to any shareholder questions on the Committee's activities.

The Audit Committee comprises Frank Harding (chairman), Ann Hacker, Charles Pinney and Peter Arthur. The Board has deemed it appropriate that all members sit on the Audit Committee due to their experience in such matters.

The Committee is satisfied with both the performance and independence of the Auditors, and has seen no cause to request they step down. It therefore recommends to Shareholders that PKF be re-appointed as Auditors for the forthcoming year.

Corporate Governance Statement (continued)

Nomination Committee

A fully constituted committee of the Board of Directors, established to perform the duties set out below and to report on those matters to the Board.

- To review the structure of the Company's Board, its size and composition and to make recommendations to the Board with regard to any changes that are deemed necessary.
- To be responsible for identifying and nominating candidates for the approval of the Board and to fill Board vacancies as and when they arise as well as putting in place plans for succession, in particular, of the Chairman of the Company.
- To review the performance of non-executive Directors.
- To make recommendations to the Board for the continuation (or not) in service of any Director who has reached the age of 70.
- To make recommendations to the Board for the continuation (or not) in service of any Director who has held office for more than nine years.
- To recommend Directors who are retiring by rotation to be put forward for re-election.
- The chairman shall attend the AGM of the Company prepared to respond to any shareholder questions on the Committee's activities.

The Nomination Committee comprises Ann Hacker (chairman), Frank Harding and Peter Arthur.

Remuneration Committee

A fully constituted committee of the Board of Directors, established to perform the duties set out below and to report on those matters to the Board.

- To consider the levels and make up of remuneration which are sufficient to attract, retain and motivate directors of the quality required and which are needed to run the Company successfully.
- To ensure that provisions regarding disclosure of remuneration including pensions are fulfilled.
- To produce an annual report of the remuneration policy which will form part of the Company's Annual Report and Accounts and ensure that each year it is put to shareholders for approval at the AGM.
- The chairman shall attend the AGM of the Company prepared to respond to any shareholder questions on the Committee's activities and directors' remuneration.

The Remuneration Committee comprises Ann Hacker (chairman), Frank Harding and Peter Arthur. The Committee's annual report can be found on pages 25 and 26 of this report.

Board and Committee meetings

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 31 January 2010.

Director	Board meetings		Audit Committee meetings		Nomination Committee meetings		Remuneration Committee meetings	
	held	attended	held	attended	held	attended	held	attended
Charles Pinney	5	5	2	2	N/A	N/A	N/A	N/A
Peter Arthur	5	5	2	2	1	1	1	1
Ann Hacker	5	5	2	2	1	1	1	1
Frank Harding	5	5	2	2	1	1	1	1

The Board is in regular contact with the Investment Manager between Board meetings.

Whistle blowing

The Board has considered the Code's recommendations in respect of arrangements by which staff of the Investment Manager or the Company Secretary may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for proportionate and independent investigation of such matters, and where necessary, for appropriate follow up action to be taken within their respective organisations.

Corporate Governance Statement (continued)

Board performance

During the year, the performance of the Board, committees and individual directors was evaluated through an assessment process led by the Chairman. The Directors, led by the Senior Independent Director, are responsible for performance evaluation of the Chairman.

Financial reporting

The Directors' statement of responsibilities for preparing the accounts is set out in the Directors' Report on page 18, and a statement by the Auditors about their reporting responsibilities is set out in the Auditors' Report on page 27.

Relations with Shareholders

The Company welcomes the views of Shareholders and places great importance on communication with its Shareholders. Shareholders have the opportunity to meet the Board and representatives of the management team at the Annual General Meeting. All Shareholders are welcome to attend the meeting and to ask questions of the Directors. The Investment Manager also holds an annual investor day for the VCTs it manages and Shareholders are welcome to attend. The Board is also happy to respond to any written queries made by Shareholders during the course of the year. All communication from Shareholders is recorded and reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved.

The Company's Senior Independent Director, Frank Harding, is available to Shareholders who have concerns that other channels have failed to allay. As disclosed in the Report of the Directors on page 17, at the year end there were no Shareholders holding a substantial interest in the Company.

Separate resolutions are proposed at the AGM on each substantially separate issue. Proxy votes are collated and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM.

In order to comply with the Combined Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called, and are published immediately following the AGM. The notice of the next AGM and proxy form can be found at the end of these financial statements.

The Company also communicates with Shareholders through annual and half yearly reports. The Board as a whole approves the terms of the Chairman's Statement and the Investment Manager's Review which form part of these reports in order to ensure that they present a balanced and understandable assessment of the Company's position. The Company also releases quarterly interim management statements, and other information as required, to the London Stock Exchange.

Internal control

The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. In accordance with Principle 15 of the AIC Combined Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature only provide reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the results and investment performance.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company, i.e. investment management, administration functions (including the financial reporting process) and cash management to Beringea.

This contract was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Manager. Ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the management agreement with the Investment Manager and to evaluate the performance of the Investment Manager.

Corporate Governance Statement (continued)

Internal control (continued)

An annual review of the control systems is carried out which covers consideration of the key risks in three major areas: corporate strategy and compliance with laws and regulations; financial management and company reporting; and relationships with service providers. Each risk is considered with regard to the controls exercised at Board level, reporting by service providers and controls relied upon by the Board.

The Board has identified no significant problems with the Company's internal controls that warrant disclosure in the annual report.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on page 2, the Investment Manager's Review on page 4 and the Report of the Directors on page 13. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Cash Flow Statement on page 31 and the Report of the Directors on page 15. In addition, notes 18 to 20 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of compliance

The Directors consider that the Company has complied throughout the year ended 31 January 2010 with all the relevant provisions set out in the AIC Code of Corporate Governance. The Company continues to comply with the AIC Code of Corporate Governance as at the date of this report.

