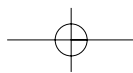
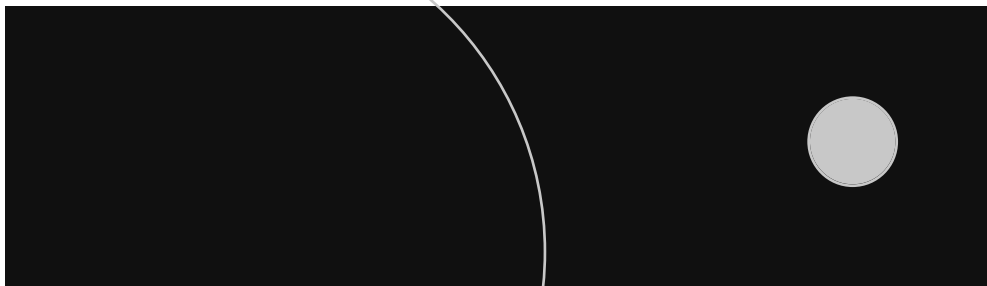
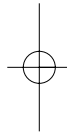
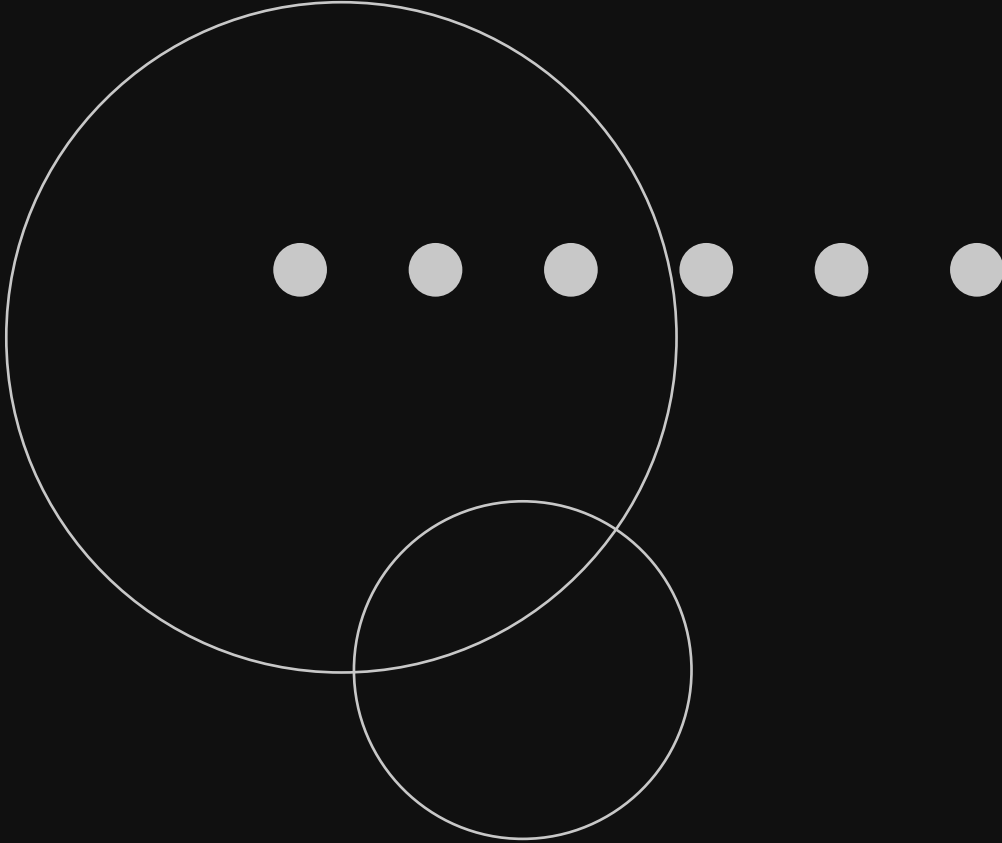


# ProVen VCT plc

## Interim Report

For the six months ended  
31 August 2001

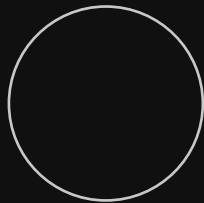




**Investment Objective**

ProVen VCT plc is a Venture Capital Trust established under legislation contained in the Finance Act 1995.

The Company's objective is to maximise tax free capital and income returns to shareholders over the long-term.



**Investment Policy**

To invest in a portfolio of Qualifying Investments comprising established smaller UK companies with good growth prospects.

Investments may include companies raising new share capital on the Alternative Investment Market.



## CHAIRMAN'S STATEMENT

### Net Asset Value and Interim Dividend

The unaudited net asset value per share at 31 August 2001 was 92.6p, after provision for the payment of an interim dividend of 1.0p per share. This represents a modest decline of 3.4p in net asset value per share over the six months to 31 August 2001, or some 3.5%. The decline is due largely to the performance of the AiM stocks in the portfolio; over the same period, the FTSE AiM index fell 23%.

