ProVen VCT plc
Annual Report and Accounts
for the year ended 28 February 2011

Managed by
Beringea LLP

Contents

ProVen VCT plc

Principal Investment Objectives

- to achieve a total return significantly greater than that available from direct investment in quoted businesses by investing in a portfolio of carefully selected smaller companies with excellent growth prospects;
- to minimise the risk of each investment and the portfolio as a whole; and
- to obtain and maintain VCT status in order to secure the substantial tax benefits available for investment in a VCT.

Financial Highlights

162.5p	Ordinary Share net asset value total return per share since launch (net asset value at 28 February 2011 plus cumulative dividends paid)
9.2p	Average annual Ordinary Share dividends paid since launch
81.6p	'C' Share net asset value total return per share since launch (net asset value at 28 February 2011 plus cumulative dividends paid)
1.0p	Average annual 'C' Share dividends paid since launch
90.0p	'D' Share net asset value total return per share since launch (net asset value at 28 February 2011 - No 'D' Share dividends paid to date)

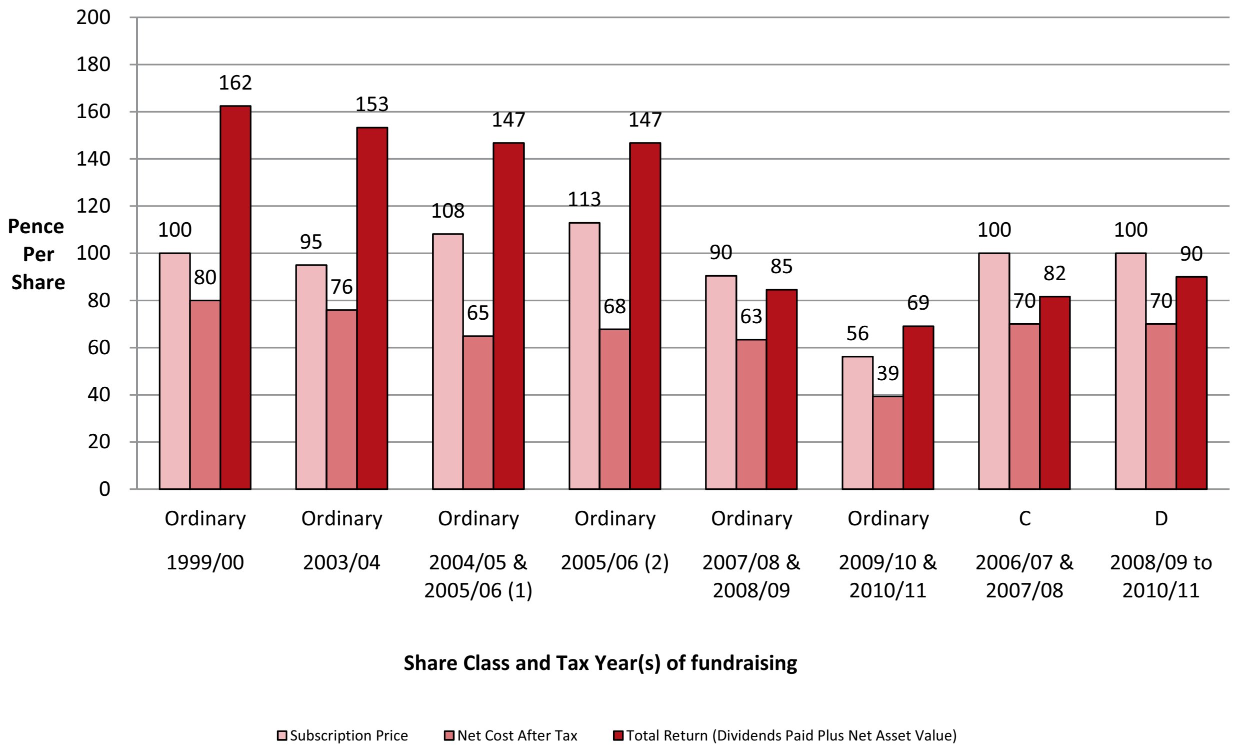
Fund Overview

Financial summary

	Ordinary Shares		'C' Shares		'D' Shares	
As at 28 February	2011 pence	2010 pence	2011 pence	2010 pence	2011 pence	2010 pence
Net asset value per share	61.0	54.8	76.8	75.5	90.0	92.2
Dividends paid since launch	101.5	93.4	4.8	4.8	-	-
Total return (net asset value plus dividends paid since launch)	162.5	148.2	81.6	80.3	90.0	92.2
Year on year change in:						
VCT total return	9.6%		1.6%		-2.4%	
FTSE All Share Index total return	17.0%		17.0%		17.0%	

Shareholder investment and returns analysis

The chart below shows the original subscription price, net cost after tax (assuming full income tax relief at the rate ruling at the time of the investment), and total return (net asset value and dividends paid) for each share class and tax year fundraising, as at 28 February 2011. Funds raised under the Offer open at 28 February 2011 are excluded as no shares had been issued. The Ordinary Share funds raised in 2005/2006 were issued at either 108.15p per share, prior to 13 May 2005, or 112.91p per share, after 13 May 2005. No account has been taken of the possible benefit of any capital gains tax deferral (available for new investments up to and including tax year 2003/2004) or of additional shares that may have been available through early bird or financial intermediary discounts.



Chairman's Statement

I am pleased to present the Annual Report for ProVen VCT plc for the year ended 28 February 2011.

The year, to 28 February 2011, saw the formation of a coalition government in the UK which has instigated an austerity programme aimed at improving the UK's budget deficit position. International events have been no less important: oil and commodity price inflation, political and social unrest in the Middle East and North Africa and Japan's earthquake and tsunami, all impact, directly or indirectly, on the UK consumer.

Against this unsettled background, the Company's Ordinary Share pool still saw an uplift in net asset value per share ("NAV") over the year, produced by strong performances by a number of portfolio companies along with one highly profitable disposal. The 'D' Share pool made a number of new investments as it started to build its investment portfolio.

Net asset value

Ordinary Shares

At 28 February 2011, the Company's Ordinary Share NAV stood at 61.0p per share. This represents an increase of 14.2p or 25.9% since 28 February 2010 after adjusting for the dividends of 8.0p which were paid during the year. The total return (NAV plus dividends paid to date) to Ordinary Shareholders that invested at the Company's launch now stands at 162.5p per Ordinary Share, equivalent to an IRR of 6.1% per annum.

'C' Shares

The NAV of the Company's 'C' Shares stood at 76.8p at 28 February 2011, an increase of 1.3p or 1.6% since 28 February 2010. The total return (NAV plus dividends paid to date) to 'C' Shareholders that invested at the launch of the 'C' Share pool now stands at 81.6p per share. No dividends were paid to 'C' Shareholders during the year.

'D' Shares

The NAV of the Company's 'D' Shares stood at 90.0p at 28 February 2011, a decrease of 2.2p or 2.4% since 28 February 2010 . No dividends have been paid to 'D' Shareholders to date. The fall in NAV reflects the fact that uninvested cash produces insufficient income to cover running costs and most recent investments are still valued at original cost.

Portfolio activity and valuation

Ordinary Share pool

The Ordinary Share pool is largely fully invested and consequently had a modest level of investment activity during the year. However, it did realise a substantial gain on the disposal of Saffron Media Group Limited, exiting at more than five times the value of the original investment, which is reflected in the increase in NAV.

The Board reviewed the valuations of the unquoted investments at the year end which produced a net unrealised gain for the year of £1.8 million. Further details are provided in the Investment Manager's Review and the Review of Investments.

'C' Share pool

The 'C' Share pool made seven new and two follow on investments during the year at a total cost of £1.9 million.

The Board similarly reviewed the valuations of the unquoted investments in the 'C' Share portfolio at the year end. The net unrealised gain for the year was £1.0 million for the year.

'D' Share pool

The 'D' Share pool made seven new investments during the year at a total cost of £1.7 million. All investments continue to be valued at levels equal to cost, with one exception, where a small provision has been made.

Further details are provided in the Investment Manager's Review and the Review of Investments.

Results and dividends

The total return on ordinary activities for the year was as follows:

	Revenue £'000	Capital £'000	Total £'000
Ordinary Shares	460	3,141	3,601
'C' Shares	1	183	184
'D' Shares	(43)	(203)	(246)
	418	3,121	3,539

On 27 August 2010, the Company paid a final dividend in respect of the year ended 28 February 2010 of 8.0p per Ordinary Share (2010: 1.0p per Ordinary Share).

The Board has declared an interim dividend in respect of the year ended 28 February 2011 of 6.25p per Ordinary Share, payable on 29 July 2011 to Ordinary Shareholders on the register at 3 June 2011. The Board is not proposing to pay final dividends in respect of any share class for the year ended 28 February 2011.

Dividend questionnaire

At Shareholder meetings, and on other occasions, a number of Shareholders have asked about the Company's dividend policy. When the Company first began to make substantial profits on the realisation of investments, it was the Board's policy to pay most of these profits to Shareholders as dividends. The Company also took the opportunity to absorb investment losses into distributable reserves created from the cancellation of share premium accounts in order to maximise the dividends paid under this policy. This approach was thought to be beneficial to all Shareholders because the absence of a well-established secondary market for VCT shareholders means that dividends are an effective way to generate cash returns to all investors, without investors having to sell shares at a discount to net asset value. Additionally, Shareholders who took advantage of deferral relief on capital gains that was available on VCT subscriptions prior to 5 April 2004 potentially face crystallising a significant tax charge if they wish to dispose of some or all of their shares.

More recently the Board has sought to provide a more regular dividend stream to Shareholders but they are still paid from gross realised gains without necessarily offsetting realised losses and all other costs. The consequence of the dividend payments is therefore that, for most Ordinary Shareholders, the NAV has fallen below the initial subscription price of the shares. The Company's performance incentive scheme, set out in more detail in the Directors' Report on page 27, pays incentive fees based on dividends paid to Shareholders, provided certain hurdles are achieved. In respect of dividends paid out of realisations from the Ordinary Share pool, these hurdles have been met because historically the Ordinary Share pool has been very successful. The Manager therefore currently receives an incentive on all dividends paid from realisations from this pool, although the fall in net asset value after the dividend payment means that its management fee is reduced.

In order to try to gauge Shareholders' views on dividend policy, I have arranged for a questionnaire to be prepared. The questionnaire asks a small number of questions related to dividends and should give the Board an indication of whether Shareholders would prefer the Company to continue with the same policy or for a different approach to be considered. The questionnaire is being sent with the Annual Report and I would be very grateful if you would take a few minutes to complete it and return it in the envelope provided.

New fundraisings

The Linked 'D' Share Offer launched with ProVen Growth and Income VCT plc in November 2009 and closed on 29 October 2010 having raised a total of approximately £2.6 million for the Company. The Company also undertook a small Ordinary Share Top-Up Offer at the same time with ProVen Growth and Income VCT plc and ProVen Health VCT plc which raised £0.7 million.

On 11 January 2011, the Company launched a further Ordinary Share Top-Up Offer seeking to raise up to approximately £1.5 million. I am pleased to report that the offer has now closed after being fully subscribed.

Share buybacks

In order to ensure liquidity in the market in the Company's shares, the Company has operated a policy of buying in its own shares that become available in the market.

Chairman's Statement (continued)

Share buybacks (continued)

During the year, the Company repurchased 524,829 Ordinary Shares for cancellation at an average price of 47.4p per share, 56,375 'C' Shares for cancellation at an average price of 66.8p per share and 55,698 'D' Shares for cancellation at an average price of 91.0p per share.

The Board intends to continue to make purchases of its shares when they become available in the market and has a current policy of purchasing Ordinary Shares and 'C' Shares at a price equivalent to a 10% discount to the latest published NAV and at a 5% discount in respect of 'D' Shares in accordance with the policies set out in the relevant prospectuses.

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

Annual General Meeting

The Annual General Meeting ("AGM") of the Company will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 10:30 a.m. on 24 August 2011. Notice of the meeting is at the end of this document.

Four items of special business will be proposed at the AGM, one resolution in respect of share buybacks, one resolution amending the Articles of Association (as described in the Report of the Directors) and two resolutions in connection with authority for the Directors to allot shares.

Shareholder event

I would like to draw Shareholders' attention to Proven VCT's annual shareholder presentation which will be held on Wednesday 2 November 2011 at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD. This provides Shareholders with an opportunity to meet the Investment Manager and, additionally, to hear directly from some of the portfolio companies and to meet other VCT shareholders. A formal invitation will be sent to Shareholders shortly. The corresponding event in 2010 was very successful and I look forward to welcoming you to this year's event.