By order of the Board

Grant Whitehouse

Secretary
39 Earlham Street
London WC2H 9LT

4 May 2010

Directors' Remuneration Report

Introduction

The Board has prepared this report, in accordance with the requirements of Section 420 of the Companies Act 2006. A resolution to approve this report will be put to the members at the AGM to be held on 10 June 2010.

Under the requirements of Section 497, the Company's Auditors are required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Auditors' Report on page 27.

Remuneration Committee

The membership of the Remuneration Committee comprises three non-executive directors. The current members are Ann Hacker (chairman), Frank Harding and Peter Arthur. The secretary to the Committee is Grant Whitehouse who is also the secretary to the Company.

The Remuneration Committee, which is a committee of the Board, meets at least annually, to consider the Directors' remuneration. The secretary provides a comparison of the Directors' remuneration with that of venture capital trusts of similar size. This comparison, together with the consideration of any alteration in Directors' responsibilities, is used to consider whether any change in remuneration is necessary.

Policy on Directors' fees

The Board's policy is that the remuneration of directors should be fair and comparable with that of other venture capital trusts of similar size. The level of remuneration should be sufficient to attract and retain the directors required to oversee effectively the Company.

In addition, it should reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue in force.

The fees for the Directors are determined within the limits set out in the Company's articles of association. The present aggregate limit for directors' remuneration is £100,000 and the approval of shareholders at a general meeting would be required to change this limit.

Directors' service contracts

Frank Harding, Charles Pinney, Peter Arthur and Ann Hacker have each signed a service contract and Frank Harding also has a consultancy agreement with the Company. The Directors' appointments are on a continuous basis unless otherwise terminated at the discretion of either party upon three months written notice. Consultancy agreements shall terminate at the same time as the directorships are terminated.

Directors' remuneration (audited)

Director	2010 £	2009 £
Charles Pinney	16,000	14,611
Ann Hacker	12,000	12,000
Frank Harding	12,000	12,000
Peter Arthur	12,000	9,300
Gill Nott	N/A	5,573
	52,000	53,484

No other emoluments, pension contributions or life assurance contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place and no performance incentive fees are due to the Directors.

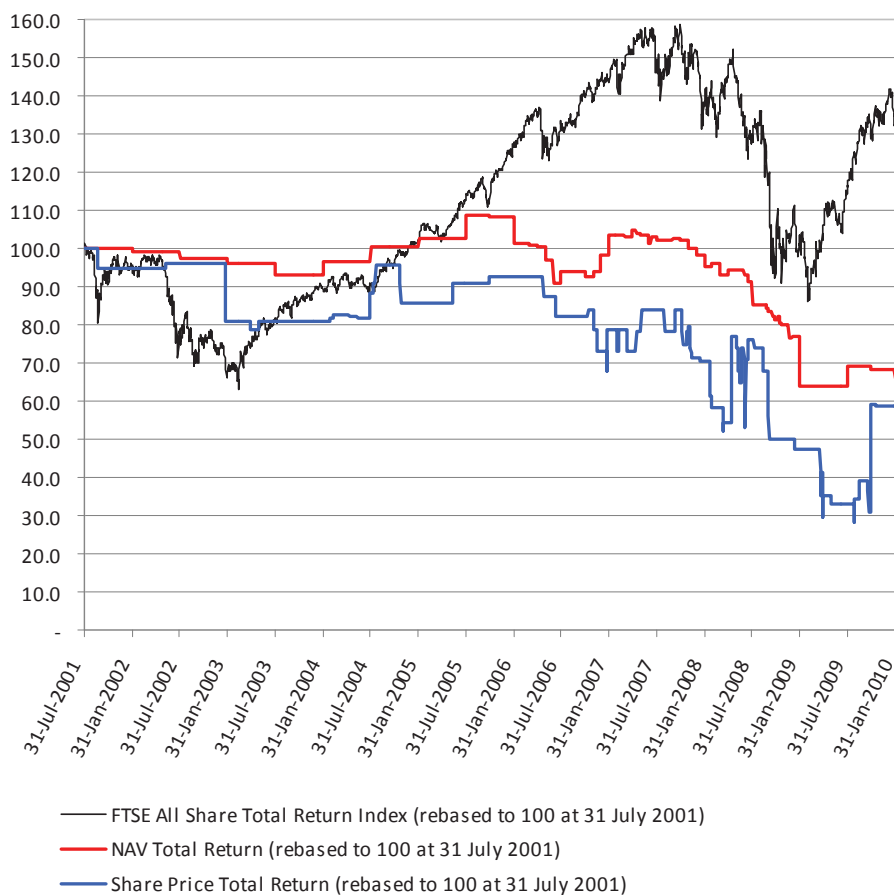
Directors' Remuneration Report (continued)

2011 remuneration

The remuneration for the forthcoming year will be based on the current annual fee as highlighted in the above table.

Performance graph

The graph below compares the change in the Company's net asset value total return and share price total return with that of the FTSE All Share Total Return Index since 31 July 2001. The Company's net asset value total return is calculated as the net asset value with dividends reinvested at the net asset value prevailing on the date the dividends were paid. The Company's share price total return is calculated as mid market share price with dividends reinvested at the mid market price prevailing on the date the dividends were paid. The graph does not take into account the initial tax benefits on subscription received by shareholders. There are no options, issued or exercisable, in the Company which would distort the graphical representation below.