### Investments

During the six month period three new venture capital investments were completed at a cost of £1.7 million, bringing the total invested to £5.9 million. Whilst the Manager's rate of investment has sensibly slowed in response to market conditions in the short term, the rate of investment will now need to increase to obtain the benefit of improved market conditions and attain the investment targets set by VCT legislation. The Manager's Review provides further details on the investments made to date. The majority of the VCT's funds are presently held in the portfolio of Fixed Income Securities.

### Share Buy Backs

During the period, the Company purchased 23,000 shares in the market for cancellation, at a total cost of £19,500 which represented a discount to the then net asset values. The Board is not aware of any other trading in the shares to date. The Company is in the process of seeking Court consent to a reduction in the share premium account to facilitate the buy-back and cancellation of shares where the Board considers this is in the interests of shareholders.

### 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. Your VCT should benefit from the recent fall in prices of new investments but the outlook for the next twelve months remains uncertain.

Andrew Davison  
18 October 2001

## MANAGER'S REVIEW

for the six months ended 31 August 2001

### Investment Rate

The investment portfolio, as at 31 August 2001, comprised of eleven companies, with a total cost of £5.9 million and value of £5.5 million. The emphasis of our activities on behalf of ProVen VCT in the initial three year period is on achieving a rate of investment sufficient to meet the requirements of the VCT legislation. However, despite very large volumes of dealflow, we took a deliberate and cautious stance in making new investments in the first half of this calendar year, as we judged pricing levels in particular to be unrealistically high. Accordingly, in the six month period to 31 August 2001, we completed only three new investments, at a total cost of £1.7 million. All of these investments were made towards the end of the period, when conditions for making new investments markedly improved. With the sharp and continuing corrections in the public markets, owners and managers of private businesses are developing more realistic business plans with more acceptable pricing expectations. We therefore anticipate that the rate of investment will accelerate over the coming months, and since 31 August 2001, we have already completed a further investment, with several others under review.

### New Investments

The VCT invested £1.7 million in three new investments during the period, and invested a further £0.2 million into a successful AiM quoted holding, Oasis Healthcare plc. In every case, ProVen VCT co-invested alongside other funds advised or managed by ProVen Private Equity Limited ('ProVen'), as part of a larger overall investment. Details of the new investments are set out below.

### 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.

### The Sport Entertainment & Media Group

*A leading UK sports management business*

ProVen 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 its funds remain in fixed interest securities. The venture capital investment portfolio has seen a marginal decline in value compared to cost, but it has performed markedly better than the market overall. As we increase our investment activity over the coming months, we feel that ProVen VCT should benefit from the sharp correction in values and the more realistic conditions for new investments referred to earlier.

ProVen Private Equity Limited  
18 October 2001

## INVESTMENT PORTFOLIO

at 31 August 2001

	Book Cost £000	Valuation £000	% of net assets
<b>Unquoted investments (at cost or directors' valuation)</b>			
Chiaros Holdings Limited	800	800	3.9%
Bond IT Limited	500	500	2.5%
Linguaphone Group plc	500	500	2.5%
mergermarket limited	500	500	2.5%
Copyright Promotions Group PLC	395	395	1.9%
The Keen Group Limited	412	289	1.4%
	3,107	2,984	14.7%
<b>Quoted on Alternative Investment Market (at mid-market value)</b>			
The Sport Entertainment & Media Group plc	800	879	4.3%
Oasis Healthcare plc	670	861	4.3%
UBC Media Group plc	501	430	2.1%
Transcomm plc	380	190	0.9%
I D Data plc	420	180	0.9%
	2,771	2,540	12.5%
<b>Listed fixed interest investments</b>			
Treasury 7% 6/11/01	13,085	12,970	63.8%
<b>Unlisted fixed interest investments (Certificates of Deposit)</b>			
Halifax 5.8% 10/12/01	1,000	1,002	4.9%
Rabobank 5.8% 20/12/01	500	501	2.5%
Bank of Scotland 5.95% 27/11/01	400	401	2.0%
	1,900	1,904	9.4%
<b>Total investment portfolio</b>	20,863	20,398	100.4%
<b>Net current liabilities</b>		(85)	(0.4)%
<b>Shareholders' funds</b>		20,313	100.0%

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

for the six months ended 31 August 2001

	Six months ended 31 August 2001			F
	Revenue	Capital	Total	
	£000	£000	£000	
Gains/(losses) on investments				
– realised	–	(10)	(10)	
– unrealised	–	(685)	(685)	
Income	564	–	564	
Investment management fee	(62)	(186)	(248)	
Other expenses	(112)	–	(112)	
<b>Return on ordinary activities before taxation</b>	<b>390</b>	<b>(881)</b>	<b>(491)</b>	
Tax on ordinary activities	(90)	49	(41)	
<b>Return on ordinary activities after taxation</b>	<b>300</b>	<b>(832)</b>	<b>(532)</b>	
Dividends				
– interim	(219)	–	(219)	
– final	–	–	–	
<b>Transfers to reserves</b>	<b>81</b>	<b>(832)</b>	<b>(751)</b>	
<b>Return per share</b>	<b>1.4p</b>	<b>(3.8)p</b>	<b>(2.4)p</b>	