Outlook

The performance of the Ordinary Share pool over the year has further demonstrated the rewards that can be delivered by investments in certain niche sectors as they mature. The new media sector is one in which the Company has a reasonable level of exposure and one where the Manager has a significant amount of experience. Although the economic outlook remains uncertain and some portfolio companies will continue to face many challenges presented by the recession, others operate in sectors which are not so directly affected by the general economic conditions or have been resilient enough to continue to make progress. We believe these give the Ordinary Share pool the potential to deliver further good returns to Shareholders.

Although the 'C' Share pool has suffered some early losses and the investments are generally less mature than those in the Ordinary Share pool, there is hope that the fall in NAV will be made up in the future.

The 'D' Share portfolio is still in the early stages of being built and we expect to see a significant level of new investment activity over the forthcoming year. The Manager reports reasonably strong dealflow and the ongoing lack of appetite by the banks to lend to small businesses is likely to continue to produce additional opportunities. As with the Ordinary Share pool, the Board believes that a balanced portfolio with a reasonable level of exposure to quality young businesses in the new media and similar sectors can, in the medium-term, produce healthy returns to investors.

Looking further ahead, in line with the plans set out at the launch of the 'C' Shares, the Company intends to undertake a partial tender offer in respect of the 'C' Shares in the first half of 2012. Following this, the Ordinary Share pool and 'C' Share pool will be merged. The Board will provide further details nearer the time.

Andrew Davison
Chairman
30 June 2011

Investment Manager's Review

Introduction

Beringea is a specialist venture capital management company, which has been established for 25 years and manages over $400m in the UK and the USA. In the UK, Beringea has a dedicated team focused on managing £85m across four VCTs. Proven VCT plc has been managed by Beringea since its inception in 2000.

The Company currently has three share classes: Ordinary Shares, 'C' Shares and 'D' Shares. The share pools are initially kept as separate pools of assets. The Ordinary Share and 'C' Share pools are due to merge in 2012 following a partial tender offer to 'C' Shareholders; the 'D' Shares will continue as a separate pool.

Beringea's investment approach

We endeavour to give Shareholders an investment in a diverse portfolio of privately held businesses led by entrepreneurial management that are likely to achieve above average returns.

In evaluating suitable businesses, we seek to mitigate risk and improve the prospect of higher returns by investing in established and growing businesses in sectors where there will be above market average spend. Such businesses will typically have "best in class" traits and the expectation to ultimately attract a substantial premium on exit.

Finding such businesses and helping them prosper and deliver a successful return for investors are the key challenges for Beringea. We do this by nurturing our own talented investment team who each have strong and specific sector expertise, a good network of deal-flow providers and a proven track record of investment success across the UK and the USA.

We hope you will be able to join us at the Shareholder event on Wednesday 2 November 2011 as mentioned in the Chairman's Statement, where we hope to demonstrate our investment approach and give you the opportunity to meet and question both the investment team and CEOs of VCT portfolio companies.

Review of the year

The Company's investment rate increased during the year with a total of £4.6 million (2010: £3.0 million) being invested across the three share pools, including £3.4 million in six investments that were new to the portfolio. In addition, we were also very pleased to realise the Ordinary Share pool's investment in Saffron Media Group, generating a gross return of £2.8 million, or more than five times the original investment cost, in less than four years.

Ordinary Share pool – portfolio activity and valuation

At 28 February 2011, the Company's Ordinary Share investment portfolio comprised holdings in 16 companies, of which 13 were unquoted and three quoted, at a valuation of £11.0 million and original acquisition cost of £10.4 million. In addition, the Ordinary Share pool had cash and liquidity funds of £4.9 million, £2.4 million of this resulting from the sale of Saffron shortly before the year end.

The Ordinary Share pool is largely fully invested but one new investment in healthy eating chain, Tossed, was made early in the Company's financial year and a further £0.5 million was invested in Espresso, Overtis and Campden Media. Espresso continues to account for a significant proportion of the Ordinary Share venture capital portfolio (30% by value) and is performing well, particularly in the US market which it is targeting alongside partner Defined Learning Inc. Good progress was also made across a number of other companies including Think, Donatantonio and Fjordnet.

The highlight for the Ordinary Share portfolio was, however, the disposal of Saffron Media Group. Saffron, a developer of video delivery platforms was sold to global smartphone producer HTC of Taiwan. The Company invested £480,000 in Saffron in 2007, alongside ProVen Growth and Income VCT, generating a gross return of more than five times cost.

'C' Share pool – portfolio activity and valuation

At 28 February 2011, the Company's 'C' Share investment portfolio comprised holdings in 19 unquoted companies at a valuation of £8.8 million and original acquisition cost of £7.8 million. In addition, the 'C' Share pool had cash and liquidity funds of £2.3 million.

Investment Manager's Review (continued)

The 'C' Share pool made investments of £1.9 million during the year including £1.4 million in six new investments. These investments included Speed-Trap, a vendor of patented technologies that analyse how users interact with internet applications; Monica Vinader, a high end jewellery brand with high profile customers including Cameron Diaz, Keira Knightley and Cheryl Cole; and Cinergy, the provider of mobile phone comparison service, www.mobilife.com. Whilst the 'C' Share portfolio is largely in a maturation phase, we did realise the Company's investment in Heritage Partners at a loss to the original investment cost and Path Group and The Vending Corporation were both placed into administration and the resulting losses treated as realised in accordance with the Company's accounting policy.

Digital media agency, Fjordnet, accounts for 16%, by value, of the 'C' Share venture capital portfolio and continues to perform well. Donatantonio (13% by value of the venture capital portfolio), the supplier of Mediterranean foods, is now showing steady growth following early difficulties coinciding with the first stages of the financial crisis and is now valued above cost.

Further investments totalling £393,000 were made after the year end in Campden Media, Overtis Group and SenseLogix.

Subsequent to the year end, in May 2011, the Company realised its investment in Steak Media Limited in a sale to a Japanese media agency network, Dentsu. This disposal resulted in an initial profit over cost with the possibility of further earnout proceeds in the three years following the sale.

'D' Share pool – portfolio activity and valuation

The 'D' Share pool made its first investments during the year and, at 28 February 2011, £1.7 million had been invested in seven investments, six of which were new to the Company as a whole. The 'D' Share portfolio also had cash and liquidity funds of £5.8 million at the year end.

MatsSoft accounted for £650,000, or 40%, of the £1.7 million invested; the company provides powerful and innovative web-based workflow and communications solutions, allowing companies and organisations to drive efficiency gains, cost reductions and service improvements across a whole host of business processes and across a range of business sectors. Investments were also made in Speed-Trap, Tossed, Monica Vinader, Cinergy and SenseLogix. SenseLogix designs and manufactures systems to manage energy usage in commercial and business premises and further follow on funding was provided after the year end.

Outlook

The outlook for the UK economy remains challenging. Modest GDP growth in the first three quarters of 2010 was followed by a fall in GDP in the fourth quarter of 2010 and only modest growth in the first quarter of 2011. That said, the disposal of Saffron demonstrates that strong returns can be generated from quality businesses. In an age when customers expect more from the businesses they interact with, we believe that a number of the portfolio companies are well positioned for future growth by targeting efficiency savings and/or improving the customer experience through making the best use of new or developing technologies.

Beringea LLP
30 June 2011

Investment activity during the year is summarised as follows:

Additions	Cost £'000
Ordinary Share pool	
Tossed Limited	468
Campden Media Limited	314
Overtis Group Limited	143
Espresso Group Limited	59
	984
'C' Share pool	
Speed-Trap Holdings Limited	470
Tossed Limited	345
Overtis Group Limited	242
Monica Vinader Limited	224
Steak Media Limited*	181
Cinergy International Limited*	170
MatsSoft Limited**	125
SenseLogix Limited	112
Breeze Tech Limited	16
	1,885
'D' Share pool	
MatsSoft Limited**	650
Speed-Trap Holdings Limited	300
Fjordnet Limited*	276
Tossed Limited	183
Monica Vinader Limited	138
Cinergy International Limited	115
SenseLogix Limited	69
	1,731
Total	4,600

Disposals	Cost £'000	Market value at 01/03/10 £000	Disposal proceeds £'000	(Loss)/gain against cost £'000	Total realised (loss)/gain during the year £'000
Ordinary Share pool					
Saffron Media Group Limited	480	637	2,526	2,046	1,889
Overtis Group Limited**	429	429	429	-	-
Ashford Colour Press Limited	125	125	125	-	-
Sports Holdings Limited	73	73	73	-	-
Think Limited	68	68	68	-	-
	1,175	1,332	3,221	2,046	1,889
'C' Share pool					
Path Group Limited	1,000	495	-	(1,000)	(495)
Overtis Group Limited**	342	342	342	-	-
Think Limited	67	67	67	-	-
Heritage Partners Limited	900	248	98	(802)	(150)
The Vending Corporation Limited	1,012	-	-	(1,012)	-
	3,321	1,152	507	(2,814)	(645)
Total	4,496	2,484	3,728	(768)	1,244

* Non qualifying investment   ** Partially non qualifying investment

All of the above investments, with the exclusion of Think Limited, were also held by ProVen Growth and Income VCT plc.

Investment Portfolio – Ordinary Share Pool

as at 28 February 2011

Ordinary Share portfolio of investments

The following investments were held at 28 February 2011:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Espresso Group Limited	1,317	3,331	213	21.0%
SPC International Limited**	1,618	1,660	956	10.4%
Eagle Rock Entertainment Group Limited**	1,010	1,310	(424)	8.2%
Campden Media Limited	1,289	1,170	392	7.4%
Think Limited**	403	741	338	4.7%
Donatantonio Limited	582	728	349	4.6%
Tossed Limited	468	468	-	2.9%
Pilat Media Global plc**	173	436	130	2.7%
Ashford Colour Press Limited	500	433	66	2.7%
Fjordnet Limited	200	346	58	2.2%
	7,560	10,623	2,078	66.8%
Other venture capital investments	2,835	393	(257)	2.5%
Total venture capital investments	10,395	11,016	1,821	69.3%
Liquidity funds		3,400		21.4%
Cash at bank and in hand		1,464		9.3%
Total Ordinary Share investments		15,880		100.0%

Other venture capital investments at 28 February 2011 comprise: Overtis Group Limited**, UBC Media Group plc, Sports Holdings Limited*, Coolabi plc** and Baby Innovations S.A. t/a Steribottle*.

* Non qualifying investment

** Partially non qualifying investment

With the exclusion of Pilat Media Global plc, UBC Media Group plc and Coolabi plc, which are quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exclusion of Think Limited, were also held by ProVen Growth and Income VCT plc.

All venture capital investments are registered in England and Wales, with the exception of Baby Innovations S.A., which is registered in Madeira.

Review of Investments – Ordinary Share Pool

as at 28 February 2011

Further details of the ten largest investments (by value) are set out below:

Espresso Group Limited

Cost:		£1,317,000	Valuation at 28/02/11:	£3,331,000
Investment comprises:			Valuation at 28/02/10:	£3,059,000
Ordinary shares:		£681,000	Valuation method:	Earnings multiple
‘A’ ordinary shares:		£574,000		
‘B’ ordinary shares:		£62,000		
Audited accounts:	31/07/10	31/07/09	Dividend income:	-
Turnover:	£13.3m	£15.2m	Loan note income:	-
Loss before tax:	£(3,000)	£192,000	Proportion of equity held:	20.1%
Net assets:	£6.5m	£6.8m	Diluted equity:	19.4%

Espresso Group develops and delivers multimedia education content for schools. Over 10,000 primary schools, equal to approximately 60% of the UK primary school market, now subscribe to its flagship “Espresso for Schools” product. Following the acquisition of 4 Learning, the educational business of Channel 4, the company has expanded into the UK secondary schools market with encouraging results. Opportunities exist for expansion into other geographical territories and the company has recently launched a service in the United States.

www.espresso.co.uk

SPC International Limited

Cost:		£1,618,000	Valuation at 28/02/11:	£1,660,000
Investment comprises:			Valuation at 28/02/10:	£705,000
Ordinary shares:		£195,000	Valuation method:	Earnings multiple
‘A’ Ordinary shares		£190,000		
‘B’ Ordinary shares:		£7,000		
Loan stock:		£1,226,000		
Audited accounts:	30/09/09	30/09/08	Dividend income:	-
Turnover:	£12.7m	£9.7m	Loan note income:	£152,000
Loss before tax:	£(366,000)	£108,000	Proportion of equity held:	22.6%
Net assets:	£2.8m	£3.2m	Diluted equity:	22.6%

SPC specialises in the repair and refurbishment of electronic equipment in the IT, banking and retail sectors. ProVen VCT plc invested £518,000 in June 2003, and £195,000 in November 2004. A further £934,000 was invested in March 2008. £863,000 of the investment is in the form of a loan secured on the company’s property assets.