On behalf of the Board

Grant Whitehouse
Secretary
39 Earlham Street
London WC2H 9LT

4 May 2010

Independent Auditors' Report to the Members of ProVen Health VCT plc

We have audited the financial statements of ProVen Health VCT plc for the year ended 31 January 2010 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2010 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditors' Report to the Members of ProVen Health VCT plc (continued)

Matters on which we are required to report by exception (continued)

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 24, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Rosemary Clarke

Senior Statutory Auditor

For and on behalf of PKF (UK) LLP

Statutory Auditors

London UK

4 May 2010

Income Statement

for the year ended 31 January 2010

	Note	2010			2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	41	-	41	195	-	195
Gains/ (losses) on investments	9	-	631	631	-	(4,760)	(4,760)
		41	631	672	195	(4,760)	(4,565)
Investment management fees	3	(51)	(152)	(203)	(37)	(112)	(149)
Other expenses	4	(164)	-	(164)	(205)	-	(205)
Return/(loss) on ordinary activities before tax		(174)	479	305	(47)	(4,872)	(4,919)
Tax on ordinary activities	6	-	-	-	-	-	-
Return attributable to equity shareholders		(174)	479	305	(47)	(4,872)	(4,919)
Basic and diluted return per Share	8	(0.9p)	2.5p	1.6p	(0.2p)	(25.3p)	(25.5p)

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company.

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

Other than revaluation movements arising on investments held at fair value through the Income Statement, there were no differences between the return/loss as stated above and at historical cost.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 January 2010

	Note	2010 £'000	2009 £'000
Opening Shareholders' funds		9,950	14,498
Proceeds from share issues		36	561
Share issue costs		(7)	(26)
Purchase of own shares		(74)	(164)
Total recognised gain/(loss) for the period		305	(4,919)
Dividends paid	7	(192)	-
Closing Shareholders' funds		10,018	9,950

The accompanying notes are an integral part of this statement.

Balance Sheet

as at 31 January 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Investments	9	6,933	6,868
Current assets			
Debtors	10	9	431
Current investments	11	1,791	1,774
Cash at bank and in hand		1,358	945
		3,158	3,150
Creditors: amounts falling due within one year	12	(73)	(68)
Net current assets		3,085	3,082
Net assets		10,018	9,950
Capital and reserves			
Called up share capital	13	192	193
Capital redemption reserve	14	393	392
Share premium account	14	6,960	6,931
Special distributable reserve	14	8,192	8,458
Capital reserve - realised	14	(2,444)	(775)
Investment holding losses	14	(2,712)	(4,860)
Revenue reserve	14	(563)	(389)
Total equity shareholder's funds	15	10,018	9,950
Basic and diluted net asset value per share	15	52.1p	51.5p

The financial statements on pages 29 to 43 were approved and authorised for issue by the Board of Directors on 4 May 2010 and were signed on its behalf by:

Charles Pinney
Chairman

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

Cash Flow Statement

for the year ended 31 January 2010

	Note	2010 £'000	2009 £'000
Net cash outflow from operating activities	16	(77)	(310)
Capital expenditure			
Purchase of investments		(710)	(1,797)
Disposal of investments		1,427	39
Net cash inflow/(outflow) from capital expenditure		717	(1,758)
Equity dividends paid		(155)	-
Management of liquid resources			
Purchase of liquidity funds		-	(165)
Withdrawal from liquidity funds		-	2,335
Net cash inflow from liquid resources		-	2,170
Net cash inflow before financing		485	102
Financing			
Proceeds from share issue		-	551
Share issue costs		(2)	(14)
Purchase of own shares		(70)	(164)
Net cash (outflow)/inflow from financing		(72)	373
Increase in cash	17	413	475

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

Notes to the Accounts

for the year ended 31 January 2010

1 Accounting policies

Basis of accounting

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" January 2009 ("SORP").

The financial statements are prepared under the historical cost convention except for certain financial instruments measured at fair value.

The Company implements new Financial Reporting Standards ("FRS") issued by the Accounting Standards Board when required.

Presentation of Income Statement

In order to better reflect the activities of a venture capital trust and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue is the measure the directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Fixed assets investments

Investments are designated as "fair value through profit or loss" assets due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCG") together with FRS26. New IPEVCG were issued in September 2009 and have been used for the valuations as at 31 January 2010. The Directors and the Investment Manager consider that the valuations prepared under the new IPEVCG do not differ materially from the valuations that would have been prepared under the previous version of the IPEVCG.

Publicly traded investments are measured using bid prices.

The valuation methodologies used by the Directors for assessing the fair value of unquoted investments are as follows:

- investments are usually retained at cost for an appropriate period following investment, except where a company's performance against plan is significantly below the expectations on which the investment was made in which case a provision against cost is made as appropriate;
- where a company is in the early stage of development it will normally continue to be held at cost, reviewed for impairment on the basis described above;
- where a company is well established after an appropriate period, the investment may be valued by applying a suitable earnings or revenue multiple to that company's maintainable earnings or revenue. The multiple used is based on comparable listed companies or a sector but discounted to reflect factors such as the different sizes of the comparable businesses, different growth rates and the lack of marketability of unquoted shares;
- where a value is indicated by a material arms-length transaction by a third party in the shares of the company, the valuation will normally be based on this, reviewed for impairment as appropriate; and
- where alternative methods of valuation, such as net assets of the business or the discounted cash flows arising from the business are more appropriate, then such methods may be used.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value. Methodologies are applied consistently from year to year except where a change results in a better estimate of fair value.

