
ProVen Media VCT plc

INTERIM REPORT

For the six months ended

31 August 2003

ProVen Media VCT plc



DIRECTORS AND ADVISERS

Directors

Tom Sooke
Andrew Davison
Nicholas Lewis
Gordon Power
Alexander Spiro Jr.
James Stewart
Marc Vlessing

Company Secretary

Hutton Corporate Services Limited

Registered Office

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Investment Manager

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*Beringea Limited is authorised and regulated
by the Financial Services Authority*

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FINANCIAL SUMMARY

	Six months ended 31 August 2003	Six months ended 31 August 2002	Year ended 28 February 2003
Revenue return per share	0.2p	1.2p	1.6p
Total return per share	13.0p	(1.1)p	(7.3)p
Dividend per share	–	1.0p	1.0p
Cumulative dividend per share	2.4p	2.4p	2.4p
Net asset value per share	97.3p	90.4p	84.1p
Net asset value plus cumulative dividend per share	99.7p	92.8p	86.5p
Shareholders' funds (£000)	6,885	6,444	5,997
Mid-market price per share	80p	100p	100p

INVESTMENT OBJECTIVE

ProVen Media VCT plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The Company's principal objectives, as set out in the prospectus, are to maximise tax-free capital and income returns to shareholders, over a five to ten year period, by investing in a portfolio consisting mainly of qualifying investments in established smaller UK companies with good growth prospects.

CHAIRMAN'S STATEMENT

I have pleasure in presenting the interim report for the six months ended 31 August 2003. During this time, UK stock markets made significant gains from their low point during March and venture capital activity showed signs of continued improvement.

I am pleased to announce that the Company was recently awarded the "VCT of the Year" award at the recent Investor Allstars awards in London. This event highlighted private equity funds that had an exceptional year and the investment professionals who manage the funds. I am delighted that the Company has achieved this recognition from its peers in the industry and, more importantly, that it has delivered significant increases in asset value over the period under review.

Investment Portfolio

During the period the Company added one new investment to the portfolio and made follow-on investments in two existing companies, totalling £490,000. Since the end of August, a further follow-on investment of £35,000 has been made. Further details of these investments are provided in the investment manager's review. Completion of these investments has brought the Company's qualifying investments total to 59%.

At 31 August 2003, the Company's unquoted and AIM portfolio comprised 16 companies at a total cost of £4.3 million and a valuation of £4.7 million. Thirteen of these companies were qualifying for VCT purposes. During the period the AIM portfolio rose in value by 78% compared to rises of 28% in the FTSE AIM Index and 17% in the FTSE All Share Index. All AIM investments performed strongly ahead of the AIM index. The unquoted portfolio rose by 13%, lower than the rise in the AIM index, due in large part to many investments being relatively recent and, therefore, being valued at cost.

The Company benefited in particular from a revaluation of its investment in Espotting Media, following the company agreeing terms to merge with FindWhat.com, a US NASDAQ listed company. Even allowing for the risk that the transaction does not proceed, Espotting has made significant progress since our investment which, the directors believe, justifies its valuation in this report.

Net Asset Value

The unaudited net asset value per share at 31 August 2003 was 97.3p. This represents an increase of 16% over the net asset value as at 28 February 2003. Together with dividends paid since the launch of your Company, this means that the net asset value total return to shareholders (net asset value plus cumulative dividends) is now broadly in line with the original cost of shares to investors before any tax reliefs.

As I mentioned in my statement in the last Annual Report, future dividends are likely to be substantially dependent upon future realised capital profits. Accordingly, your board does not recommend the payment of an interim dividend for the period under review.

Share Buy Backs

Shareholders are reminded that the Company is authorised to make market purchases of its own shares. In July 2003, the Company purchased 50,000 shares in the market at a cost of £35,000, representing a discount of 17% to the net asset value at 28 February 2003. Any shareholder wishing to sell shares should contact Downing Corporate Finance, details of whom are provided at the front of this interim report.

Board Changes

On 16 May 2003, the board appointed Alexander Spiro Jr. as a non-executive director of the Company. Mr Spiro is a senior managing director of Beringea LLC, the investment manager's US parent company.

Gordon Power has resigned from the board with effect from today's date to pursue a number of other activities. Gordon has been a director since the launch of the Company and your board has greatly appreciated his insight and experience in this capacity.

Prospects

ProVen Media VCT is now 59% invested in VCT qualifying investments and both your board and the investment manager are committed to ensuring that the 70% investment target is met by 28 February 2004. At the date of this report, further investments of £755,000 were required to meet this target.

Your board is encouraged by the recent gains in stock markets and although it is not clear if, and for how long, this recovery will last, we are cautiously optimistic about future prospects for the venture capital industry in general and the Company in particular.