www.spcint.com

Eagle Rock Entertainment Group Limited

Cost:		£1,010,000	Valuation at 28/02/11:	£1,310,000
Investment comprises:			Valuation at 28/02/10:	£1,734,000
Ordinary shares:		£101,000	Valuation method:	Earnings multiple
Preference shares:		£378,000		
Loan stock:		£531,000		
Audited accounts:	31/12/09	31/12/08	Dividend income:	£13,230
Turnover:	£27.3m	£25m	Loan note income:	£42,374
Loss before tax:	£(643,000)	£(2.6)m	Proportion of equity held:	10.5%
Net assets:	£16.9m	£17.3m	Diluted equity:	10.5%

Eagle Rock is a leading independent producer, publisher and distributor of music programming for television and DVD, comprising live concerts and documentaries. Eagle has an extensive catalogue of audio-visual IPR, which is available for multi-media exploitation including broadcast, broadband and telephony.

www.eaglerockent.com

Review of Investments – Ordinary Share Pool (continued)

Campden Media Limited

Cost:		£1,289,000	Valuation at 28/02/11:	£1,170,000
Investment comprises:			Valuation at 28/02/10:	£463,000
Ordinary shares:		£195,000	Valuation method:	Price of recent investment
'A' ordinary shares:		£2,000		
Loan stock:		£1,092,000		

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	£5.3m	£6.7m	Loan note income:	£320,588
Loss before tax:	£(0.3)m	£(0.7)m	Proportion of equity held:	11.0%
Net assets:	£1.3m	£1.5m	Diluted equity:	11.0%

Campden Media is a magazine publisher and event organiser in the healthcare and private wealth management sectors. The company publishes a range of titles, many of which are endorsed by the relevant professional bodies. The business has a strong and proven management team and operates in sectors which are regarded as more resilient to adverse macro-economic movements.

www.campdenmedia.com

Think Limited

Cost:		£403,000	Valuation at 28/02/11:	£741,000
Investment comprises:			Valuation at 28/02/10:	£470,000
Ordinary shares:		£75,000	Valuation method:	Earnings multiple
'A' ordinary shares:		£125,000		
Loan stock:		£203,000		

Audited accounts:	31/10/09	31/10/08	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	£13,380
Profit before tax:	Unpublished information		Proportion of equity held:	14.5%
Net assets:	£0.6m	£1m	Diluted equity:	14.5%

Think Limited is an award winning digital media agency with operations in Newcastle and London. The company has developed a reputation for delivering digital solutions that combine excellent creativity, cutting edge technology and an impressive understanding of the user experience. Its clients include the BBC, Sage, Lloyds and Blackberry.

www.think.eu

Donatantonio Limited

Cost:		£582,000	Valuation at 28/02/11:	£728,000
Investment comprises:			Valuation at 28/02/10:	£379,000
Ordinary shares:		£7,000	Valuation method:	Earnings multiple
'A' ordinary shares:		£89,000		
Preference shares:		£19,000		
Loan stock:		£467,000		

Audited accounts:	31/01/11	31/01/10	Dividend income:	-
Turnover:	£18.7m	£17.9m	Loan note income:	-
Profit/loss before tax:	£87,000	£(150,000)	Proportion of equity held:	10.3%
Net liabilities:	£(156,000)	£(159,000)	Diluted equity:	10.3%

Donatantonio Limited is the UK market leader in the import and distribution of premium quality, authentic Mediterranean ingredients to the UK food manufacturing and food services sectors. Donatantonio's state-of-the-art facilities allow it to provide certification of food quality once the goods reach the UK. This means that the products supplied to food manufacturers are ready for immediate incorporation into finished products and do not require further testing by the manufacturer before production can begin.

www.donatantonio.com

Tossed Limited

www.tosseduk.com

Cost:	£468,000	Valuation at 28/02/11:	£468,000
Investment comprises:		Valuation at 28/02/10:	£n/a
Ordinary shares:	£156,000	Valuation method:	Price of recent investment
Preference shares:	£156,000		
Loan stock:	£156,000		

Audited accounts:	No accounts filed	Dividend income:	-
		Loan note income:	-
		Proportion of equity held:	10.0%
		Diluted equity:	10.0%

Tossed operates a series of takeaway focused healthy eating establishments. There are currently seven locations in operation, including two franchise locations, all based in London. ProVen VCT invested £1.5 million alongside ProVen Growth & Income VCT plc in April 2010.

Pilat Media Global plc

www.pilatmedia.com

Cost:		£173,000	Valuation at 28/02/11:	£436,000
Investment comprises:			Valuation at 28/02/10:	£307,000
Ordinary shares:		£173,000	Valuation method:	Bid price

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	£19.3m	£17.8m	Loan note income:	n/a
Profit before tax:	£0.6m	£(2.4)m	Proportion of equity held:	1.5%
Net assets:	£17m	£16m	Diluted equity:	1.5%

Pilat Media is an AIM-quoted company supplying business management software to broadcasters worldwide, including BSkyB and Five (UK), Discovery Communications (US), Network Ten (Australia) and the South African Broadcasting Corporation. ProVen VCT first invested in the company in 2002 on admission to AIM and has since made a number of partial disposals recouping its initial investment.

Ashford Colour Press Limited

www.ashford-colour-press.co.uk

Cost:		£500,000	Valuation at 28/02/11:	£433,000
Investment comprises:			Valuation at 28/02/10:	£492,000
'A' ordinary shares:		£133,000	Valuation method:	Earnings multiple
Loan stock:		£367,000		

Audited accounts:	31/03/10	31/03/09	Dividend income:	-
Turnover:	£12.5m	£12.5m	Loan note income:	£48,403
Profit before tax:	£211,000	£44,000	Proportion of equity held:	23.5%
Net assets:	£2.2m	£2m	Diluted equity:	23.5%

Ashford Colour Press Limited is a medium-sized printing business, based in Hampshire, specialising in the educational sector. Beringea led the £5 million management buyout of the company in September 2002 in which ProVen VCT plc invested alongside ProVen Growth & Income VCT plc. The business is long established and has a strong operational management team with significant experience in the printing business.

Fjordnet Limited

Cost:		£200,000	Valuation at 28/02/11:	£346,000
Investment comprises:			Valuation at 28/02/10:	£288,000
Ordinary shares:		£100,000	Valuation method:	Earnings multiple
Preference shares:		£100,000		
Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	£11.9m	£7m	Loan note income:	n/a
Profit before tax:	£1.4m	£1m	Proportion of equity held:	2.2%
Net assets:	£3.4m	£1.9m	Diluted equity:	1.6%

Fjord is an established digital design agency in the telecommunications and media sectors. It has worked on market leading flagship projects - including projects for the BBC, Nokia, Orange, Swisscom and Yahoo!. It was instrumental in bringing the hugely successful award-winning BBC iPlayer to mobile. The company has offices in London, Helsinki, Berlin, New York and Madrid.

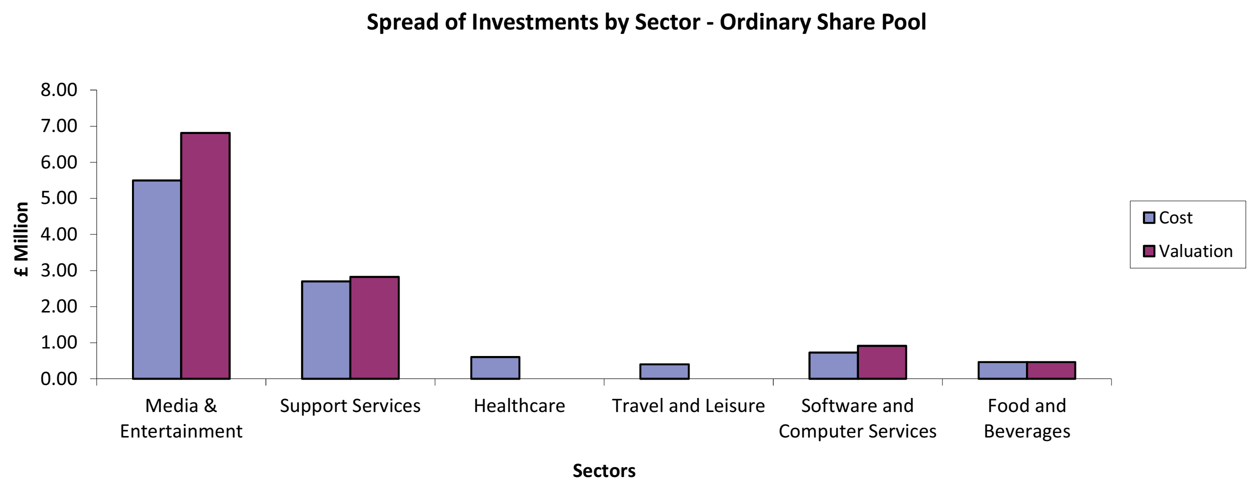
www.fjordnet.com

References to the latest accounts refer to the latest annual report and accounts published by the investee company following the date of investment by ProVen VCT plc.

Portfolio company financial information is based on publically available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio company confidentiality, is not disclosed here.

Analysis of investments by commercial sector

The split of the Ordinary Share pool venture capital investments by commercial sector (by value and cost at 28 February 2011) is summarised as follows:



Analysis of investments by investment type

The following shows the split of the Ordinary Share pool's investment portfolio by type of instrument held at 28 February 2011:

	Portfolio split 28 Feb 2011
VCT qualifying investments	63.2%
Non-qualifying investments (including cash at bank and liquidity funds)	36.8%
	100.0%

Investment Portfolio – 'C' Share Pool

as at 28 February 2011

'C' Share portfolio of investments

The following investments were held at 28 February 2011:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Top ten venture capital investments (by value)				
Fjordnet Limited	800	1,384	232	12.4%
Donatantonio Limited**	885	1,107	531	10.0%
Lazurite Limited	1,000	968	(32)	8.7%
Think Limited**	403	741	338	6.7%
Charterhouse Leisure Limited	700	679	(186)	6.1%
SPC International Limited	403	605	208	5.4%
Steak Media Limited**	456	531	187	4.8%
Speed-Trap Holdings Limited	470	470	-	4.2%
Chess Technologies Limited	600	455	(204)	4.0%
Tossed Limited	345	345	-	3.1%
	6,062	7,285	1,074	65.4%
Other venture capital investments	1,755	1,548	(87)	13.9%
Total venture capital investments	7,817	8,833	987	79.3%
Liquidity funds		1,350		12.1%
Cash at bank and in hand		950		8.6%
Total 'C' Share investments		11,133		100.0%

Other venture capital investments at 28 February 2011 comprise Overtis Group Limited**, Eagle Rock Entertainment Group Limited*, Blismobile Limited, Monica Vinader Limited, Cinergy International Limited, Dianomi Limited, SenseLogix Limited, MatsSoft Limited** and Isango! Limited.

* Non qualifying investment
** Partially non-qualifying investment

All venture capital investments are unquoted unless otherwise stated.

All of the above investments, with the exclusion of Think Limited, were also held by ProVen Growth and Income VCT plc.

All venture capital investments are unquoted and are registered in England and Wales.

Review of Investments – 'C' Share Pool

Fjordnet Limited

Cost:		£800,000	Valuation at 28/02/11:	£1,384,000
Investment comprises:			Valuation at 28/02/10:	£1,153,000
Ordinary shares:		£400,000	Valuation method:	Earnings multiple
'A' ordinary shares:		£400,000		

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	£11.9m	£7m	Loan note income:	n/a
Profit before tax:	£1.4m	£1m	Proportion of equity held:	8.4%
Net assets:	£3.4m	£1.9m	Diluted equity:	6.5%

Fjord is an established digital design agency in the telecommunications and media sectors. It has worked on market leading flagship projects - including projects for the BBC, Nokia, Orange, Swisscom and Yahoo!. It was instrumental in bringing the hugely successful award-winning BBC iPlayer to mobile. The company has offices in London, Helsinki, Berlin, New York and Madrid.

www.fjordnet.com

Donatantonio Limited

Cost:		£885,000	Valuation at 28/02/11:	£1,107,000
Investment comprises:			Valuation at 28/02/10:	£577,000
Ordinary shares:		£11,000	Valuation method:	Earnings multiple
'A' ordinary shares:		£135,000		
Preference Shares:		£29,000		
Loan stock:		£710,000		

Audited accounts:	31/01/141	31/01/10	Dividend income:	-
Turnover:	£18.7m	£17.9m	Loan note income:	-
Loss before tax:	£(87,000)	£(150,000)	Proportion of equity held:	15.6%
Net (liabilities)	£(156,000)	£(159,000)	Diluted equity:	15.6%

Donatantonio Limited is the UK market leader in the import and distribution of premium quality, authentic Mediterranean ingredients to the UK food manufacturing and food services sectors. Donatantonio's state-of-the-art facilities allow it to provide certification of food quality once the goods reach the UK. This means that the products supplied to food manufacturers are ready for immediate incorporation into finished products and do not require further testing by the manufacturer before production can begin.

www.donatantonio.com

Lazurite Limited

Cost:	£1,000,000	Valuation at 28/02/11:	£968,000
Investment comprises:		Valuation at 28/02/10:	£1,000,000
Ordinary shares:	£100,000	Valuation method:	Net assets
Loan stock:	£900,000		

Unaudited accounts:	31/12/09	Dividend income:	-
Turnover:	£nil	Loan note income:	£19,993
Loss before tax:	£(37,000)	Proportion of equity held:	24.9%
Net assets:	£64,000	Diluted equity:	24.9%

Lazurite Limited was established to exploit VCT qualifying opportunities in companies that own and create intellectual property, an area in which the VCT has enjoyed considerable success. Intellectual property ownership is a key driver for companies looking to expand and the Investment Manager believes that the current economic climate will provide a number of interesting acquisition targets.