Period ended 31 August 2000			Period ended 28 February 2001		
Revenue	Capital	Total	Revenue	Capital	Total
£000	£000	£000	£000	£000	£000
–	14	14	–	119	119
–	665	665	–	219	219
490	–	490	1,096	–	1,096
(38)	(114)	(152)	(86)	(258)	(344)
(107)	–	(107)	(214)	–	(214)
345	565	910	796	80	876
(81)	23	(58)	(221)	84	(137)
264	588	852	575	164	739
–	–	–	–	–	–
–	–	–	(527)	–	(527)
264	588	852	48	164	212
1.4p	3.0p	4.4p	2.8p	0.8p	3.6p





## UNAUDITED BALANCE SHEET

at 31 August 2001

	<b>31 August 2001</b>	31 August 2000	28 February 2001
	<b>£000</b>	£000	£000
<b>Fixed Assets</b>			
Investments – unquoted	<b>2,984</b>	912	2,212
Investments – AiM quoted	<b>2,540</b>	2,010	2,024
Fixed Interest	<b>14,874</b>	17,490	16,934
Money Market Fund	–	948	–
	<b>20,398</b>	21,360	21,170
<b>Net current (liabilities)/assets</b>	<b>(85)</b>	364	(86)
<b>Net assets</b>	<b>20,313</b>	21,724	21,084
<b>Capital &amp; reserves</b>			
Share capital	<b>1,097</b>	1,099	1,099
Reserves	<b>19,216</b>	20,625	19,985
<b>Equity shareholders' funds</b>	<b>20,313</b>	21,724	21,084
<b>Net asset value per share</b>	<b>92.6p</b>	98.9p	96.0p

### Notes

1. The unaudited interim financial statements for the six months ended 31 August 2001 and the period ended 31 August 2000 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies. The figures for the period ended 28 February 2001 have been extracted from the financial statements for that period, which have been delivered to the Registrar of Companies; the auditors' report on those financial statements under Section 235 of the Companies Act 1985 was unqualified.
2. The Revenue column of the Statement of Total Return is the revenue account of the company.
3. During the six months to 31 August 2001, the Company purchased 23,000 shares in the market for cancellation at a total cost of £19,533 and distributable reserves have been reduced by an equivalent amount to reflect the purchase.
4. Returns per ordinary share are based on 21,963,571 ordinary shares, being the weighted average number of shares in issue during the period. There were 21,947,502 ordinary shares in issue at 31 August 2001.
5. The interim dividend of 1.0p per share will be paid on 26 November 2001 to shareholders on the register on 26 October 2001.
6. Earnings for the period should not be taken as a guide to the results for the full year.
7. 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.



## UNAUDITED CASH FLOW STATEMENT

for the six months ended 31 August 2001

	<b>Six months ended</b>	Period ended	Period ended
	<b>31 August</b>	31 August	28 February
	<b>2001</b>	2000	2001
	<b>£000</b>	£000	£000
<b>Net revenue from operating activities</b>			
Net revenue from ordinary activities before tax	390	345	796
Increase in debtors	(100)	(331)	(279)
Increase in creditors	33	165	169
Management fees charged to capital	(186)	(114)	(258)
Net cash inflow from operating activities	<u>137</u>	<u>65</u>	<u>428</u>
<b>Financial investment</b>			
Purchases of investments	(5,027)	(31,713)	(54,795)
Sales of investments	5,105	11,033	33,963
Net cash inflow/(outflow) from financial investments	<u>78</u>	<u>(20,680)</u>	<u>(20,832)</u>
<b>Equity dividends paid</b>	<u>(527)</u>	–	–
<b>Net cash outflow before financing</b>	<u>(312)</u>	<u>(20,615)</u>	<u>(20,404)</u>
<b>Financing</b>			
Gross proceeds from share issue	–	21,970	21,970
Issue expenses paid	–	(1,098)	(1,098)
Purchase of ordinary shares for cancellation	(20)	–	–
Net cash inflow/(outflow) from financing	<u>(20)</u>	<u>20,872</u>	<u>20,872</u>
Increase/(decrease) in cash	<u>(332)</u>	<u>257</u>	<u>468</u>
<b>Analysis of cash balance</b>			
At start of period	468	–	–
Net cash inflow/(outflow) for the period	<u>(332)</u>	<u>257</u>	<u>468</u>
<b>At end of period</b>	<u>136</u>	<u>257</u>	<u>468</u>



## INDEPENDENT REVIEW REPORT TO PROVEN VCT PLC

### Introduction

We have been instructed by the company to review the financial information for the six months ended 31 August 2001 which comprises the statement of total return, the balance sheet, the cash flow statement and related notes 1 to 7. 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 six months ended 31 August 2001.

Deloitte & Touche

Chartered Accountants  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

18 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

Andrew Davison  
Stephen Edwards  
Nicholas Lewis  
Ernest Sharp  
Tom Sooke

### 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 Court  
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