

ProVen news



Winter 2012

Magazine for the ProVen VCTs

Global Growth

Supporting ProVen
Portfolio Companies



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BlisMobile

ProVen VCTs make additional investment in mobile media agency



Since the ProVen VCTs' original investment in 2008, BreezeTech has reinvented itself and rebranded as BlisMobile. The company has evolved from a technology provider to a mobile media agency and has grown from one Managing Director into a team of 17. BlisMobile now boasts an enviable client list featuring Google, Nokia, Microsoft, Amazon, and Groupon.

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

BlisMobile's offering comprises three key products; Blis AppZone,

Blis Engage and Blis Infinity. Blis AppZone takes advantage of the exploding market for application downloads to smartphones. AppZone provides free wi-fi access in high footfall areas, such as airports, shopping malls, and buses, to smartphone users – who access the service via a landing page where they are offered the option of downloading either a single application, such as Google Search, or a menu of available applications. Blis Engage is a similar offering to AppZone, but focuses on delivering rich media content, such as promotional film trailers, viral videos, vouchers for localised shops, deal of the day offers on a localised basis, HTML5 websites, MP3s, etc. Blis Infinity is a Demand Side Platform (DSP) for mobile advertising. It is similar to traditional online advertising, as

mobile ads are run through various ad networks who 'own' or 'rent' space on mobile landing pages, applications, or other rich media content.

In the last year and a half BlisMobile has experienced an outstanding rate of growth and this second investment from the ProVen VCTs will help the company keep up with client demand in the UK and prepare for international expansion.

Karen McCormick, Investment Director at Beringea, commented

“The keys to BlisMobile's success are twofold. The first is the explosive growth of the smartphone market, which means that hardware is now able to take full advantage of the multi media experience the company is able to offer, and the second is the business's ability to adapt quickly to a changing market, and remain at the very forefront of mobile media advertising.”

Welcome to ProVen News



*Stuart Veale
Managing Partner
Beringea LLP*

Whilst the general economic climate remains quite bleak, with some commentators predicting a double dip recession, I am pleased to report the outlook for VCTs is significantly brighter. The markets as a whole may seem to be in a state of stagnation but certain sectors, such as digital media, clean technology and healthcare, are proving areas of opportunity. The UK healthcare market, for example, is undergoing a period of unprecedented change and we anticipate that a number of exciting new opportunities will emerge over the coming year. In addition, VCTs continue to benefit from the banks' reluctance to provide finance – allowing VCTs to invest at attractive valuations.

We have made a number of new investments in the last few months – two of which have been ProVen Health VCT led investments. PolyTherics and Community Pharmacies both operate in sectors we expect to develop significantly over the next couple of years. You can read more about these deals, and our recent investment in price comparison company Utility Exchange Online, on page 6.

We are seeing a pleasing level of growth within the VCTs' portfolios and have supported a number of companies in their expansion both at home and overseas - see pages 8&9 for interesting examples of portfolio companies growing globally.

Last year we made profitable exits from ProVen VCT and ProVen Growth & Income VCT (PGI VCT) portfolio company Steak Group and ProVen Health VCT portfolio company Onyx Scientific - details of which can be found on page 7.

* Based on mid-market share price with net income reinvested and a 3.5% deduction for charges, stamp duty and market spread. Source: AIC using Morningstar.

Finally, I am delighted to say that our new share offer is now open. ProVen VCT plc is raising a further £15 million through the offer of further ordinary shares. I believe this is worthy of consideration by investors who are looking to benefit from the VCT tax benefits and obtain access to a mature, diverse portfolio of investments. Over the last ten years ProVen VCT ordinary shares have been the second top performing VCT shares, with a return of 168%*, although past performance is not a guide to the future. Further details of the offer are on page 11.

All shareholders should have received a copy of the prospectus and our investor guide, however if any ProVen News readers require additional copies please email info@beringea.co.uk or call us on 0207 845 7820. Documents can also be downloaded online at www.provenvcts.co.uk.

I hope you enjoy this edition of ProVen News.

Stuart Veale

Managing Partner
Beringea LLP

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TH_NK

Last summer, ProVen portfolio company TH_NK was proud to announce it was the digital agency behind the creative execution of Pottermore, a free-to-use website, created by J.K. Rowling, that is designed to enhance the reading experience of the hugely popular Harry Potter stories.