Think Limited

Cost:		£403,000	Valuation at 28/02/11:	£741,000
Investment comprises:			Valuation at 28/02/10:	£470,000
Ordinary shares:		£75,000	Valuation method:	Earnings multiple
'A' ordinary shares:		£125,000		
Loan stock:		£203,000		

Audited accounts:	31/10/09	31/10/08	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	£13,380
Profit before tax:	Unpublished information		Proportion of equity held:	14.5%
Net assets:	£0.6m	£1m	Diluted equity:	14.5%

Think Limited is an award-winning digital media agency with operations in Newcastle and London. The Company has developed a reputation for delivering digital solutions that combine excellent creativity, cutting edge technology and an impressive understanding of the user experience. Its clients include the BBC, Sage, Lloyds and Blackberry.

www.think.eu

Charterhouse Leisure Limited

Cost:		£700,000	Valuation at 28/02/11:	£679,000
Investment comprises:			Valuation at 28/02/10:	£865,000
Ordinary shares:		£140,000	Valuation method:	Earnings multiple
Loan stock:		£560,000		

Audited accounts:	28/02/10	28/02/09	Dividend income:	-
Turnover:	£4.9m	£3.3m	Loan note income:	£20,701
Loss before tax:	£(187,000)	£(333,000)	Proportion of equity held:	19.4%
Net assets:	£611,000	£474,000	Diluted equity:	14.7%

Charterhouse Leisure trades under the name "Coal Grill & Bar", a growing restaurant chain providing informal dining and drinking in a comfortable and modern atmosphere. The company has four branches and has plans to roll out the chain nationwide. The core management team developed and ran the "Ma Potters" restaurant chain, a former ProVen VCT investment that was sold in 2007 for a total return of over 2.5 times the initial investment.

www.coalgrillandbar.co.uk

SPC International Limited

Cost:		£403,000	Valuation at 28/02/11:	£605,000
Investment comprises:			Valuation at 28/02/10:	£397,000
'B' ordinary shares:		£6,000	Valuation method:	Earnings multiple
Loan stock:		£397,000		

Audited accounts:	30/09/09	30/09/08	Dividend income:	-
Turnover:	£12.7m	£9.7m	Loan note income:	-
(Loss)/profit before tax:	£(366,000)	£108,000	Proportion of equity held:	1.0%
Net assets:	£2.8m	£3.2m	Diluted equity:	1.0%

SPC specialises in the repair and refurbishment of electronic equipment in the IT, banking and retail sectors. ProVen VCT plc invested £950,000 in June 2003, and £223,000 in November 2004. A further £875,000 was invested in March 2008 in the form of a loan secured on the company's property assets.

www.spcint.com

Review of Investments – 'C' Share Pool (continued)

Steak Media Limited

Cost:		£456,000	Valuation at 28/02/11:	£531,000
Investment comprises:			Valuation at 28/02/10:	£163,000
Ordinary shares:		£329,000	Valuation method:	Earnings multiple
Preference shares:		£127,000		
Audited accounts:	28/02/10	28/02/09	Dividend income:	£19,038
Turnover:	£26.1m	£27.5m	Loan note income:	-
Loss before tax:	£(69,000)	£(824,000)	Proportion of equity held:	13.1%
Net liabilities:	£(345,000)	£(232,000)	Diluted equity:	13.1%

Steak Media is a digital media agency specialising in search engine marketing (SEM), media planning and buying, mobile marketing and other integrated online marketing strategies. The company operates in London, New York and Melbourne. ProVen VCT invested £275,000 in August 2007 and a further £181,000 in March 2010. The company was acquired by Japanese agency network, Dentsu, in May 2011.

www.steakdigital.co.uk

Speed-Trap Holdings Limited

Cost:		£470,000	Valuation at 28/02/11:	£470,000
Investment comprises:			Valuation at 28/02/10:	£n/a
Ordinary shares:		£182,000	Valuation method:	Price of recent investment
Loan stock:		£288,000		
Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	£6,004
Profit before tax:	Unpublished information		Proportion of equity held:	4.7%
Net assets:	£4m	£3.8m	Diluted equity:	4.7%

Speed-Trap is a software company providing enterprise and Software as a Service ("SaaS") solutions which allows corporate digital platform owners to capture, analyse and interpret digital interactions with users of their platforms. The software also allows the customer to make real time decisions and to take proactive actions in response to this information via the digital platform.

www.speed-trap.com

Chess Technologies Limited

Cost:		£600,000	Valuation at 28/02/11:	£455,000
Investment comprises:			Valuation at 28/02/10:	£659,000
Ordinary shares:		£300,000	Valuation method:	Earnings multiple
Loan stock:		£300,000		
Audited accounts:	30/04/10	30/04/09	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	£21,994
Profit before tax:	Unpublished information		Proportion of equity held:	12.0%
Net assets:	£2.5m	£2.4m	Diluted equity:	11.0%

Chess designs and manufactures electro-optical systems for use in defence applications worldwide. Chess's leading edge engineering skills and in-house development of innovative technologies enable it to produce an extensive range of standard and customised solutions for land, sea and air applications.

www.chess-dynamics.com

Tossed Limited

www.tosseduk.com

Cost:	£345,000	Valuation at 28/02/11:	£345,000
Investment comprises:		Valuation at 28/02/10:	£n/a
Ordinary shares:	£115,000	Valuation method:	Price of recent investment
Preference shares:	£115,000		
Loan stock:	£115,000		
Audited accounts:	No accounts filed	Dividend income:	-
		Loan note income:	-
		Proportion of equity held:	7.4%
		Diluted equity:	7.4%

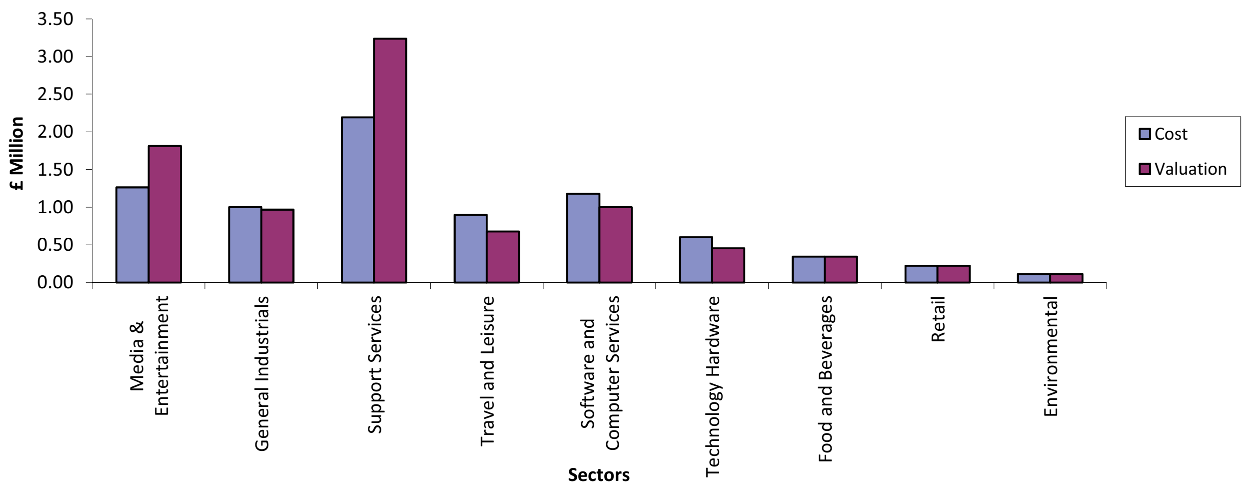
Tossed operates a series of takeaway focused healthy eating establishments. There are currently seven locations in operation, including two franchise locations, all based in London. ProVen VCT plc invested £1.5 million alongside ProVen Growth & Income VCT plc in April 2010.

References to the latest accounts refer to the latest annual report and accounts to be prepared by the investee company following the date of investment by ProVen VCT plc.

Portfolio company financial information is based on publically available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio company confidentiality, is not disclosed here.

The split of the 'C' Share pool venture capital investments by commercial sector (by value and cost at 28 February 2011) is summarised as follows:

Spread of Investments by Sector - 'C' Share Pool



Analysis of investments by investment type

The following shows the split of the 'C' Share pool's investment portfolio by type of instrument held at 28 February 2011:

	Portfolio split 28 Feb 2011
VCT qualifying investments	71.9%
Non-qualifying investments (including cash at bank and liquidity funds)	28.1%
	100.0%

Investment Portfolio – 'D' Share Pool
as at 28 February 2011

'D' Share portfolio of investments
The following investments were held at 28 February 2011:

	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Venture capital investments (by value)				
MatsSoft Limited**	650	650	-	8.7%
Speed-Trap Holdings Limited	300	300	-	4.0%
Fjordnet Limited*	276	186	(90)	2.5%
Tossed Limited	183	183	-	2.5%
Monica Vinader Limited	138	138	-	1.8%
Cinergy International Limited	115	115	-	1.5%
SenseLogix Limited	69	69	-	0.9%
Total venture capital investments	1,731	1,641	(90)	21.9%
Liquidity funds		4,450		59.4%
Cash at bank and in hand		1,400		18.7%
Total 'D' Share investments		7,491		100.0%

* Non qualifying investment
** Partially non-qualifying investment

All venture capital investments are unquoted unless otherwise stated.

All of the above investments were also held by ProVen Growth and Income VCT plc.

All venture capital investments are unquoted and are registered in England and Wales.

Review of Investments – 'D' Share Pool

MatsSoft Limited

Cost:		£650,000	Valuation at 28/02/11:	£650,000
Investment comprises:			Valuation at 28/02/10:	£n/a
Ordinary shares:		£197,000	Valuation method:	Price of recent investment
'A' ordinary shares:		£236,000		
Loan stock:		£217,000		

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	£226
Profit before tax:	Unpublished information		Proportion of equity held:	10.0%
Net assets:	£192,000	£5,000	Diluted equity:	10.0%

MatsSoft is a software company specialising in developing hosted Software as a Service ("SaaS") business process management, workflow and customer and communications solutions, complete with a comprehensive suite of management information and configuration tools. MatsSoft has built a strong reputation by providing solutions for enterprise customers that deliver dramatic processing efficiencies whilst keeping customer satisfaction high through proactive communication.

www.matssoft.co.uk

Speed-Trap Holdings Limited

Cost:		£300,000	Valuation at 28/02/11:	£300,000
Investment comprises:			Valuation at 28/02/10:	£n/a
Ordinary shares:		£116,000	Valuation method:	Price of recent investment
Loan stock:		£184,000		

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	£3,838
Profit before tax:	Unpublished information		Proportion of equity held:	3.1%
Net assets:	£4m	£3.8m	Diluted equity:	3.1%

Speed-Trap is a software company providing enterprise and SaaS solutions which allows corporate digital platform owners to capture, analyse and interpret digital interactions with users of their platforms. The software also allows the customer to make real time decisions and to take proactive actions in response to this information via the digital platform.

www.speed-trap.com

Fjordnet Limited

Cost:		£276,000	Valuation at 28/02/11:	£186,000
Investment comprises:			Valuation at 28/02/10:	£n/a
'A' ordinary shares:		£276,000	Valuation method:	Earnings multiple

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	£11.9m	£7m	Loan note income:	-
Profit before tax:	£1.4m	£1m	Proportion of equity held:	1.9%
Net assets:	£3.4m	£1.9m	Diluted equity:	1.2%

Fjord is an established digital design agency in the telecommunications and media sectors. It has worked on market leading flagship projects - including projects for the BBC, Nokia, Orange, Swisscom and Yahoo!. It was instrumental in bringing the hugely successful award-winning BBC iPlayer to mobile. The company has offices in London, Helsinki, Berlin, New York and Madrid.