Where an investee company has gone into receivership or liquidation, or there is little likelihood of a recovery from a company in administration, the loss on the investment, although not physically disposed of, is treated as being realised.

Notes to the Accounts (continued)

for the year ended 31 January 2010

1 Accounting policies (continued)

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item.

It is not the Company's policy to exercise either significant or controlling influence over investee companies. Therefore the results of these companies are not incorporated into the Income Statement except to the extent of any dividends or interest accrued. This is in accordance with the SORP that does not require portfolio investments to be accounted for using the equity method of accounting.

Current assets investments

Current assets investments comprise investments in liquidity funds with AAA rating and are redeemable on call. These investments are valued at bid price.

Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex dividend date or, where no dividend date is established, when the Company's right to receive payment is established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investments.

Expenses

All expenses are accounted for on accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- expenses which are incidental to the acquisition of an investment are deducted from the Capital Account;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and accordingly the investment management fee has been allocated 25% to revenue and 75% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

Taxation

The tax effects of different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments.

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.

Other debtors and other creditors

Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost, equivalent to the fair value of the expected balance receivable/payable by the Company.

Share issue costs

Expenses in relation to share issues are deducted from the Share Premium Account.

Notes to the Accounts (continued)

for the year ended 31 January 2010

2 Income

	2010 £'000	2009 £'000
Income from investments		
Loan stock interest	9	15
Dividend income	17	5
Income from global liquidity funds	13	165
	<u>39</u>	<u>185</u>
Other income		
Deposit interest	2	10
	<u>41</u>	<u>195</u>

3 Investment management fees

	2010 £'000	2009 £'000
Capped investment management fee	203	149

Investment management fees are payable to Beringea, under a Discretionary Investment Management Agreement dated 12 February 2001 and Deed of Novation dated 23 December 2008, with effect from 1 February 2009 calculated at 2.5% of the quarterly net assets of the Company. These fees are not subject to VAT. The former manager, Noble Fund Managers Limited, was paid under the agreement dated 12 February 2001 and a Deed of Novation dated 1 July 2007.

The annual running costs of the Company for the year are subject to an expenses cap of 3.6% of the Company's net assets, based on the balance sheet date. Annual running costs exceeding the cap are borne by the Investment Manager and their investment management fee is reduced accordingly. The net position, after accounting for the annual running costs cap is therefore disclosed in the table above.

4 Other expenses

	2010 £'000	2009 £'000
Administration services	36	41
Directors' fees	52	53
Social security costs	3	3
Auditors' remuneration for - audit	20	21
- taxation services	2	6
- other services	-	5
Trail commission	10	(4)
Legal and professional	1	7
Brokers consultancy fees	-	13
Other	40	60
	<u>164</u>	<u>205</u>

The comparative figures for 2009 have been re-analysed in order to provide a fairer analysis of the costs to the Company, with all costs now including VAT where appropriate (previously analysed as a separate cost item).

5 Directors' remuneration

Details of remuneration (excluding VAT and employers' NIC) are given in the Directors' Remuneration Report on page 25.

The Company had no employees other than the Directors during either year. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Directors.

Notes to the Accounts (continued)
for the year ended 31 January 2010

6 Taxation on ordinary activities

	2010 £'000	2009 £'000
(a) Tax charge for year		
Current year		
UK corporation tax (charged to the Revenue Account)	-	-
Tax credited to Capital Account	-	-
Charge for year	-	-
(b) Factors affecting tax charge for the year		
Return/(loss) on ordinary activities before taxation	305	(4,919)
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 21.0% (2009: 21.0%)	64	(1,033)
Effects of:		
(Gains)/losses on investments	(132)	1,000
UK dividend income	(6)	(1)
Expenses disallowed for taxation purposes	2	-
Excess management fees carried forward	72	34
Charge for year	-	-
(c) A deferred tax asset has not been recognised in respect of timing difference relating to excess management expenses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £340,000 (2009: £264,000) and would only be recovered were the Company to make sufficient taxable profits in the future.		

7 Dividends

	2010 £'000	2009 £'000
Paid in year:		
Interim dividend of 1.0p per Share paid on 4 December 2009	192	-
Split as:		
Paid directly to Shareholders	155	-
Shares issued under dividend re-investment scheme	37	-
	192	-
Proposed final dividend:		
1.0p per Share payable on 11 June 2010	192	-

8 Basic and diluted return per share

	Weighted average number of shares in issue	Revenue loss per share (pence)	Revenue loss £'000	Capital gain/(loss) per share (pence)	Capital gain/ (loss) £'000
Year ended 31 January 2010	19,298,309	(0.9p)	(174)	2.5p	479
Year ended 31 January 2009	19,261,320	(0.2p)	(47)	(25.3p)	(4,872)

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed therefore represents both basic and diluted return per share.

Notes to the Accounts (continued)
for the year ended 31 January 2010

9 Investments

“Fair value through profit or loss” assets

	Investments quoted on Main Market £'000	Investments quoted on Foreign Markets £'000	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 February 2009	701	839	1,742	8,446	11,728
Unrealised losses at 1 February 2009	(198)	(549)	(771)	(3,342)	(4,860)
Opening fair value at 1 February 2009	503	290	971	5,104	6,868
Movement in year					
Change in status	-	-	(6)	6	-
Purchases at cost	-	-	-	710	710
Sales - proceeds	-	(308)	(642)	(326)	(1,276)
- realised gains/(losses) on sales	-	18	43	(53)	8
Unrealised gains in the income statement	77	-	22	524	623
Closing fair value at 31 January 2010	580	-	388	5,965	6,933
Closing cost at 31 January 2010	701	-	655	8,289	9,645
Unrealised losses at 31 January 2010	(121)	-	(267)	(2,324)	(2,712)
Closing fair value at 31 January 2010	580	-	388	5,965	6,933

Costs of acquisition of investments acquired during the year amounted to £Nil and costs of investments disposed of during the year were £10,000, together with exchange rate gains, arising on sale of investments quoted on foreign markets of £15,000. A schedule disclosing the material additions and disposals during the year is disclosed in the Investment Manager’s Review.

