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# ProVen Media VCT PLC

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**INTERIM REPORT  
2001**

# ProVen Media VCT PLC



## CHAIRMAN'S STATEMENT

This is my first report to shareholders following the launch of ProVen Media VCT earlier this year.

In what proved to be an overcrowded market for new VCTs, ProVen Media VCT raised a total of £6.9 million by 31 August 2001. The directors subsequently closed the Offer on 28 September 2001, having by then raised a total of £7.1 million. In line with a number of other VCTs launched during that period, this was a lower amount than had been targeted, possibly exacerbated by the market's perception of the VCT as being more narrowly-focused than in fact it is. In summary, the investment strategy of ProVen Media VCT is to invest primarily in companies that own or can access forms of intellectual property, including copyrights, trademarks and brand names. Such companies may operate across a range of economic sectors, as is demonstrated by the portfolio of investments already made.

The directors consider that the relatively small size of ProVen Media VCT will not have an adverse impact on future shareholder value. The investment mandate will be completed as intended by using the existing dealflow of ProVen Private Equity Limited ('ProVen') and co-investing in a spread of unquoted investments under the co-investment agreements with other VCTs and funds managed or advised by ProVen.

The Board has decided not to extend the Offer further at this stage. In the meantime, the directors have the power to allot up to 709,997 new shares representing 10% of the issued share capital, and intend periodically to re-appraise the opportunity for further fund-raising in the light of market conditions.

### Net Asset Value

The unaudited net asset value per share at 31 August 2001 was 95.3p, compared to an opening net asset value per share of 95.0p, net of issue expenses.

### Investments

During the early life of the VCT, the majority of the funds will be held in a portfolio of Fixed Income Securities. This portfolio will be progressively realised in order to fund investments in qualifying unquoted companies, and the Manager's Review provides further details of the initial qualifying investments made.

### Dividends

As stated in the Prospectus, the first dividend is expected to be paid in July 2002 as a final dividend in respect of the period ending 28 February 2002, and accordingly, no interim dividend is proposed.

### Prospects

The emphasis over the next few years will be in building up a balanced portfolio of qualifying investments to generate tax free capital and income returns to shareholders over a five to ten year period. In the present economic climate ProVen Media VCT should benefit from lower price expectations for new investments offering an attractive opportunity for capital profit over the medium and longer term. Against this, the outlook for the economy over the next twelve months remains uncertain, and your VCT would not be immune to a prolonged downturn in economic activity were that to occur.

31 October 2001

Tom Sooke

## MANAGER'S REVIEW

For the period ended 31 August 2001

### New Investments

During the initial period ended 31 August 2001, we are pleased to report that the VCT has already invested a total of £772,000 in four companies. In every case the VCT has co-invested with other funds managed or advised by ProVen, as part of a larger overall investment. Whilst these companies operate in various economic sectors, they each own or have access to intellectual property rights in various forms.

Since the period end, a further investment has been completed, with several others under review.

### Copyright Promotions Group

*A leading European licensing business*

In July 2001, ProVen backed the management team of Copyright Promotions Group plc ('CPG') in a management buy-out. CPG is one of Europe's leading independent licensing businesses, acting as agents for copyright owners of well known characters, brands and rights. The company operates from seven locations throughout Europe, with three principal divisions Entertainment, Brands and Sports.

### mergermarket

*Mergers & Acquisitions ('M&A') intelligence and business information*

In June 2001, ProVen led a development capital investment totalling up to £2.5 million in mergermarket Limited. mergermarket has become one of the leading providers of M&A related intelligence and information, and is rapidly developing its own proprietary content and web enabled delivery technology. Its product offering includes intelligence reports, league tables, deal database (covering every European transaction with a value over £10 million), and market views delivered direct to the M&A professional's desktop.

### Oasis Healthcare

*Branded dentistry*

The VCT has made a small investment in Oasis Healthcare plc alongside other funds managed or advised by ProVen, at a price of 40p per share. Oasis is developing a chain of branded dentist's businesses, and is rapidly expanding through the acquisition of UK based dental practices.

### The Sport Entertainment & Media Group

*A leading UK sports management business*

The VCT invested in The Sport Entertainment & Media Group plc ('SEM') upon its admission to AiM in August 2001. SEM is a leading UK based sports management business. The company manages, represents and provides services for over eighty professional football players in the UK and Europe and for several major football clubs including Arsenal, Leeds and Celtic. The company aims to grow organically as well as by acquisition, particularly of football and sports agents in other European

countries where it already has relationships. In addition, SEM is expanding into other sports, notably boxing and Formula One motor racing.

## Prospects

The value of the VCT in the near term is partially insulated from the recent dramatic falls in stock markets, as the majority of the portfolio remains in fixed interest securities. The values of those investments that have been made have, in fact, seen a marginal increase in value compared to cost, and have therefore performed markedly better than the market overall. As we increase our investment activity over the coming months, we feel that ProVen Media VCT should benefit from the sharp correction in values for new investments and the more realistic investing conditions that we are now witnessing.