www.fjordnet.com

Tossed Limited

Cost:	£183,000	Valuation at 28/02/11:	£183,000
Investment comprises:		Valuation at 28/02/10:	£n/a
Ordinary shares:	£61,000	Valuation method:	Price of recent investment
Preference shares:	£61,000		
Loan stock:	£61,000		

Audited accounts:	No accounts filed	Dividend income:	-
		Loan note income:	-
		Proportion of equity held:	3.9%
		Diluted equity:	3.9%

Tossed operates a series of takeaway focused healthy eating establishments. There are currently seven locations in operation, including two franchise locations, all based in London. ProVen VCT plc invested £1.5 million alongside ProVen Growth & Income VCT plc in April 2010.

www.tosseduk.com

Monica Vinader Limited

Cost:	£138,000	Valuation at 28/02/11:	£138,000
Investment comprises:		Valuation at 28/02/10:	£n/a
Ordinary shares:	£69,000	Valuation method:	Price of recent investment
Loan stock:	£69,000		

Audited accounts:	30/04/10	30/04/09	Dividend income:	-
Turnover:	Unpublished information		Loan note income:	-
Profit before tax:	Unpublished information		Proportion of equity held:	4.0%
Net assets/(liabilities):	£113,000	£(67,000)	Diluted equity:	4.0%

Monica Vinader is a high end, award-winning fashion jewellery brand. Designer Monica Vinader began producing jewellery in 2002 and commercialised the brand in 2006. It now gets regular features in glossy magazines such as Vogue, Harpers and Grazia, and boasts a celebrity following of Cameron Diaz, Keira Knightley and Cheryl Cole.

www.monicavinader.com

Cinergy International Limited

Cost:	£115,000	Valuation at 28/02/11:	£115,000
Investment comprises:		Valuation at 28/02/10:	£n/a
Ordinary shares:	£12,000	Valuation method:	Price of recent investment
Loan stock:	£103,000		

Audited accounts:	31/12/09	31/12/08	Dividend income:	-
Turnover:	£784,000	£661,000	Loan note income:	-
Loss before tax:	£(98,000)	£(113,000)	Proportion of equity held:	0.3%
Net (liabilities)/assets:	£(47,000)	£41,000	Diluted equity:	0.3%

Cinergy delivers mobile market and product information that helps demystify shopping for mobile services. Its services let mobile service providers give their customers a personalised deal, based on in-depth knowledge of the market and the customer's individual needs.

www.cinergize.com

SenseLogix Limited

Cost:	£69,000	Valuation at 28/02/11:	£69,000
Investment comprises:		Valuation at 28/02/10:	£n/a
Ordinary shares:	£69,000	Valuation method:	Price of recent investment
Audited accounts:	31/03/10	Dividend income:	-
Turnover:	Unpublished information	Loan note income:	-
Profit before tax:	Unpublished information	Proportion of equity held:	3.7%
Net assets:	£22,000	Diluted equity:	3.7%

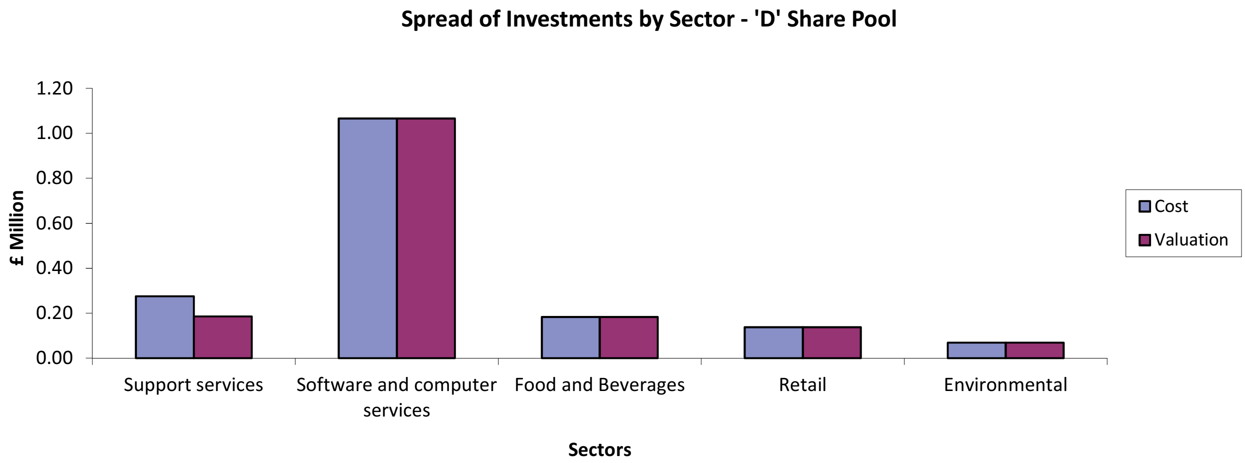
SenseLogix™ is an award winning provider of energy reduction for the buildings market. SenseLogix deliver robust, intuitive hardware and software solutions designed to measure and manage electricity in commercial businesses, public sector, education and other office based environments, to eliminate electrical waste.

www.senselogix.com

References to the latest accounts refer to the latest annual report and accounts published by the investee company following the date of investment by ProVen VCT plc.

Portfolio company financial information is based on publically available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio company confidentiality, is not disclosed here.

The split of the 'D' Share pool venture capital investments by commercial sector (by value and cost at 28 February 2011) is summarised as follows:



Analysis of investments by investment type

The following shows the split of the 'D' Share pool's investment portfolio by type of instrument held at 28 February 2011:

	Portfolio split 28 Feb 2011
VCT qualifying investments	15.2%
Non-qualifying investments (including cash at bank and liquidity funds)	84.8%
	100.0%

Board of Directors

Andrew Davison (chairman) is currently chairman of City of London Investment Group PLC and a non-executive director of Downing Distribution VCT 2 plc. He was formerly chairman and chief executive of Business Mortgages Bank plc from 1987 – 1991. He joined County Bank Limited in 1972 and by 1984 had become managing director of NatWest Ventures Limited. He is a chartered accountant and a former council member of the British Venture Capital Association.

Barry Dean is a chartered accountant and has over 25 years' experience in the private equity industry, including 14 years as managing director of Dresdner Kleinwort Benson Private Equity Limited. He is currently a director of Henderson Private Equity Investment Trust plc (a quoted investment trust investing in private equity) and a non-executive director of Downing Absolute Income VCT 2 plc and Elderstreet VCT plc. Barry is also an advisory committee member for Parallel Private Equity LLP and serves on the investment committee of Beamreach Capital LLP, which invests in private equity.

Malcolm Moss is a senior managing director and founder of Beringea LLP. Over the last 20 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT plc, ProVen Growth & Income VCT plc and ProVen Planned Exit VCT plc, he sits on the investment committees of two of Beringea's venture funds: - InvestCare Partners and Global Rights Fund II - and as a non-executive director on several other portfolio investments. Prior to founding Beringea, Malcolm gained Europe-wide industrial, planning and analytical experience in healthcare, engineering and financial services with, respectively, Baxter International, Uniroyal Inc. and Lloyds TSB Group.

All the Directors are non-executive and, with the exception of Malcolm Moss, are considered by the Board to be independent of the Investment Manager as the Board considers that each of them has suitable experience to be able to exercise proper judgement.

Directors' Report and Business Review

The Directors present the Annual Report and Accounts of the Company for the year ended 28 February 2011.

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has been approved by HM Revenue and Customs ("HMRC") as a venture capital trust in accordance with Part 6 of the Income Tax Act 2007, and in the opinion of the Directors the Company has conducted its affairs so as to enable it to continue to maintain approval. Approval for the year ended 28 February 2011 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

The Directors consider that the Company was not, at any time, up to the date of this report, a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

The Company has no employees (other than the Directors). The same was true of the previous year.

Business review and developments

The Company's business review and developments during the year are reviewed in the Chairman's Statement and the Investment Manager's Review.

The total running costs of the Company exceeded revenue arising from the investments held (including cash at bank and liquidity funds) by £418,000. The total expense ratio (excluding performance fees, recoverable VAT and provision for loan stock interest) in respect of the year ended 28 February 2011, compared to net assets at the year-end, was 2.6% (2010: 3.3%).

Results and dividends

	£'000	Pence per share
Return on ordinary activities after tax for the year ended 28 February 2011 split as:		
Ordinary Shares	3,601	14.2p
'C' Shares	184	1.3p
'D' Shares	(246)	(3.1p)
	3,539	

During the year ended 28 February 2011, the Company paid a final dividend of 8.0p per Ordinary Share (2010: 1.0p) in respect of the year ended 28 February 2010.

An interim dividend of 6.25p per Ordinary Share (being 1.8p revenue and 4.25p capital) has been declared in respect of the year ended 28 February 2011, which will be paid on 29 July 2011 to Shareholders on the register at 3 June 2011. No dividends have been declared in respect of the 'C' Shares or 'D' Shares.

Directors

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares, 'C' Shares, and 'D' Shares of the Company, at 28 February 2010, 28 February 2011 and the date of this report were as follows:

Director		At the date of this report	28 Feb 2011	28 Feb 2010
Andrew Davison	Ords	29,039	11,908	8,948
	'C' Shares	9,335	9,335	9,335
	'D' Shares	2,637	2,637	2,637
Barry Dean	'C' Shares	10,300	10,300	10,300
Malcolm Moss	'D' Shares	3,165	3,165	3,165

Nicholas Lewis resigned as a Director on 24 August 2010. He held 21,356 Ordinary Shares at 28 February 2010.

Barry Dean and Andrew Davison retire at the forthcoming Annual General Meeting ("AGM") and, being eligible, are offering themselves for re-election. The remainder of the Board feel that they have made valuable contributions during the terms of their appointment and remain committed to their roles. They have considerable experience in VCTs and other areas, as shown in their biographies on page 23, and the Board therefore recommends that Shareholders support the resolutions to re-elect them at the AGM.

Each of the Directors has an agreed letter of appointment which is terminable by three months' notice on either side. To the extent permitted under the Companies Act 2006, the Company indemnifies each of the Directors against all costs, charges, losses, expenses and liabilities which might arise in the execution of their duties, save for certain exceptions. Each Director is required to devote such time to the affairs of the Company as the Board requires.

At the last AGM on 14 July 2010, Directors were granted the authority to make market purchases of up to 14.9% of the issued share capital of the Company, to disapply pre-emption rights and allot up to a maximum nominal amount of £3,000,000 Ordinary Shares, £364,283 'C' Shares and £8,099 'D' Shares. The authority to make market purchases was used as described on page 28.

Investment policy

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

Qualifying investments

The Company seeks to make investments in VCT Qualifying companies with the following characteristics:

- a strong, balanced and well motivated management team with a proven track record of achievement;
- a defensible market position;
- good growth potential;
- an attractive entry price for the Company;
- the ability to structure the investment with a proportion of secured loan notes in order to reduce risk; and
- a clearly identified route for a profitable realisation within a three-four year period.

The Company invests in companies at various stages of development, including those requiring capital for expansion and in management buy-outs, but not in start-ups. Investments are spread across a range of different sectors.

In respect of the 'C' Share pool only, it is intended that at least 90% of the pool's qualifying investments (by cost) will be in unquoted companies, with up to 10% being in companies quoted on AIM. Also in respect of the 'C' Share pool only, approximately 75% of the pool's VCT qualifying investments (by cost) will be made into companies in a broad range of sectors, with the remainder being in a range of different companies in the media industry.

In respect of the 'D' Share pool only, it is intended that by 29 February 2012, 75% of the funds raised under the first 'D' Share Linked offer will be invested in qualifying investments and that by 28 February 2013, 75% of the funds raised under the second 'D' Share Linked offer will also be invested in qualifying investments.

Other investments

Funds not invested in qualifying investments will be held in cash, liquidity funds, fixed interest securities of A- rating or better or in investments originated in line with the Company's qualifying VCT policy but which do not qualify under the VCT rules for technical reasons.

Venture capital trust 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:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. At least 30% (70% in respect of funds raised after 5 April 2011) of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible shares" generally being ordinary share capital);
3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's total investments (by value at time of investment);
5. The Company's income for each financial year is derived wholly or mainly from shares and securities;
6. 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
7. A maximum unit size of £1 million in each VCT qualifying investment (per tax year).

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount effectively equal to the sum of its share capital and reserves, which is currently equal to £34 million. There are no plans to utilise this facility 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 and administration fees

Beringea LLP ("Beringea") provides investment management services to the Company for an annual fee of 2.0% of the Ordinary Share net assets, 'C' Share net assets and the 'D' Share net assets per annum. Beringea is also entitled to receive performance incentive fees as described further below. The investment management agreement is terminable by either party at any time by one year's prior written notice.