The basis of valuation was changed, and gave rise to a material difference in valuation relative to the previous year as highlighted on page 6, for three investments held throughout the year: the valuation of Plum Baby (31 January 2010 valuation £1,067,000) was changed from a cost basis to a revenue multiple basis; the valuation of Altacor (31 January 2010 valuation £941,000) was changed from a cost less provision basis to a price of recent investment basis; and the valuation of Omni Dental Sciences (31 January 2010 valuation £728,000) was changed from a cost less provision basis to a discounted cash flow basis. These changes were necessary to enable a more accurate assessment of the fair value of the relevant investments. Optasia Medical was written down to £95,000 at 31 January 2010 (31 January 2009 valuation: £518,000) but since the year end has secured further funding and commitments from investors, including an investment from ProVen Health VCT plc of £105,000 and a further commitment of £100,000.

FRS 29 requires disclosure to be made if changing one or more of the inputs to reasonably possible alternative assumptions would result in a significant change in the fair value of the investments. The portfolio has been reviewed and both downside and upside alternative assumptions identified. These reflect discounts applied to multiples, cost impairments and discounted cash flow assumptions and result in an increase of £523,000 to the value of the unquoted investments, for an upside scenario and a decrease of £560,000 to the value of the unquoted investments, for a downside scenario.

Notes to the Accounts (continued)
for the year ended 31 January 2010

10 Debtors

	2010 £'000	2009 £'000
Other debtors	2	267
Balances held with investment custodian	-	152
Prepayments and accrued Income	7	12
	<u>9</u>	<u>431</u>

11 Current investments

	2010 £'000	2009 £'000
Liquidity fund	1,791	1,774

12 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	16	-
Other social security costs	5	11
Other creditors	12	-
Accruals and deferred income	40	57
	<u>73</u>	<u>68</u>

13 Called up share capital

	2010 £'000	2009 £'000
Authorised:		
245,000,000 (2009: 245,000,000) Ordinary Shares of 1p each	2,450	2,450
Issued, allotted, called up and fully-paid:		
19,224,875 (2009: 19,307,784) Ordinary Shares of 1p each	192	193

On 7 December 2009, 67,382 Ordinary Shares were issued at 54.2p per share under the Company's dividend re-investment scheme. The aggregate consideration for the shares was £36,000 with related share issue costs thereon amounting to £7,000.

During the year the Company purchased 150,291 Ordinary Shares for cancellation for an aggregate consideration of £74,000 at an average price of 49.0p per Ordinary Share (approximately equal to a 10% discount to the most recently published NAV at the time of purchase) and representing 0.8% of the issued Ordinary Share capital held at 1 February 2009.

Notes to the Accounts (continued)
for the year ended 31 January 2010

14 Reserves

	Capital redemption reserve £'000	Share premium £'000	Special reserve £'000	Capital reserve - realised £'000	Unrealised holding losses £'000	Revenue reserve £'000
At 1 February 2009	392	6,931	8,458	(775)	(4,860)	(389)
Issue of new shares	-	36	-	-	-	-
Share issue costs	-	(7)	-	-	-	-
Purchase of own shares	1	-	(74)	-	-	-
Expenses capitalised	-	-	-	(152)	-	-
Gains on investments	-	-	-	8	623	-
Realisation of revaluations from previous years	-	-	-	(1,525)	1,525	-
Dividends paid	-	-	(192)	-	-	-
Retained net loss	-	-	-	-	-	(174)
At 31 January 2010	393	6,960	8,192	(2,444)	(2,712)	(563)

The special reserve is a distributable reserve that allows the Company to make market purchases of its own shares and to pay dividends.

Distributable reserves comprise the special reserve, capital reserve – realised and revenue reserve. At the year end there were £1,934,000 (2009: £2,414,000) of reserves available for distribution after deducting unrealised holding losses of £3,251,000 (2009: £4,880,000).

15 Basic and diluted net asset value per share

	Shares in Issue		2010 Net asset value		2009 Net asset value	
	2010	2009	Pence per share	£'000	Pence per share	£'000
Ordinary Shares	19,224,875	19,307,784	52.1p	10,018	51.5p	9,950

As the Company has not issued any convertible securities or share options, there is no dilutive effect on net asset per share. The net asset value per share disclosed therefore represents both basic and diluted net asset value per share.

16 Reconciliation of return on ordinary activities before tax to net cash flow from operating activities

	2010 £'000	2009 £'000
Return/(loss) on ordinary activities before tax	305	(4,919)
(Gains)/losses on investments	(631)	4,760
Re-invested liquidity fund dividends	(13)	-
Decrease/(increase) in debtors	266	(138)
Decrease in creditors	(4)	(13)
Net cash outflow from operating activities	(77)	(310)

Notes to the Accounts (continued)

for the year ended 31 January 2010

17 Reconciliation of net cash flow to movement in net funds

	Net funds at 1 February 2009 £'000	Cash flows £'000	Other non cash changes	Net funds at 31 January 2010 £'000
Cash at bank and in hand	945	413	-	1,358
Liquidity fund	1,774	-	17	1,791
	2,719	413	17	3,149

18 Financial instruments and derivatives

The Company's financial instruments comprise investments in quoted companies, unquoted companies, liquidity funds, loans and receivables (including cash at bank and debtors) and other financial liabilities. Investments are designated as "fair value through profit or loss" assets. The main purpose of these investments is to generate revenue and capital appreciation for the Company's operations. The fair value of investments is determined using the accounting policies as shown in note 1.