The groundbreaking website brings the stories to life, allowing users to navigate through the narrative. Starting with the first book, Harry Potter and the Philosopher's Stone, users progress through the stories accessing new written and illustrative content as well as interactive sections.

Pottermore.com will be adding an online shop – where users can purchase, exclusively, the long awaited Harry Potter eBooks. The shop is also eventually anticipated to become a platform for other products designed for Harry Potter fans.

TH_NK is the creative and development partner for Pottermore. CEO of TH_NK is Tarek Nseir, who founded the company whilst still at university. He has since led it to achieve a range of awards and accolades over the past few years, including being named as one of Europe's fastest-growing digital agencies at the 2009 Media Momentum Awards and achieving a top spot in the Deloitte Technology Fast 50 for three years running.

The ProVen VCTs invested in TH_NK in spring 2009 and Beringea Chief Investment Officer Trevor Hope sits on the board. Trevor commented, "The Pottermore project cements TH_NK's reputation as a truly innovative, leading digital agency. This is a groundbreaking project that demonstrates the potential in combining real world brands with digital and the quality of creative and engineering skill delivered by TH_NK is quite fantastic".



SenseLogix

Congratulations to SenseLogix, who have recently made it into the "Cleantech Connect Ones to Watch" list, which comprises the fastest growing cleantech companies in Europe. North Wales based company SenseLogix is a provider of energy reduction solutions, products and services, for the buildings market. ProVen VCT and PGI VCT both invested in SenseLogix in October 2010.

L-R: Beringea's Karen McCormick, the model Heidi Bishop and Monica Vinader at launch party



Monica Vinader

We are delighted to announce that Monica Vinader's first London boutique is officially open. Located on South Molton Street, just off Bond Street, the new boutique complements the brand's distribution through some of the world's most prestigious stores including Harrods, Liberty London and a recently launched concession at Selfridges. Monica Vinader jewellery can also be found online at monicavinader.com and Net-a-Porter. ProVen VCT and ProVen Growth and Income VCT invested in Monica Vinader in October 2010.

Commenting on the new South Molton Street premises Karen McCormick, Beringea Investment Director, said "The initial launch was fantastic and the store has continued to outperform expectations. We are delighted to be part of the team - it's an amazing store".

For more information please visit www.monicavinader.com

Tossed

Tossed has recently opened a new store in the Westfield Stratford shopping centre. Tossed's quirky and vibrant stores offer healthy, ethically sourced food without compromising on taste. Based in the Greater London area, Tossed now has eight sites - including stores on Tottenham Court Road, St Martin's Lane and the original Westfield shopping centre (see right). ProVen VCT and PGI VCT invested in Tossed in April 2010.

For more information please visit www.tosseduk.com



New Investments



ProVen Health VCT, ProVen VCT and PGI VCT have invested in Community Pharmacies, a recently established chain of pharmacies. The business was started 12 months ago by Andrew Murray, a very experienced founder and manager of pharmacy chains. Community Pharmacies will particularly focus on GP centre-based pharmacies, a fast growing segment in the industry.

Commenting on the investment, Stephane Mery, Beringea Investment Director, said "The pharmacy market is rapidly evolving and offers very interesting investment opportunities. We are very happy to be involved in the growth and development of Community Pharmacies and to work with such an experienced team."



ProVen VCT and ProVen Growth & Income VCT have invested in Utility Exchange Online Ltd (UEO), which provides price comparison services for utilities, including gas and electricity, for small businesses. Unlike the domestic and large corporate markets, the small business market for utility comparison is underserved as a result of its complexity and manually intensive processes. UEO's automated quoting engine

will be the first of its kind for business utility price comparison. Utility Exchange Online was started in 2009 by a serial entrepreneur, Conway Standing, who founded and successfully sold care homes in the 80s and 90s, followed by Leapfrog Nurseries, sold to Nord Anglia in 2004.