The Board is satisfied with Beringea's approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of Beringea LLP as investment manager remains in the best interests of Shareholders.

Downing Management Services Limited ("DMS") provides administration services to the Company for a fee of £43,000 (plus VAT & RPI adjustment) per annum.

The annual running costs (excluding any performance fees payable) of the Company, for the year, are subject to a cap of 3.25% of the Company's net assets.

Performance incentive fees

Ordinary Shares

Beringea and Downing Corporate Finance Limited ("DCF") are entitled to receive performance incentive fees, which are calculated as follows for each financial year starting on or after 1 March 2006:

(i) 33% of the cumulative dividends paid in relation to financial years starting on or after 1 March 2006 over and above 3p per Ordinary Share per annum but less than 6p per Ordinary Share per annum; plus
(ii) 20% of the cumulative dividends paid in relation to financial years starting on or after 1 March 2006 in excess of 6p per Ordinary Share per annum, less the cumulative amount of any performance fee previously paid.

The performance incentive fees are only payable when the sum of the net asset value per Ordinary Share plus all distributions per Ordinary Share paid since launch exceeds 130p.

Beringea is entitled to 91% of the performance incentive fees and DCF is entitled to the other 9%. The performance fees payable in respect of the year under review were £327,000 (2010: £44,000) to Beringea and £33,000 (2010: £9,000) to DCF.

'C' Shares

Beringea is entitled to receive performance incentive fees in respect of the 'C' Shares. These are first calculated in relation to the financial year starting on 1 March 2012 and provided that:

(i) the Company has returned to holders of 'C' Shares who subscribed under the 'C' Share prospectus in aggregate an amount equal to 25p per £1 so subscribed; and
(ii) the sum of the net asset value per 'C' Share plus distributions per 'C' Share paid since launch exceeds 130p,

an annual performance incentive fee (inclusive of VAT if applicable) is payable, equal to:

(i) 33% of the cumulative dividends paid in relation to the financial years starting on or after 1 March 2010 over and above 3p per 'C' Share per annum but less than 6p per 'C' Share per annum; plus
(ii) 20% of the cumulative dividends paid in relation to the financial years starting on or after 1 March 2010 in excess of 6p per 'C' Share per annum,

less the cumulative amount of any incentive fee previously paid to the Investment Manager.

No such fees were paid in respect of the 'C' Shares in the year under review or in the prior year.

'D' Shares

Beringea is entitled to receive performance incentive fees in respect of the 'D' Shares. These are first calculated in relation to the financial year starting on 1 March 2012 and provided that:

(i) the Company has returned to holders of 'D' Shares who subscribed under the 'D' Share prospectus in aggregate an amount equal to 25p per £1 so subscribed; and
(ii) the sum of the net asset value per 'D' Share plus distributions per 'D' Share paid since launch exceeds 130p,

an annual performance incentive fee (inclusive of VAT if applicable) is payable, equal to:

(i) 33% of the cumulative dividends paid in relation to the financial years starting on or after 1 March 2012 over and above 3p per 'D' Share per annum but less than 6p per 'D' Share per annum; plus
(ii) 20% of the cumulative dividends paid in relation to the financial years starting on or after 1 March 2012 in excess of 6p per 'D' Share per annum,

less the cumulative amount of any incentive fee previously paid to the Investment Manager.

No such fees were paid in respect of the 'D' Shares in the year under review or in the prior year.

VCT status

The Company has retained PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate, and regular review of the portfolio. Although PwC works closely with the Investment Manager and Administration Manager, they report directly to the Board. Compliance with the main VCT regulations as at 28 February 2011 and for the year then ended is summarised as follows:

1.	70% of its investments in qualifying companies	77.4%
2.	At least 30% of the Company's qualifying investments in "eligible shares"	38.4%
3.	At least 10% of each investment held in "eligible shares"	Complied
4.	No investment constitutes more than 15% of the Company's portfolio	Complied
5.	Income is derived wholly or mainly from shares and securities	97.2%
6.	No more than 15% of the income from shares and securities is retained	0.0%
7.	A maximum unit size of £1 million in each VCT qualifying investment (per tax year)	Complied

Share capital

The Company has three classes of shares: Ordinary Shares of 5p each ("Ordinary Shares"), 'C' Shares of 25p each ("'C' Shares") and 'D' shares of 1p each ("'D' Shares"). Each share class has a separate pool of assets attributable to it, with each class bearing a proportion of the running costs of the Company. Ordinary Shares, 'C' Shares and 'D' Shares rank pari passu with each other in terms of voting and other rights. The proportion of the Company's net assets attributable to the Ordinary Shares, 'C' Shares and 'D' Shares are 45%, 33% and 22% respectively.

At the 2010 AGM, Shareholders authorised the Company to make market purchases of its own shares of up to 14.9% of the share capital in issue at that date and to waive pre-emption rights and issue up to 3,803,933 Ordinary Shares, 2,178,244 'C' Shares and 1,213,983 'D' Shares.

Between 23 March 2010 and 29 October 2010, 2,800,108 'D' Shares with an aggregate nominal value of £28,000 were issued at £1 per share pursuant to the offer for subscription under the prospectus dated 20 November 2009. The aggregate consideration for the shares was £2,765,000 which excluded share issue costs of £154,000.

Between 1 April 2010 and 28 May 2010, 2,136,795 Ordinary Shares with an aggregate value of £107,000 were issued at 56.1p per share pursuant to the top-up offer for subscription dated 16 November 2009. The aggregate consideration for the shares was £1,171,000 which excluded share issue costs of £66,000.

In accordance with the Company's policy as discussed in the Chairman's Statement, during the year, the Company repurchased 524,829 Ordinary Shares with an aggregate nominal value of £26,000, being 2.2% of the Ordinary Share capital. The Ordinary Shares were repurchased for an average consideration of 47.4p per share and an aggregate consideration of £249,000. The Company also repurchased 56,375 'C' Shares with an aggregate nominal value of £14,000, being 0.4% of the 'C' Share capital. The 'C' Shares were repurchased for an average consideration of 66.8p per share and an aggregate consideration of £38,000. In addition, the Company repurchased 55,698 'D' Shares with an aggregate nominal value of £600, being 1.0% of the 'D' Share capital. The 'D' Shares were repurchased for an average consideration of 91.0p per share and an aggregate consideration of £51,000. All shares repurchased were subsequently cancelled.

Creditor payment policy

The Company's payment policy is to pay creditors within thirty days of receipt of an invoice except where other terms have been agreed. Trade creditors of the Company at the year end amounted to £nil (2010: £nil).

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its investment objectives (as shown on page 1). The Board believes the Company's key performance indicators are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share (see page 2).

In addition, the Board considers the Company's performance in relation to other VCTs.

Principal risks and uncertainties

The principal financial risks faced by the Company, which include market price risk, interest rate risk, credit risk and liquidity risk (being minimal), are summarised within note 20 to the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, 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 Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. The Directors receive quarterly reports from the Managers which monitor the compliance of these risks, and place reliance on the Managers to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

Auditor

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Amended Articles of Association

The Directors are proposing that the Company amends Article 174 of its Articles of Association to extend the date on which Shareholders will vote as to whether the Company should continue as a venture capital trust from the annual general meeting to be held in 2016, to that to be held in 2019, so that in the event the Company issues new shares in the next tax years, it continues as a VCT for a sufficient duration to enable new investors to retain the benefits of the tax reliefs available to VCTs. Resolution 9 will to be put to Shareholders at the forthcoming AGM seeking approval for this amendment.

Annual General Meeting

The Annual General Meeting will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 10:30 a.m. on 24 August 2011. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Substantial interests

As at 28 February 2011, and at the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued share capital.

Future developments

The Directors do not foresee any major changes in the activity undertaken by the Company in the coming year. The Company continues with its objective to invest in unquoted companies throughout the United Kingdom with a view to minimising the risks of investment and providing both capital growth and dividend income to Shareholders over the long term whilst maintaining VCT qualifying status.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, 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 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 Managers' websites. 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 23, 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 results of the Company; and
- the Chairman's Statement, Investment Manager's Review and Directors' Report include 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.

Directors' Report and Business Review (continued)

Corporate governance

The Company's compliance with, and departures from, the Financial Reporting Council's Combined Code on Corporate Governance June 2008 (www.frc.org.uk) is shown on pages 32 to 35.

The Corporate Governance Statement describes how the principles and supporting principles within the Combined Code, published in June 2008, have been applied by the Company throughout the year ended 28 February 2011, except where disclosed within the Corporate Governance Statement.

Statement as to disclosure of information to the Auditor

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 Auditor is 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. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

Grant Whitehouse
Secretary
39 Earlham Street
London WC2H 9LT

30 June 2011

Statement of Corporate Governance

The Directors support the relevant principles of the Combined Code issued in June 2008 ("the Combined Code"), being the principles of good governance and the code of best practice, as set out in the Combined Code. With effect from 1 March 2011, the Company adopted the principles of the updated UK Corporate Governance Code (issued May 2010).

Application of the Principles of the Code

The Board attaches importance to matters set out in the Combined Code and its principles. However, as a venture capital trust company, most of the Company's day to day responsibilities are delegated to third parties and the Directors are all non-executive.

The Board

The Company has a Board comprising three non-executive Directors. The Chairman and senior Director is Andrew Davison. Andrew Davison and Barry Dean are considered to be independent Directors by the Board. Biographical details of all Board members (including the significant commitments of the Chairman) are shown on page 23.

Directors are subject to re-election at the first AGM after their appointment and by rotation thereafter. In accordance with the Combined Code, two Directors were re-elected during the year At the next AGM, two Directors are offering themselves for re-election. Barry Dean is retiring by rotation and, in accordance with the UK Corporate Governance Code, Andrew Davison is retiring as a result of being a Director of the Company for more than nine years.

Full Board meetings take place quarterly and the Board meets more regularly to address specific issues, including considering recommendations from the Investment Manager, and reviews, periodically, the terms of engagement of all third party advisers (including the Investment Manager and Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 28 February 2011.

	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
Director	held	attended	held	attended	held	Attended
Andrew Davison	4	4	2	2	-	-
Barry Dean	4	3	2	2	-	-
Malcolm Moss	4	3	2	2	-	-

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

The Board has not appointed a nomination committee as it considers itself to be small and it comprises wholly non-executive Directors. Appointments of new Directors are dealt with by the full Board.

Board performance evaluation

An evaluation of the performance of the Board, each of its Committees and of the non-executive Directors was conducted using a series of questionnaires. A broad range of standard topics was covered, including the programme of regular Board or Committee business, Board behaviours and strategy. Different questions were used for assessing the skills and contributions of each of the Chairman and non-executive Directors. The survey will be updated each year, including the approach to risk, Board training and Directors' ability to provide effective challenge.

Statement of Corporate Governance (continued)

The Board considered whether to introduce an external facilitator to manage the evaluation. However, it concluded that the Company Secretary was well placed to devise updated questions that are relevant and appropriate to the Company and that, having attended Board and Committee meetings throughout the year, he and the Chairman would also understand and ensure a full and frank discussion around any concerns raised.

The Chairman has reviewed the results of the questionnaire and followed up relevant matters with each Director. The outcome of the 2011 Board review has confirmed that the Directors consider the Board to have a good balance of skills and to be working well.

Remuneration Committee

The Board has appointed a Remuneration Committee comprising all Directors and chaired by Andrew Davison. The Committee generally meets once a year and at other times as required and has specific terms of reference in order to fulfil its duties in respect of matters relating to remuneration.

Audit Committee

The Company has an Audit Committee comprising Barry Dean and Andrew Davison. This Committee has defined terms of reference and duties. The Committee met twice during the year with all members being in attendance. Each of the members of the Audit Committee has recent and relevant financial experience as evidenced by their biographies on page 23.

The Audit Committee is responsible for reviewing the annual accounts before they are presented to the Board, and normally will also review the half yearly accounts. It is also responsible for reviewing the terms of appointment of the Auditor, together with their remuneration, as well as a full review of the effectiveness of the Company's internal control and risk management systems.

Any non-audit services provided by the Auditor are reviewed and approved by the Committee prior to being undertaken, to ensure that auditor objectivity and independence is safeguarded. The Committee is satisfied with the performance of the Auditor and recommends to Shareholders that they be reappointed as auditor for the forthcoming year.

The Committee reviewed the internal financial controls and concluded that they were still appropriate to the Company. They also considered the need for an internal audit function and concluded that this function would not be an appropriate control for a venture capital trust. As the Company has had no staff, other than Directors, there are no procedures in place in respect of C3.4 of the Combined Code.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with major Shareholders if so requested. A shareholder presentation for all ProVen VCTs is also held each year and Shareholders are invited to attend.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Administration Manager collates proxy votes 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.