31 October 2001

ProVen Private Equity Limited

## INVESTMENT PORTFOLIO

At 31 August 2001

<b>Unquoted (at cost)</b>	<b>Book cost £000</b>	<b>Valuation £000</b>	<b>% of net assets</b>
mergermarket Limited	203	203	
Copyright Promotions Group plc	139	139	
	<hr/> 342	<hr/> 342	<hr/> 5.2%
<b>Quoted on Alternative Investment Market (at mid-market value)</b>			
The Sport Entertainment & Media Group plc	260	286	
Oasis Healthcare plc	170	151	
	<hr/> 430	<hr/> 437	<hr/> 6.6%
<b>Fixed interest</b>			
Halifax 5.14% 17/10/01	700	700	
Bank of Scotland 5.95% 27/11/01	312	313	
UK Treasury 7.0% 06/11/01	4,349	4,340	
	<hr/> 5,361	<hr/> 5,353	<hr/> 81.2%
<b>Total investment portfolio</b>	<hr/> 6,133	<hr/> 6,132	<hr/> 93.0%
<b>Net current assets</b>		<hr/> 458	<hr/> 7%
<b>Shareholders' funds</b>		<hr/> 6,590	<hr/> 100%

## UNAUDITED STATEMENT OF TOTAL RETURN (incorporating the Revenue Account)

For the period from 14 December 2000 to 31 August 2001

	Revenue £000	Capital £000	Total £000
Losses on investments			
– unrealised	–	(1)	(1)
Income	127	–	127
Investment management fee	(5)	(15)	(20)
Other expenses	(76)	–	(76)
<b>Return on ordinary activities before taxation</b>	<b>46</b>	<b>(16)</b>	<b>30</b>
Tax on ordinary activities	(11)	4	(7)
<b>Return on ordinary activities after taxation</b>	<b>35</b>	<b>(12)</b>	<b>23</b>
<b>Return per share</b>	<b>0.6p</b>	<b>(0.2)p</b>	<b>0.4p</b>

## UNAUDITED BALANCE SHEET

At 31 August 2001

	<b>£000</b>
<b>Fixed assets</b>	
Investments unquoted	342
Investments – AiM quoted	437
Fixed Interest	5,353
	<hr/>
	6,132
<b>Net current assets</b>	458
	<hr/>
<b>Net assets</b>	6,590
	<hr/>
<b>Capital and reserves</b>	
Share capital	69
Reserves	6,521
	<hr/>
<b>Equity shareholders' funds</b>	6,590
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<b>Net asset value per share</b>	95.3p

## UNAUDITED CASH FLOW STATEMENT

For the period from 14 December 2000 to 31 August 2001

	<b>Period to 31 August 2001 £000</b>
<b>Net cash outflow from operating activities</b>	(136)
<b>Investing activities</b>	
Purchases of investments	(6,559)
Sales of investments	425
Net cash outflow from investing activities	<u>(6,134)</u>
<b>Total cash outflow before financing</b>	<u>(6,270)</u>
<b>Financing</b>	
Gross proceeds from share issue	6,913
Issue expenses paid	(346)
Net cash inflow from financing	<u>6,567</u>
Increase in cash	<u>297</u>
<b>Cash at bank and cash equivalent</b>	<u>297</u>

### Notes

1. The company was incorporated on 14 December 2000 and commenced trading on 6 March 2001. The financial information given above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.
2. The Revenue column of the Statement of Total Return is the revenue account of the company.
3. Returns per ordinary share are based on 5,493,374 ordinary shares, being the weighted average number of shares in issue during the period. There were 6,912,861 ordinary shares in issue at 31 August 2001.
4. Earnings for the period should not be taken as a guide to the results for the full year.
5. Copies of the Interim Report will be mailed to shareholders and are available from the Registered Office of the company at 42 Craven Street, London WC2N 5NG.

# INDEPENDENT REVIEW REPORT TO PROVEN MEDIA VCT PLC

## Introduction

We have been instructed by the company to review the financial information for the period from 14 December 2000 to 31 August 2001 which comprises the statement of total return, the balance sheet, the cash flow statement and related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## Review Work Performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the period from incorporation on 14 December 2000 to 31 August 2001.

Deloitte & Touche

Chartered Accountants  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

31 October 2001

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the interim report since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

## DIRECTORS AND ADVISERS

### Directors

Tom Sooke  
Andrew Davison  
Stephen Edwards  
Nicholas Lewis  
Gordon Power  
James Stewart  
Marc Vlesing

### Company Secretary

Hutton Corporate Services Limited

### Registered Office

42 Craven Street  
London WC2N 5NG

### Investment Managers

ProVen Private Equity Limited  
42 Craven Street  
London WC2N 5NG  
(Regulated by IMRO)

### Fixed Income Securities Adviser

Investec Asset Management  
2 Gresham Street  
London EC2V 7QP

### Auditors

Deloitte & Touche  
Stonecutter House  
1 Stonecutter Street  
London EC4A 4TR

### VCT Advisers

PricewaterhouseCoopers  
1 Embankment Place  
London WC2N 6NN

### Registrars

Northern Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield HD8 0LA

### Stockbrokers

Rathbone Neilson Cobbold Limited  
Port of Liverpool Building  
Pier Head  
Liverpool L3 1NW

### Solicitors

Howard Kennedy  
19 Cavendish Square  
London W1A 2AW



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