Tom Sooke
14 November 2003

INVESTMENT MANAGER'S REVIEW

Introduction

This review covers the six month period ended 31 August 2003 during which the climate for venture capital activity showed continued signs of improvement. Our focus during the period has been on identifying qualifying investments of appropriate size and quality to meet the VCT qualifying investment target of 70% by 28 February 2004, whilst at the same time monitoring our existing portfolio companies to ensure their potential is fully realised. The qualifying investment total at 31 August 2003 was 60% and at the date of this report was 59%, leaving the Company with an investment target of £755,000 to meet the qualifying threshold.

New Investment and Portfolio Activity

In the six months under review, a total of £400,000 was invested in one company and a further £86,000 in follow-on investments.

Zenith Group Limited

Television production company

In March 2003, ProVen Media VCT invested £400,000 alongside other Beringea managed funds in the management buyout of this leading independent television production company. Zenith's successes include *Inspector Morse*, *Byker Grove* and *SM:tv Live/CD:uk*.

Cardpoint plc

Independent ATM operator

ProVen Media VCT invested a further £50,000 in the heavily oversubscribed Placing & Open Offer in June 2003. This raised funds of £6 million to enable Cardpoint to acquire the ATM estate of Securicor Corporation.

Espresso Broadband Limited

Development & delivery of educational material to schools

Proven Media VCT invested a further £36,000 as part of its ongoing commitment to Espresso. The company has made substantial progress in the last year. A further £35,000 was invested in September 2003.

Realisations

In June 2003, the management of Sport Entertainment & Media Group (SEM) offered 27.5p to existing shareholders to take SEM into private ownership. The transaction was concluded in July 2003 and ProVen Media VCT converted its holding into ordinary shares in the new company, Sports Holdings Limited.

Since 31 August 2003, we have taken advantage of rises in the share prices of Cardpoint and Centurion Electronics and taken profits on a small portion of our holdings.

Portfolio Valuation

At 31 August 2003, the Company's unquoted and AIM portfolio comprised 16 companies at a total cost of £4.3 million and a valuation of £4.7 million. In addition, the Company had listed fixed interest investments of £2.1million. Full details are shown on page 7.

In total, the Company's unquoted and AIM portfolio increased in value by £990,000, or 26%, over the six months to 31 August 2003, broadly in line with the 28% rise in the FTSE AIM index over the same period.

The Company's AIM portfolio increased in value by £600,000 or 78% during the six months. All the Company's AIM stocks performed strongly ahead of the AIM index.

The Company's unquoted portfolio increased in value by £390,000 or 13%. This in part reflects the increase in stock markets which has affected quoted PE multiples, and therefore the value of investments valued on this basis, and also the strong performance of specific portfolio companies. Many investments are, however, relatively recent and valued at cost, and so the increase is lower than the increase in the AIM index.

The Company benefited from a revaluation of its investment in Espotting Media as outlined in the Chairman's Statement. The board of directors have also accepted our recommendations to increase the value of the Company's investments in Espresso Broadband, Ashcol and Copyright Promotions Group following improved performance.

Prospects

Our focus in the remainder of the financial year is to meet the VCT investment qualifying target by 28 February 2004. We are encouraged by the quality of investment opportunities that we are seeing in the Company's target sectors and remain confident that this target will be met. The Company's recent "VCT of the Year" award, outlined in the Chairman's Statement, should increase the profile of the Company and the flow of investment opportunities. The existing portfolio has, in overall terms, performed well and the portfolio companies are well positioned to take advantage of future opportunities in their respective markets.

Beringea Limited
14 November 2003

INVESTMENT PORTFOLIO

At 31 August 2003

	Book cost £000	Valuation £000	% of net assets
Qualifying holdings			
Ashcol Limited	550	620	9.0
Cardpoint plc*	301	504	7.3
Zenith Group Limited	400	400	5.8
LFR plc (t/a Loch Fyne Restaurants)	351	351	5.1
Espresso Broadband Limited	439	339	4.9
mergermarket Limited	317	317	4.6
Nectar Taverns Plc	300	300	4.4
Ma Potter's Limited	300	300	4.4
UBC Media Group plc*	200	239	3.5
Centurion Electronics plc*	75	201	2.9
Pilat Media Global plc*	92	170	2.4
Oasis Healthcare plc*	170	130	1.9
Sports Holdings Limited	260	117	1.7
Total qualifying holdings	3,755	3,988	57.9**
Non-qualifying holdings			
Spotting Media (UK) Limited	250	470	6.8
Copyright Promotions Group Limited	93	205	3.0
Baby Innovations S.A. (t/a Steribottle)	206	62	0.9
Total non-qualifying holdings	549	737	10.7
Total venture capital investments	4,304	4,725	68.6
Listed fixed interest investments	2,142	2,137	31.0
Total investments	6,446	6,862	99.6
Net current assets		23	0.4
Shareholders' funds		6,885	100.0

* Investment traded on the Alternative Investment Market ('AIM')

** Expressed as a percentage of the Company's net assets at 31 August 2003 as distinct from total investments (as defined in the Venture Capital Trust regulations) which are the basis for the calculation of the qualifying investment totals referred to in the Chairman's Statement.