The notice of the next AGM and proxy form can be found at the end of these financial statements.

The terms of reference of the Audit and Remuneration Committees and terms and conditions of appointment of non-executive Directors are available to Shareholders upon request.

Financial reporting

The Directors' statement of responsibilities for preparing the accounts is set out in the Directors' Report on page 30 and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 39.

Internal control

The Board has adopted an Internal Control Manual ("Manual") for which they are responsible, which has been compiled to comply with the Combined Code (and going forward to comply with the UK Corporate Governance Code). The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls in place to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and reviews the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

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 to the following advisers:

Venture Capital Investment Management	Beringea LLP
Administration	Downing Management Services Limited

Share capital

The rights and obligations attaching to the Company's shares, including the power of the Company to buy back shares and details of any significant Shareholders, are set out on pages 4 and 5 of the Chairman's Statement and page 29 Report of the Directors.

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 3, the Investment Manager's Review on page 6 and the Directors' Report on page 24. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 44, the Cash Flow Statement on page 45 and the Directors' Report on page 24. In addition, notes 15 and 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 Corporate Governance (continued)

Compliance statement

The Listing Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting period. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 28 February 2011 with the provisions set out in Section 1 of the Combined Code:

a) New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major Shareholders so Shareholders are not given the opportunity to meet any new non-executive Directors at a specific meeting other than at the Annual General Meeting. (A5-1, A3-3)

b) The Directors do not have service contracts in place (B1-6). The Directors have agreed letters of appointment in place with a three month notice period.

c) Until 24 August 2010, the Company did not have a majority of independent directors, as defined by the Combined Code issued in June 2008, as a result of other directorships of companies with the same investment manager. This was corrected when Nicholas Lewis resigned. Until 24 August 2010, the Board considered that all Directors had sufficient experience to be able to exercise proper judgement within the meaning of the Combined Code. (A3-2, A3-3) (Consequently the remuneration and audit committees did not comply with B2-1 and C3-1.)

d) Due to the size of the Board, the Company does not have a formal nomination committee. Relevant matters were dealt with by the full Board. (A4-1, B2)

By order of the Board

Grant Whitehouse
Secretary
39 Earlham Street
London WC2H 9LT

30 June 2011

Directors' Remuneration Report

The Board and Remuneration Committee have prepared this report, in accordance with the requirements of the Companies Act 2006. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 24 August 2011.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Independent Auditor's Report on page 39.

Remuneration Committee

The Remuneration Committee comprises all members of the Board and is chaired by Andrew Davison.

Directors' remuneration policy

Directors' remuneration is calculated in accordance with the Company's Articles of Association as follows:

- The Directors shall be paid out of the funds of the Company by way of fees for their services, an aggregate sum not exceeding £100,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally.

- The Directors shall be entitled to be repaid all reasonable travel, hotel and other expenses incurred by them respectively in the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of Committees of the Board or General Meetings and if, in the opinion of the Directors, it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

Directors' remuneration, as shown in the table below, is set at a level designed to reflect the time commitment and high level responsibility borne by the non-executive directors and should be broadly comparable with that paid by similar companies.

Directors' agreements

Each of the Directors has an agreed letter of appointment whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as a non-executive Director. A three month rolling notice applies.

Directors' remuneration (audited)

Directors' remuneration for the year under review was as follows:

	Year ended 28 Feb 2011 £'000	Year ended 28 Feb 2010 £'000
Andrew Davison (Chairman)	25	20
Barry Dean	21	20
Malcolm Moss	15	15
Nicholas Lewis (resigned 24 August 2010)	2	15
	63	70

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. The remuneration levels for the forthcoming year are expected to be at the following rates:

	Annual Rate £'000
Andrew Davison (Chairman)	30
Barry Dean	22
Malcolm Moss	15
	67

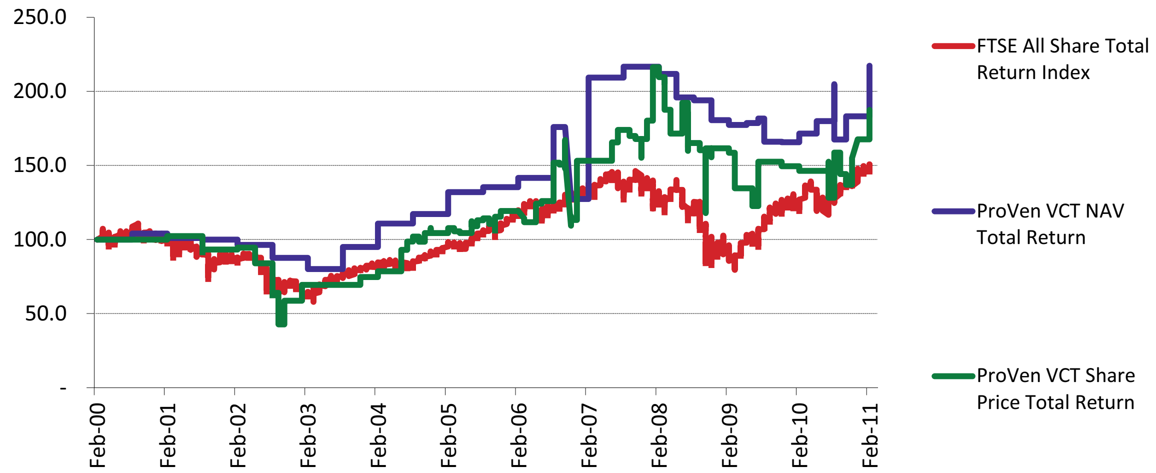
Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

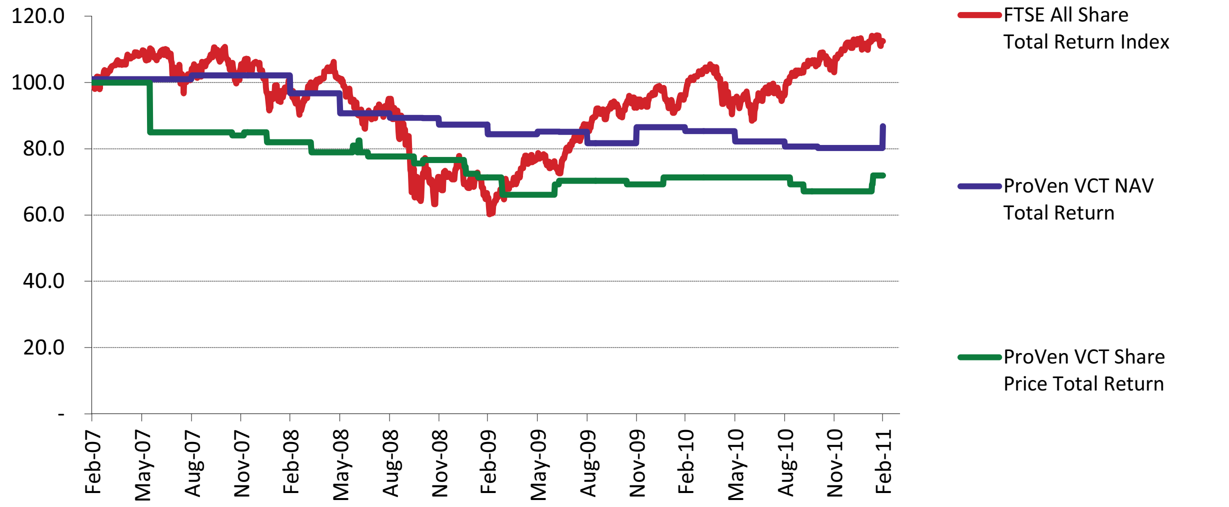
Performance graph

The charts below represent the Company's Ordinary Share, 'C' Share, and 'D' Share performance over the reporting periods since launch of the respective share classes and compares the Net Asset Value Total Return and the Share Price Total Return to a rebased FTSE All Share Total Return Index. Net Asset Value Total Return is calculated as Net Asset Value plus dividends and/or capital distributions reinvested in the share class at the Net Asset Value prevailing at the date the dividends/distributions were paid. Share Price Total Return is calculated in a similar way, but reinvesting dividends at the mid-market share price at the date dividends are paid. The FTSE All Share Total Return Index is not considered to be a benchmark for the Company but has been selected as it is considered to be the most relevant publicly available index. All series have been rebased to 100 at the relevant launch dates.

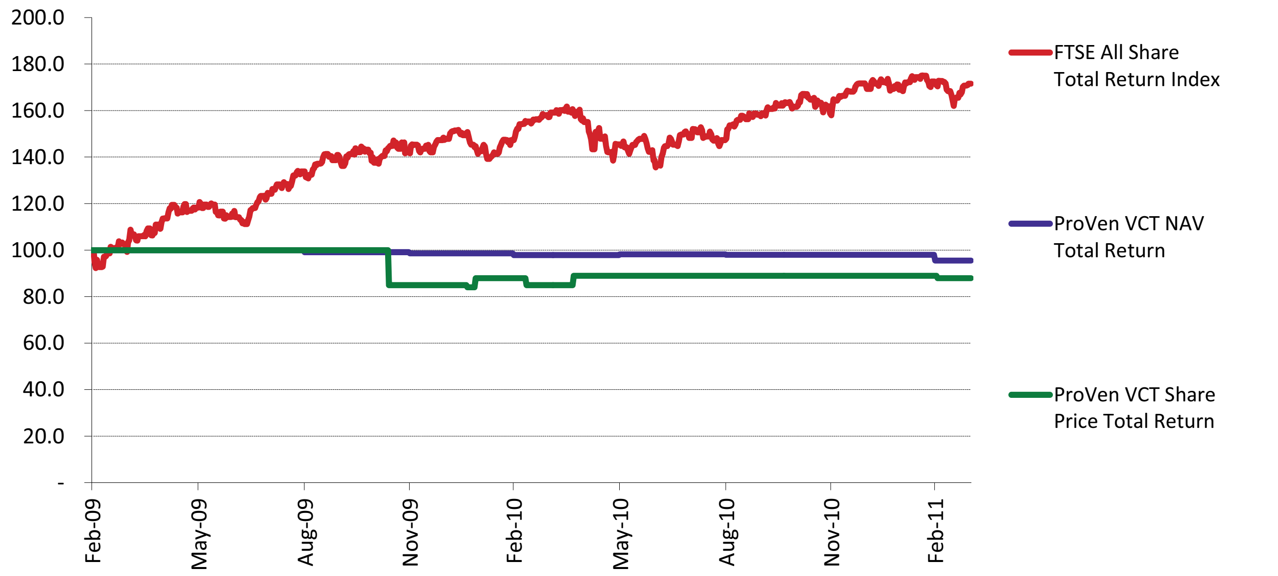
Ordinary Share performance chart



'C' Share performance chart



'D' Share performance chart



By order of the Board

Grant Whitehouse
Secretary
39 Earlham Street
London WC2H 9LT

30 June 2011

Independent Auditor's Report to the Members of ProVen VCT plc

We have audited the financial statements of ProVen VCT plc for the year ended 28 February 2011 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 February 2011 and of its profit 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; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared 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.

Under the Listing Rules we are required to review:

- the directors' statement, contained within the Statement of Corporate Governance, in relation to going concern;
- the part of the Statement of Corporate Governance relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to Shareholders by the Board on directors' remuneration.

Stuart McLaren (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 June 2011

Income Statement

for the year ended 28 February 2011

Company Position

		Year ended 28 February 2011			Year ended 28 February 2010		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	831	-	831	266	-	266
Gains on investments	11	-	3,961	3,961	-	591	591
		831	3,961	4,792	266	591	857
Investment management fees	3	(160)	(480)	(640)	(144)	(431)	(575)
Performance incentive fees	4	-	(360)	(360)	-	(53)	(53)
Recoverable VAT	5	-	-	-	-	1	1
Other expenses	6	(253)	-	(253)	(713)	-	(713)
Return on ordinary activities before tax		418	3,121	3,539	(591)	108	(483)
Tax on ordinary activities	8	-	-	-	-	-	-
Return attributable to equity shareholders		418	3,121	3,539	(591)	108	(483)
Return per Ordinary Share	10	1.8p	12.4p	14.2p	(0.8p)	(1.2p)	(2.0p)
Return per 'C' Share	10	(0.0p)	1.3p	1.3p	(2.3p)	3.1p	0.8p
Return per 'D' Share	10	(0.5p)	(2.6p)	(3.1p)	(1.1p)	(1.4p)	(2.5p)

All revenue and capital movements in the year for the Ordinary Shares, 'C' Shares and 'D' Shares relate to 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, prepared in accordance with the accounting policies detailed in note 1 to the financial statements. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by The Association of Investment Companies.