Loans and receivables and other financial liabilities are stated at amortised cost which the Directors consider is equivalent to fair value.

The Company has not entered into any derivative transactions.

The Company has categorised its financial instruments using the fair value hierarchy as follows:

- Level 1 Reflects financial instruments quoted in an active market (liquidity fund investments, investments quoted on the Main Market and investments quoted on AIM);
- Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly (no such investments currently held);
- Level 3 Reflects financial instruments that are not based on observable market data (unquoted equity investments and loan note investments).

	2010				2009			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted on the Main Market	580	-	-	580	503	-	-	503
Quoted on foreign markets	-	-	-	-	290	-	-	290
AIM quoted	388	-	-	388	971	-	-	971
Loan notes	-	-	707	707	-	-	929	929
Unquoted	-	-	5,258	5,258	-	-	4,175	4,175
Liquidity fund	1,791	-	-	1,791	1,774	-	-	1,774
	2,759	-	5,965	8,724	3,538	-	5,104	8,642

Notes to the Accounts (continued) for the year ended 31 January 2010

18 Financial instruments and derivatives (continued)

Reconciliation of fair value for Level 3 financial instruments held at the year end:

	£'000
Balance at 31 January 2009	5,104
Transfer from Level 1 following delisting of investment	6
<i>Movements in the income statement:</i>	
Unrealised gains in the income statement	524
Realised losses in the income statement	(53)
	<u>471</u>
Purchases at cost	710
Sales proceeds	(326)
Balance at 31 January 2010	<u>5,965</u>

Interest rate risk profile of financial assets and financial liabilities

There are five levels of interest which are attributable to the financial instruments:

- “Fixed rate” assets represent investments with predetermined yield targets and comprise certain loan note investments.
- “Variable floating rate” assets represent investments which bear interest at rates linked to Bank of England base rate plus an agreed fixed rate, and comprise certain loan note investments.
- “Floating rate” assets predominantly bear interest at rates linked to Bank of England base rate and comprise cash at bank.
- “Libor rate” assets represent a preference share investment where the level of dividends receivable are based on the average overnight LIBOR plus an agreed fixed rate.
- “No interest rate” assets do not attract interest and comprise equity investments (with the exception of the preference share noted above), certain loan note investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2010 £'000	2009 £'000
Fixed rate	0%	820 days	96	378
Floating rate	0.5%		1,358	2,719
Variable floating rate	1.7%	505 days	263	157
Libor rate	4.5%	1,430 days	388	365
No interest rate		365 days	7,913	6,331
			<u>10,018</u>	<u>9,950</u>

Financial liabilities

The Company has no financial liabilities or guarantees, other than the creditors disclosed within the Balance Sheet (2009: none).

Notes to the Accounts (continued) for the year ended 31 January 2010

18 Financial instruments and derivatives (continued)

Currency exposure

As at 31 January 2010, the Company had one American investment valued at £56,000, (2009: four investments, two traded on the Turquoise Exchange in Euros, and valued at £290,000, and two American investments valued at £159,000).

Borrowing facilities

The Company has no committed borrowing facilities as at 31 January 2010 (2009: None).

19 Principal financial risks

As a VCT, the majority of the Company's assets are represented by financial instruments which are held as part of the investment portfolio. In order to ensure continued compliance with relevant VCT regulations and to be in a position to deliver the long term capital growth, which is part of the Company's investment objective, the Board is very much aware of the need to manage and mitigate the risks associated with these financial instruments.

The management of these risks starts with the application of a clear investment policy which has been developed by the Board who are experienced investment professionals. Furthermore, the Board has appointed an experienced investment manager to whom they have communicated the Company's investment objectives and whose remuneration is linked to the achievement of those objectives. The Investment Manager reports regularly to the Board on performance.

Further information about the VCT's investment policy is set out in the Report of the Directors on pages 14 and 15.

In assessing the risk profile of its investment portfolio, the Board has identified four principal classes of financial instrument which are analysed within note 9. Investments deemed to be "fair value through profit or loss account" assets and are recognised as such on initial recognition.

In addition to its investment portfolio, the VCT maintains a portfolio of liquidity funds and a cash balance with one of the main UK banks. The Directors consider that the risk profile associated with cash deposits and liquidity fund investments is low and thus the carrying value in the financial statements is a close approximation of the fair value.

The Board has reviewed the Company's financial risk profile and is of the opinion that the exposure to financial risk has not changed significantly since the previous year.

A review of the specific financial risks faced by the Company is presented below.

Market risks

The key market risk to which the Company is exposed is market price risk. The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review in order to ascertain the appropriate risk allocation. The impact of a reasonable sensitivity in interest rates is not considered to be significant on either the return or net assets of the VCT. The level of interest rates does impact more generally on the business environment in which the portfolio companies operate and on the supply and demand for their goods and services. It is, however, not considered practical to quantify accurately the impact of various interest rate scenarios either on the portfolio overall or on individual companies.

Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements. At 31 January 2010, the unrealised loss on quoted investments was £388,000 (2009: loss £1,518,000).