UNAUDITED STATEMENT OF TOTAL RETURN (incorporating the Revenue Account)

For the six months ended 31 August 2003

	Six months ended 31 August 2003		Total £000
	Revenue £000	Capital £000	
Gains/(losses) on investments			
– realised	–	(61)	(61)
– unrealised	–	984	984
Income	111	–	111
Investment management fee	(6)	(17)	(23)
Other expenses	(88)	–	(88)
Return on ordinary activities before taxation	17	906	923
Tax (charge)/credit on ordinary activities	(3)	3	–
Return on ordinary activities after taxation	14	909	923
Dividends	–	–	–
Transfers to/(from) reserves	14	909	923
Return per share	0.2p	12.8p	13.0p

The revenue column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement are from continuing operations. Other than shown above, the Company had no recognised gains and losses. The Company has only one class of business and derives its income from investments made in shares and securities and from bank deposits.

Six months ended 31 August 2002			Year ended 28 February 2003		
Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
–	(34)	(34)	–	(150)	(150)
–	(112)	(112)	–	(440)	(440)
195	–	195	318	–	318
(8)	(23)	(31)	(18)	(56)	(74)
(76)	–	(76)	(160)	–	(160)
111	(169)	(58)	140	(646)	(506)
(22)	4	(18)	(28)	11	(17)
89	(165)	(76)	112	(635)	(523)
(71)	–	(71)	(71)	–	(71)
18	(165)	(147)	41	(635)	(594)
1.2p	(2.3)p	(1.1)p	1.6p	(8.9)p	(7.3)p

UNAUDITED BALANCE SHEET

At 31 August 2003

	31 August 2003 £000	31 August 2002 £000	28 February 2003 £000
Fixed assets			
Investments – unquoted	3,481	1,862	2,535
Investments – AIM quoted	1,244	738	714
Fixed interest	2,137	3,325	2,285
	6,862	5,925	5,534
Net current assets	23	519	463
Net assets	6,885	6,444	5,997
Capital and reserves			
Share capital	71	71	71
Reserves	6,814	6,373	5,926
Equity shareholders' funds	6,885	6,444	5,997
Net asset value per share	97.3p	90.4p	84.1p

Notes

1. The unaudited interim financial statements for the six months ended 31 August 2002 and 31 August 2003 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 results for the year to 2003 have been extracted from the financial statements for that year, 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 financial information contained in this interim report has been prepared on the basis of the accounting policies set out in the Annual Report 2003. Unquoted investments are valued in accordance with British Venture Capital Association (BVCA) valuation guidelines. New guidelines were issued by the BVCA in June 2003. AIM quoted investments are valued at mid market prices discounted, where necessary, to reflect any lack of liquidity. The directors do not believe that a discount is appropriate at this time.
3. Returns per ordinary share are based on 7,114,336 ordinary shares, being the weighted average number of shares in issue during the period. There were 7,078,978 ordinary shares in issue at 31 August 2003.
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 17-18 Henrietta Street, London WC2E 8QH.

UNAUDITED CASH FLOW STATEMENT

For the six months ended 31 August 2003

	Six months ended 31 August 2003 £000	Six months ended 31 August 2002 £000	Year ended 28 February 2003 £000
Net revenue from operating activities			
Net revenue from ordinary activities before tax	17	111	140
Decrease/(increase) in debtors	63	2	(18)
(Decrease)/increase in creditors	(53)	(22)	5
Management fees charged to capital	(17)	(24)	(56)
	<hr/>	<hr/>	<hr/>
Net cash inflow from operating activities	10	67	71
	<hr/>	<hr/>	<hr/>
Financial investment			
Purchase of investments	(2,629)	(1,434)	(4,797)
Sales of investments	2,234	1,747	5,045
	<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow from financial investment	(395)	313	248
	<hr/>	<hr/>	<hr/>
Corporation tax paid	–	–	(15)
Equity dividends paid	–	(100)	(171)
	<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow before financing	(385)	280	133
	<hr/>	<hr/>	<hr/>
Financing			
Gross proceeds from share issue	–	25	25
Issue expenses	–	(2)	(2)
Purchase of ordinary shares for cancellation	(35)	–	–
	<hr/>	<hr/>	<hr/>
Net cash (outflow)/inflow from financing	(35)	23	23
	<hr/>	<hr/>	<hr/>
(Decrease)/increase in cash in period	(420)	303	156
	<hr/>	<hr/>	<hr/>
Analysis of cash balance			
At start of period	474	318	318
Net cash (outflow)/inflow for the period	(420)	303	156
	<hr/>	<hr/>	<hr/>
At end of period	54	621	474
	<hr/>	<hr/>	<hr/>

INDEPENDENT REVIEW REPORT TO PROVEN MEDIA VCT PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 August 2003 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.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

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 are 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 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 2003.

Deloitte & Touche LLP
Chartered Accountants

14 November 2003

Neither an audit nor a review provides 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 financial statements since first published.

These changes 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 statements differs from legislation in other jurisdictions.

ProVen Media VCT plc