Commenting on the deal, Karen McCormick, Beringea Investment Director, said: "Given the rapid rise in energy costs and the general economic climate, Utility Exchange Online's ability to help small businesses minimise costs couldn't come at a better time. Their highly scalable technology platform and market leading expertise in online marketing provide a very compelling investment opportunity, and we are delighted to be a party to their continued strong growth".

ProVen Health VCT has invested £750,000 into PolyTherics Limited, a solution provider to biopharmaceutical companies, for the improvement of protein and peptide based drugs, alongside existing investors Imperial Innovation, Longbow Capital and The Capital Fund. The total funding round was £2.4 million.



The funds will be used to apply the company's proprietary technologies to an expanding range of proteins and peptides and to pursue new applications of these technologies.

Stephane Mery, Investment Director, who led the investment for Beringea said: "PolyTherics is one of the leaders in the biopharmaceutical industry and this is an exciting opportunity to be involved in the development and growth of this business."

Recent Exits

STEAKGROUP

ProVen VCT and ProVen Growth & Income VCT have sold their equity interest in Steak, a digital marketing agency, with offices in London, New York and Melbourne, to Dentsu, the world's #1 consolidated agency network.

Steak currently has 94 employees and is led by Oliver Bishop, Co-founder and CEO, and Duncan Parry, Co-founder and Head of Paid Search. Steak's reputation for consumer engagement and delivering measurable results is reflected in its diverse client roster, which includes such high profile brands as Virgin Holidays, AXA, Swiftcover, Debenhams and Comparethemarket.com.

Beringea invested in Steak in 2007 and 2010, helping it to establish its international operations and its top 15 position in the Marketing and New Media Age league tables for digital search agencies in the United Kingdom.

Commenting on the deal, Trevor Hope, Beringea's Chief Investment Officer, said "Having known, and been successful with, the management team in a previous investment, Espotting, it was great to work with Ollie and Duncan again. They did a great job of developing the company to this stage. Dentsu have made a very smart acquisition as I expect Steak to continue to be a winner in what is a rapidly evolving and competitive market." Oliver Bishop, Co-founder and CEO of Steak said "It has been great to have Beringea as a supportive and active partner. They have a deep understanding of the media industry and media agencies, which has been invaluable."



ProVen Health VCT has sold its investment in Onyx Scientific in a transaction which valued the company at £4.6m. Onyx Scientific provides a wide range of chemical services to the life sciences industry. In particular, its key focus is scaling up the synthesis of new chemical entities from micrograms to kilograms for pharmaceutical companies. ProVen Health VCT invested £750,000 in Onyx in June 2007.

Onyx was acquired by IPCA, a market leader in anti-malarial and rheumatoid arthritis treatments in India, which also has a rapidly expanding presence in international markets. Following the acquisition, Onyx will become part of Covenant, IPCA's contract development and manufacturing subsidiary, which has over 260 scientists engaged in formulations development and a network of 13 manufacturing sites.

Commenting on the deal, Beringea's Stephane Mery said: "We have been very pleased with our investment in Onyx Scientific and are delighted that it has been sold to a company which can help it to capitalise on its expertise in complex chemistry."



Global Growth

ProVen News explores how Beringea supports and facilitates portfolio companies' expansion overseas.

Expanding into international markets is a key point in many companies' growth strategy, and one Beringea is well placed to support. In the UK, Beringea manages the ProVen VCTs and our team of investment professionals are able to use their accumulated experience of the global marketplace to support firms in this important step. Many firms have expanded internationally whilst receiving investment and support from Beringea through the ProVen VCTs. We have offices both in the UK and the US and ProVen portfolio companies are able to benefit from the expertise and knowledge Beringea has on both sides of the Atlantic.

SPC

SPC is a provider of back to base repairs and logistical services for original equipment manufacturers of complex electrical equipment such as ATMs and EPOS systems.



The company only had UK facilities at the point of our investment in 2003, but the market SPC serves has become an increasingly global

one, with the ability to provide pricing based upon low cost resourcing crucial to remaining competitive.

Post Beringea's investment we have assisted the company in establishing operations in France, Slovakia, Thailand, Malaysia and India.

Fjord

Fjord designs transformational digital services. Beringea invested £2.4m in late 2008 when the company had offices in London, Berlin, and Helsinki. In part, the funding was provided to support further international growth and this has been successfully delivered in the form of new offices in Madrid, Stockholm, New York and San Francisco.