Notes to the Accounts (continued)

for the year ended 31 January 2010

19 Principal financial risks (continued)

Market price risk (continued)

The investments the Company holds are, in the main, thinly traded (due to the underlying nature of the investments) and, as such, the prices are more volatile than those of more widely traded, full list, securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs.

It is not the Company's policy to use derivative instruments to mitigate market risk, as the Board believes that the effectiveness of such instruments does not justify the cost involved.

The sensitivity analysis below assumes that each of the sub categories of financial instruments (ordinary shares, preference shares, loan stocks and liquidity funds) held by the Company produces an overall movement of 20%. Shareholders should note that equal correlation between these sub categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. This is because the loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity instruments, as the returns are set by reference to interest rates and premiums agreed at the time of the initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

Sensitivity	2010			2009		
	20% fall			20% fall		
	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence	Risk exposure £'000	Impact on net assets £'000	Impact on NAV per share Pence
Venture capital investments	6,933	(1,387)	(7.2p)	6,868	(1,374)	(7.1p)
Liquidity fund	1,791	(358)	(1.9p)	1,774	(355)	(1.8p)
	8,724	(1,745)	(9.1p)	8,642	(1,729)	(8.9p)

The range in equity prices is considered reasonable given the historic changes that have been observed. In each case, the impact of such changes on the return for the year would be the same as that on net assets and NAV per share.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company's financial assets that are exposed to credit risk are summarised as follows:

	2010 £'000	2009 £'000
<i>Fair value through profit or loss assets</i>		
Investments in liquidity funds	1,791	1,774
Investments in loan stocks	707	929
<i>Loans and receivables</i>		
Cash and cash equivalents	1,358	945
Interest, dividends and other receivables	3	425
	3,859	4,073

Notes to the Accounts (continued) for the year ended 31 January 2010

19 Principal financial risks (continued)

Credit risk (continued)

Credit risk in respect of investments in liquidity funds is minimised by, where possible, investing in AAA-rated funds.

Investments in loan stocks comprise a fundamental part of the Company's venture capital investments and are managed within the main investment management procedures.

Cash is mainly held at Natwest Bank plc, which is an Aa3 rated financial institution (Moody's) and, consequently the Directors consider that the risk profile associated with cash deposits is low. There have been no changes in fair value that are directly attributable to changes in credit risk.

Interest, dividends and other receivables are predominantly covered within the investment management procedures. There have been no changes in fair value that are directly attributable to changes in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. As the Company only ever has a very low level of creditors (2010: £73,000, 2009: £68,000) and has no borrowings, the Board believes that the Company's exposure to liquidity risk is minimal.

20 Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to continue to provide returns for Shareholders and to provide an adequate return to Shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under tax legislation) of which must be invested, and retained, in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its Company's capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon the changing capital structure, the Company may adjust the amount of dividends paid to shareholders, purchase its own shares, issue new shares or sell assets if so required to maintain a level of liquidity to remain a going concern. Although, the Company is permitted to borrow to give a degree of flexibility, there are no current plans to do so.

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital. The Company does not have any externally imposed capital requirements. There has been no change in the objectives, policies or processes for managing capital from the previous year.

21 Contingencies, guarantees and financial commitments

There were no contingencies or guarantees of the Company at the year end. The Company had committed to invest a further \$52,000 in Biovex Group Inc.

22 Controlling party

In the opinion of the Directors there is no immediate or ultimate controlling party.

23 Post balance sheet event

Between 1 April 2010 and 7 April 2010, the Company issued 286,946 Ordinary Shares for consideration at approximately 53.1p per share. Share issue costs thereon amounted to £8,000.

Shareholder Information

Share price

The Company's Ordinary Share price can be found on various financial websites, including the London Stock Exchange (www.londonstockexchange.com) with the TIDM/EPIC code **PHV**. A link to the share price is also available on Beringea's dedicated VCT website (www.provenvcts.co.uk).

Latest mid market share price (4 May 2010): **49.0p per share**

Financial calendar

10 June 2010	Annual general meeting
11 June 2010	Payment of final dividend
June 2010	Release of interim management statement to 30 April 2010
September 2010	Announcement of half yearly results to 31 July 2010
December 2010	Release of interim management statement to 31 October 2010

Dividends

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends and requests for mandate forms should therefore be directed to the Company's registrar, Computershare Investor Services plc, on 0870 707 1657 (calls charged at national rate), or by writing to them at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange using a stockbroker. Shareholders are advised to seek advice from their tax adviser, before selling shares, particularly if they deferred the payment of capital gains tax in respect of shares acquired prior to 6 April 2004 or purchased shares within the last five years.

The Company currently operates a policy of buying its own shares for cancellation as they become available. Any Shareholder wishing to sell their Shares should contact Grant Whitehouse, the Company Secretary, on **020 7416 7780**.

Unsolicited calls to Shareholders

We are aware of cases of shareholders in other VCTs having received unsolicited phone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that either the Company, Beringea or the Company Registrar, Computershare Investor Services plc, would make unsolicited telephone calls, or send e-mails, to Shareholders. Shareholders can, however, expect official documentation in connection with the Company and may receive details of investment activity and new VCT offers from the Investment Manager. Furthermore, please be assured that your details have not been released to any third party by the Company, Beringea or the Company Registrar, Computershare Investor Services plc. If you receive either an unexpected phone call or correspondence about which you have concerns, please contact Grant Whitehouse, the Company Secretary, on **020 7416 7780**.

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Computershare Investor Services plc, under the signature of the registered holder.

Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Half-Yearly Reports and Interim Management Statements can be found on the Investment Manager's website: www.provenvcts.co.uk. Shareholders can also check details of their shareholdings using Computershare Investor Services plc's website www.investorcentre.co.uk. Please note that to access this facility investors will need to quote the reference number shown on their share/dividend certificate.

Company Information

Directors

Charles Pinney (Chairman)

Peter Arthur

Ann Hacker

Frank Harding

all of:

39 Earlham Street

London

WC2H 9LT

Registrar

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol

BS99 6ZZ

Tel: 0870 707 1657

(calls charged at national rate)

Secretary and registered office

Grant Whitehouse

39 Earlham Street

London

WC2H 9LT

Tel: 020 7416 7780

VCT status adviser

PricewaterhouseCoopers

1 Embankment Place

London

WC2N 6RH

Investment manager

Beringea LLP

39 Earlham Street

London

WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.co.uk

Solicitors

Martineau

No 1 Colmore Square

Birmingham

B4 6AA

Auditors

PKF (UK) LLP

Farringdon Place

20 Farringdon Road

London

EC1M 3AP

Principal banker

National Westminster Bank Plc

Financial Institutions Group

7th Floor

280 Bishopsgate

London

EC2M 4RB

Notice of the Annual General Meeting

of ProVen Health VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen Health VCT plc will be held at 39 Earlham Street, London WC2H 9LT at 11.00 am on 10 June 2010 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 January 2010 together with the report of the Auditors thereon.
2. To approve the Directors' Remuneration Report.
3. To approve the payment of a final dividend of 1.0p per Share.
4. To re-appoint PKF (UK) LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
5. To re-elect as Director, Frank Harding, who retires by rotation and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

6. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £19,511 during the period commencing on the passing of this resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in a general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted to subscribe for or to convert any security into shares in the Company after such expiry and all previous authorities given by the Directors in accordance with Section 551 of the Act be and are hereby revoked, provided that such revocation shall not have retrospective effect;

Special Resolutions

7. That, conditional upon the passing of the other resolutions set out in this Notice, in substitution for any existing power under Section 570 of the Act, but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered, during the period commencing on the passing of this special resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the later (unless previously revoked, varied or extended by the Company in general meeting), pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act, pursuant to resolution 6 above, as if Section 561 of the Act did not apply to any such allotment but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired; and

Notice of the Annual General Meeting

of ProVen Health VCT plc (continued)

8. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary Shares of 1p each in the capital of the Company (“Ordinary Shares”) provided that:

- (i) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 14.9% of the present issued capital of the Company;
- (ii) the minimum price which may be paid for an Ordinary Share is 1p, exclusive of all expenses;
- (iii) the maximum price which may be paid for an Ordinary Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
- (iv) the Company may validly make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of Ordinary Shares in pursuance of any such contract;

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.

By order of the Board

Grant Whitehouse

Secretary

Registered Office:

39 Earlham Street

London WC2H 9LT

4 May 2010

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006 (the “Act”), is available from www.provenvcts.co.uk.

Notice of the Annual General Meeting

of ProVen Health VCT plc (continued)

Notes

- (a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - It is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to ProVen Health VCT plc, c/o Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - by sending an e-mail to proxy@downing.co.uk. In either case, the revocation notice must be received by ProVen Health VCT plc, c/o Downing Management Services Limited before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

Notice of the Annual General Meeting

of ProVen Health VCT plc (continued)

- (e) Copies of the Directors' Non-Executive Service Contracts, and in the case of Frank Harding, Consultancy Agreement, with the Company together with the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 11:00 am on 8 June 2010 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 11:00 am on 8 June 2010 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.
- (g) As at 9:00 am on 4 May 2010, the Company's issued share capital comprised 19,511,821 Ordinary Shares and the total number of voting rights in the Company was 19,511,821. The Manager's website, www.provenvcts.co.uk, will include information on the number of shares and voting rights.
- (h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
- (k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.
- (l) Members may not use any electronic address provided either in this notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

ProVen Health VCT Plc

FORM OF PROXY

For use at the Annual General Meeting of the above-named Company to be held on 10 June 2010 at 39 Earlham Street, London WC2H 9LT at 11:00 am

I/We* (in BLOCK CAPITALS please)

of

being the holder(s)* of shares of 1p each in the above-named Company, hereby appoint the Chairman of the meeting (see notes 1 and 2)

or

of

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 39 Earlham Street, London WC2H 9LT on 10 June 2010 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

	FOR	AGAINST	WITHHELD
ORDINARY BUSINESS			
1. To receive and adopt the Directors' Report and Accounts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' Remuneration Report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the payment of a final dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint the Auditors and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Frank Harding as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS			
6. To authorise the Company to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Company to dis-apply pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Company to make market purchases of its shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2010

Signature(s)*/.....

Notes:

- Any member of the Company entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Meeting in order to represent his appointer. A member entitled to attend and vote at the meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
- Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.
- Any alterations to the Form of Proxy should be initialled.
- To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to ProVen Health VCT plc, c/o Downing Management Services Limited, Kings Scholars House, 230 Vauxhall Bridge Road, London SW1V 1AU or electronically at proxy@downing.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.
- In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
- The completion and return of this Form of Proxy will not preclude you from attending and voting at the General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

* Delete as appropriate



Third fold and tuck in edge

Business Reply Service
Licence No. RRJU-PLYH-CTJK



ProVen Health VCT plc
c/o Downing Management Services Limited
Kings Scholars House
230 Vauxhall Bridge Road
London
SW1V 1AU

Second Fold

First fold