The company's international development is heavily influenced by its blue chip clients commencing projects within Fjord's established offices and then requesting additional support in new geographical regions. After opening the Madrid office and winning the BBVA account (one of the world's biggest banks), Fjord Madrid experienced rapid growth. Their work with BBVA on iPhone and iPad products led to global recognition and collaboration with many other banks and financial institutions, including Garanti in Turkey, Mastercard in the UK and Citi in the US.



The challenge of managing an international group of offices has required additional senior executives and Beringea has assisted in the appointment of a COO and CFO to the team. This year Fjord has been short-listed for a Venture Capital Backed Management Team of the Year award by the BVCA.

Espresso Education

Espresso Education, the market leader in providing video-rich, curriculum-aligned teaching and learning resources in the UK, launched its services in the United States just over a year ago.

Espresso already had an excellent penetration of the UK market – c.50% of UK primary schools use Espresso – and had previously launched a service in Sweden, so entering the U.S. market was the next logical step.

During the launch of the U.S. service, Espresso was able to call upon the resources and expertise of Beringea's Michigan office. The team was able to provide practical

support such as office space for testing and sampling the service with local teachers, as well as expert advice on understanding the U.S. market and sales and marketing practices.

Espresso has already won a number of awards for its U.S. product and has signed up over 700 elementary schools.



Beringea in the US

Beringea in the U.S. offers advice, guidance and capital to support growing businesses. The professionals in the Michigan office have extensive experience investing in a range of sectors, including healthcare and life sciences, clean technology, advanced manufacturing, media, internet technologies and specialised consumer products.

“One of the strengths of Beringea is our international footprint, which enables our firm to confidently advise portfolio companies that wish to expand abroad. We're proud of our portfolio companies' international reach, which now includes a variety of countries, and will continue to support them as they enter new and emerging markets.”

Charles Rothstein, Senior Managing Director
and Co-Founder of Beringea

VCT Sector Focus

Government review endorses VCTs' vital role in supporting economic growth.

By Shane Elliott



In the current challenging economic conditions, small and medium sized businesses ("SMEs") can play a vital role in delivering economic growth. The Government therefore wants to make sure that SMEs have access to the finance they need, including both bank lending and equity finance. One of the main sources of equity finance for SMEs is the VCT scheme. To ensure that this is as effective as possible in meeting the objective of providing equity finance for growing SMEs, the Government has recently undertaken a consultation to see whether any changes are necessary.

The results of the consultation were published in early December 2011. One of the key measures announced will allow VCTs to invest larger amounts in an individual company. Currently, the VCT rules limit any one VCT to investing no more than £1 million in a single company in any 12 month period. This cap will be removed from 6 April 2012, making it much simpler for an SME to raise more than £1 million from a VCT.

The Government also confirmed its desire to widen the range of companies eligible for VCT investment. Subject to approval by the European Commission, the limits on what constitutes a Qualifying Company for VCT investment will be increased to the following:

- Gross assets of up to £15 million before investment (currently £7 million)
- 250 employees (currently 50 employees)
- An amount the company may raise each year of £10 million (currently £2m)

These limits will apply to all VCT funds, irrespective of the tax year in which they were raised (there will continue to be no employee limit, or limit on the amount each company can raise, for funds raised prior to 6 April 2007).

In addition, a new test will be introduced in order to ensure that VCT investment is focussed on "genuine" businesses, rather than

companies set up expressly for the purpose of accessing the VCT tax reliefs. As all the investments made by the ProVen VCTs are in "real" businesses, which have the potential to deliver growth in revenues, employment and taxes paid to HMRC, this will have no impact on the ProVen VCTs' investment strategy or their ability to make Qualifying Investments.

Finally, there is a proposal to exclude VCT funds raised after 5 April 2012 from being used to buy shares in another company (as opposed to subscribing for new shares). Over time, this will make it more difficult for VCTs to finance management buyouts ("MBOs"). Again, this is unlikely to affect the ProVen VCTs, whose strategy is to invest in companies to finance their growth, rather than fund MBOs.

Overall, the consultation and the resulting changes to the VCT scheme are a substantial endorsement by the Government of the vital role played by VCTs in helping SMEs to generate economic growth.

VCT Tax Reliefs FAQ - www.provenvcts.co.uk

We are often asked about the tax relief available to investors who subscribe for VCT shares, as well as the conditions attached, so we thought it might be helpful to put the answers to some of the most frequent questions on the ProVen VCTs website - www.provenvcts.co.uk.

Should you have any questions about your personal tax circumstances, or the suitability of VCT investment, please contact your financial adviser.



ProVen VCT plc - Ordinary Share Offer

Important Notice

An investment in ProVen VCT is not suitable for all investors. You are advised to seek advice from an authorised financial advisor before investing in ProVen VCT. Please refer to the Risk Warnings on page 12 and on pages 4 & 5 of the Securities Note.

Return since launch - 9% p.a. tax free

Since they were first issued in April 2000, the Ordinary shares of ProVen VCT have delivered impressive returns to shareholders:

- Annual tax-free return of 9% per annum¹ since launch
- Average tax-free dividend over the last 5 years of 17.1p per annum²
- 2nd highest return over 10 years of all VCT shares³

Past performance is not a guide to future performance, however.

A new £15 million offer, which gives investors the opportunity to subscribe for shares in this established, high-performing share class, was launched in December 2011. The funds raised will be invested in a portfolio of companies which, in the Manager's opinion, have the potential for rapid growth. Profits made on the realisation of investments will be paid out to shareholders as tax-free dividends, subject to maintaining the net asset value per share at an appropriate level.

Tax benefits

Investors in the Offer will be entitled to the tax benefits of investing in a VCT, including:

- 30% income tax relief on the amount invested
- Tax-free dividends

These tax reliefs are available on aggregate VCT investments of up to £200,000 per year. The initial tax relief is limited to the amount which reduces your tax liability to nil.

How to invest

Applications to invest should be made using the Application Form in the Securities Note, copies of which can be obtained by calling Beringea on **0207 845 7820** or which can be downloaded from **www.provenvcts.co.uk**.

Notes:

1. From 10 April 2000, the initial launch date of the ProVen VCT Ordinary shares, to 31 August 2011, the latest date prior to the launch of the Offer for which results had been announced to the London Stock Exchange. The returns include initial income tax relief of 20% (the amount available at the time of the initial launch).
2. From 1 December 2006 to 30 November 2011, the last month end prior to the launch of the Offer.
3. Source: "Dividends come of age in the VCT sector." Association of Investment Companies press release, 4 October 2011.

"The Beringea management team has a proven track record in selecting and supporting unquoted businesses before engineering profitable realisations. Individuals considering an investment in a generalist VCT, seeking a combination of tax-free dividend income and long-term capital growth, should give this offer close consideration."

Richard Allen,
Tax Shelter Report
November 2011
(rating 86/100)

Risk Warnings

An investment in ProVen VCT should be based on all the information in the Securities Note, particularly the Risk Factors section on pages 4&5, available from Beringea or your IFA.

Venture capital trusts are not suitable for all investors. If you are in any doubt about the suitability of an investment in ProVen VCT you should consult an authorised Independent Financial Adviser. The sale of VCT shares within 5 years will result in the loss of the initial tax relief, so an investment in a VCT should be considered a long-term investment. The value of shares in a VCT may fluctuate and you may not get back the amount you invested. There is no certainty as to the level of dividends. You may have difficulty selling your shares and any sale is likely to be at a discount to the net asset value. VCTs invest in a portfolio of small companies, which by their nature carry greater risk than larger, quoted companies. The dividends paid to shareholders may exceed the VCT's net income from investment (after the cost of running the VCT) in which case the net asset value per share may fall. A significant proportion (22.8% as at 31 August 2011) of the Ordinary Shares' net assets is concentrated in one investment, Espresso Group Limited, although raising funds under the Offer will reduce this concentration. The future performance of Espresso will therefore have a material influence on the investment performance of the Ordinary Shares. The tax reliefs available are dependent on ProVen VCT maintaining its status as a VCT. This financial promotion has been approved by Beringea LLP.

For more information please call us on

0845 686 0225, or email info@beringea.co.uk or visit www.provenvcts.co.uk

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