A Statement of Total Recognised Gains and Losses relating to each class of share has not been prepared as all gains and losses are recognised in the relevant Income Statements in the current and prior year as shown on pages 42 and 43 and above.

Other than revaluation movements arising on investments held at fair value through the Income Statement, there were no differences between return as stated on pages 42 and 43 and above at historical cost.

Income Statement
for the year ended 28 February 2011

Split as:
Ordinary Shares

	Year ended 28 February 2011			Year ended 28 February 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	626	-	626	170	-	170
Gains/(losses) on investments	-	3,709	3,709	-	(26)	(26)
	626	3,709	4,335	170	(26)	144
Investment management fees	(70)	(208)	(278)	(66)	(197)	(263)
Performance incentive fees	-	(360)	(360)	-	(53)	(53)
Recoverable VAT	-	-	-	-	1	1
Other expenses	(96)	-	(96)	(304)	-	(304)
Return on ordinary activities before tax	460	3,141	3,601	(200)	(275)	(475)
Tax on ordinary activities	-	-	-	-	-	-
Return attributable to equity shareholders	460	3,141	3,601	(200)	(275)	(475)

'C' Shares

	Year ended 28 February 2011			Year ended 28 February 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	153	-	153	75	-	75
Gains on investments	-	342	342	-	617	617
	153	342	495	75	617	692
Investment management fees	(53)	(159)	(212)	(55)	(165)	(220)
Performance incentive fees	-	-	-	-	-	-
Recoverable VAT	-	-	-	-	-	-
Other expenses	(99)	-	(99)	(355)	-	(355)
Return on ordinary activities before tax	1	183	184	(335)	452	117
Tax on ordinary activities	-	-	-	-	-	-
Return attributable to equity shareholders	1	183	184	(335)	452	117

Income Statement
for the year ended 28 February 2011

'D' Shares

	Year ended 28 February 2011			Year ended 28 February 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	52	-	52	21	-	21
Losses on investments	-	(90)	(90)	-	-	-
	52	(90)	(38)	21	-	21
Investment management fees	(37)	(113)	(150)	(23)	(69)	(92)
Performance incentive fees	-	-	-	-	-	-
Recoverable VAT	-	-	-	-	-	-
Other expenses	(58)	-	(58)	(54)	-	(54)
Return on ordinary activities before tax	(43)	(203)	(246)	(56)	(69)	(125)
Tax on ordinary activities	-	-	-	-	-	-
Return attributable to equity shareholders	(43)	(203)	(246)	(56)	(69)	(125)

Reconciliation of Movements in Shareholders' Funds
for the year ended 28 February 2011

		Year ended 28 February 2011				Year ended 28 February 2010			
	Note	Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000	Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000
Opening shareholders' funds		12,929	10,996	5,097	29,022	13,824	11,053	-	24,877
Issue of shares		1,199	-	2,800	3,999	-	-	5,526	5,526
Share issue costs		(66)	-	(154)	(220)	-	-	(304)	(304)
Purchase of own shares		(249)	(38)	(51)	(338)	(180)	(28)	-	(208)
Total recognised gains/(losses) for the year		3,601	184	(246)	3,539	(475)	117	(125)	(483)
Distributions	9	(2,036)	-	-	(2,036)	(240)	(146)	-	(386)
Closing shareholders' funds		15,378	11,142	7,446	33,966	12,929	10,996	5,097	29,022

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

Balance Sheet
as at 28 February 2011

	Note	28 February 2011 Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000	28 February 2010 Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000
Fixed assets									
Investments	11	11,016	8,833	1,641	21,490	9,543	7,114	-	16,657
Current assets									
Debtors	12	160	109	19	288	31	9	1	41
Current investments	13	3,400	1,350	4,450	9,200	3,190	3,460	3,550	10,200
Cash at bank and in hand		1,464	950	1,400	3,814	1,172	519	2,633	4,324
		5,024	2,409	5,869	13,302	4,393	3,988	6,184	14,565
Creditors: amounts falling due within one year	14	(662)	(100)	(64)	(826)	(1,007)	(106)	(1,087)	(2,200)
Net current assets		4,362	2,309	5,805	12,476	3,386	3,882	5,097	12,365
Total assets less current liabilities/ Net assets		15,378	11,142	7,446	33,966	12,929	10,996	5,097	29,022
Capital and reserves									
Called up share capital	15	1,260	3,629	83	4,972	1,179	3,643	55	4,877
Capital redemption reserve	16	211	26	1	238	185	12	-	197
Share premium	16	1,026	-	7,785	8,811	-	-	5,167	5,167
Special reserve	16	8,247	6,666	-	14,913	8,961	9,676	-	18,637
Capital reserve – realised	16	3,700	-	(182)	3,518	3,553	-	(69)	3,484
Revaluation reserve	16	622	1,016	(90)	1,548	(1,041)	(2,139)	-	(3,180)
Revenue reserve	16	312	(195)	(151)	(34)	92	(196)	(56)	(160)
Equity shareholders' funds		15,378	11,142	7,446	33,966	12,929	10,996	5,097	29,022
Net asset value per share	17	61.0p	76.8p	90.0p		54.8p	75.5p	92.2p	

The financial statements on pages 41 to 60 were approved and authorised for issue by the Board of Directors on 30 June 2011 and were signed on its behalf by

Andrew Davison
Chairman
ProVen VCT plc
Company number: 3911323

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

Cash Flow Statement
for the year ended 28 February 2011

	Note	Year ended 28 February 2011 Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000	Year ended 28 February 2010 Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000
Net cash (outflow)/inflow from operating activities	18	(582)	(264)	(1,197)	(2,043)	(1,463)	(198)	961	(700)
Capital expenditure									
Purchase of investments	11	(984)	(1,885)	(1,731)	(4,600)	(1,203)	(1,799)	-	(3,002)
Sale of investments	11	3,220	508	-	3,728	547	21	-	568
Net cash (outflow)/inflow from capital expenditure		2,236	(1,377)	(1,731)	(872)	(656)	(1,778)	-	(2,434)
Equity dividends paid	9	(2,036)	-	-	(2,036)	(240)	(146)	-	(386)
Management of liquid resources									
Purchase of current investments held as liquidity funds		(210)	-	(900)	(1,110)	-	-	(3,550)	(3,550)
Withdrawal from liquidity funds		-	2,110	-	2,110	1,000	2,550	-	3,550
Net cash inflow/(outflow) from liquid resources		(210)	2,110	(900)	1,000	1,000	2,550	(3,550)	-
Net cash (outflow)/inflow before financing		(592)	469	(3,828)	(3,951)	(1,359)	428	(2,589)	(3,520)
Financing									
Proceeds from share issues		1,199	-	2,800	3,999	-	-	5,526	5,526
Share issue costs	15	(66)	-	(154)	(220)	-	-	(304)	(304)
Purchase of own shares	15	(249)	(38)	(51)	(338)	(180)	(28)	-	(208)
Net cash inflow/(outflow) from financing		884	(38)	2,595	3,441	(180)	(28)	5,222	5,014
(Decrease)/increase in cash	19	292	431	(1,233)	(510)	(1,539)	400	2,633	1,494

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

Notes to the Accounts
for the year ended 28 February 2011

1 Accounting policies

Basis of accounting

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

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

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

Going concern

The Directors have, at the time of approving the financial statements, 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 financial statements. Further detail is contained in the Statement of Corporate Governance on page 34.

Presentation of Income Statement

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies ("AIC"), 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 the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") together with FRS26 - Financial Instruments: Recognition and Measurements.

Publicly traded investments are measured using bid prices in accordance with the IPEV Guidelines.

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

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

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.

Fixed asset investments are derecognised when the contractual rights to the cash flows from the asset expire or it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

1 Accounting policies (continued)

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.

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 significant influence over investee companies. Therefore, the results of these companies are not incorporated into the Income Statement except to the extent of any income 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 asset investments, which comprise investments in liquidity funds with AAA rating, are held at fair value through profit and loss and are marked-to-market. These assets are purchased and redeemed under a contract and the assets are recognised and derecognised on the trade date. These assets are initially measured at cost and subsequently valued at fair value, being the closing price of the fund as issued by the provider.

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 ex-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 an 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.

1 Accounting policies (continued)

Taxation (continued)

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. Deferred tax assets and liabilities are not discounted.

Other debtors and other creditors

Other debtors and other creditors are included within the accounts at amortised cost less provision for impairment.

Share issue costs

Expenses in relation to share issues are deducted from the Share Premium Account upon allotment of shares.

2 Income

	2011 £'000	2010 £'000
Income from investments		
Loan stock interest	707	144
Dividend income	43	32
Liquidity funds interest	58	68
	808	244
Other income		
Deposit interest	23	22
Other income	-	-
	831	266

The Directors consider that the Company has one class of business and that all its activities arise in the United Kingdom.

3 Investment management fees

	2011 £'000	2010 £'000
Investment management fees	640	575

The Company has an agreement with Beringea LLP for the provision of management services in respect of its portfolio of venture capital investments, which is terminable with one year's notice. The management fee is based upon an annual amount of 2.0% of net assets. The annual running costs (excluding performance incentive fees and trail commission) of the Company are subject to a cap of 3.25% of the Company's net assets.

4 Performance incentive fees

	2011 £'000	2010 £'000
Beringea LLP	327	44
Downing Corporate Finance Limited	33	9
	360	53

Beringea LLP ("Beringea") and Downing Corporate Finance Limited ("DCF") are entitled to receive performance incentive fees as described in the Directors' Report on page 27. The performance incentive fees above relate solely to the Ordinary Shares and are stated inclusive of VAT. Fees are attributed to capital or revenue in accordance with the dividend on which they are based. No performance incentive fees were due during the year in respect of the 'C' Share pool or the 'D' Share pool.

5 Recoverable VAT

	2011 £'000	2010 £'000
VAT recoverable on investment management fees	-	1

6 Other expenses

	2011 £'000	2010 £'000
Administration services	57	53
Directors' remuneration	72	72
Social security costs	5	5
Auditor's remuneration for audit of the Company's annual accounts	19	16
Provision for loan stock interest (previously recognised)	-	411
Other	100	156
	253	713

7 Directors' remuneration

Details of remuneration (excluding employers' NIC and VAT) are given in the Directors' Remuneration Report on page 36.

The Company had no employees (other than Directors) during either year. Costs in respect of Directors are disclosed in note 6.

8 Tax on ordinary activities

	2011 £'000	2010 £'000
(a) Tax charge for year		
Current year		
UK corporation tax (charged to the revenue account)	-	-
Charged to capital expenses	-	-
Charge for year	-	-
(b) Factors affecting tax charge for the year		
Return on ordinary activities before taxation	3,539	(483)
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 21% (2010: 28%)	743	(135)
Effects of:		
UK dividend (income)	(9)	(9)
Gain on investments	(832)	(165)
Disallowable expenses	11	13
Excess capital investment management fees	87	296
	-	-

(c) Excess management fees

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £4,066,000 (2010: £3,650,000). The deferred tax asset of £1,098,000 (2010: £1,022,000) has not been recognised due to the fact that it is unlikely the excess management fees will be set off in the foreseeable future.

9 Dividends

		Year ended 28 February 2011			Year ended 28 February 2010		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends							
Paid in year							
2010 Final	8.00		2,036	2,036	-	-	-
2009 Final	1.00	-	-	-	-	240	240
		-	2,036	2,036	-	240	240
'C' Share dividends							
Paid in year							
2009 Final	1.00	-	-	-	-	146	146
		-	-	-	-	146	146

The Company declared an interim dividend in respect of the year ended 28 February 2011 of 6.25p per Ordinary Share (being 1.8p revenue and 4.45p capital) on 15 February 2011, to be paid on 29 July 2011 to Shareholders on the register on 3 June 2011. It is estimated that the aggregate amount of this dividend will be £1,729,000 based on the Ordinary Shares in issue at the date of this report.

10 Basic and diluted return per share

	Year ended 28 February 2011			Year ended 28 February 2010		
	Ordinary Shares	'C' Shares	'D' Shares	Ordinary Shares	'C' Shares	'D' Shares
Revenue return per share based on:						
Net revenue after taxation (£'000)	460	1	(43)	(200)	(335)	(56)
Weighted average number of shares in issue	25,260,698	14,524,976	7,964,787	23,857,331	14,610,800	5,077,961
Pence per share	1.8p	(0.0p)	(0.5p)	(0.8p)	(2.3p)	(1.1p)
Capital return/(loss) per share based on:						
Net capital gain/(loss) for the financial year (£'000)	3,141	183	(203)	(275)	452	(69)
Weighted average number of shares in issue	25,260,698	14,524,976	7,964,787	23,857,331	14,610,800	5,077,961
Pence per share	12.4p	1.3p	(2.6p)	(1.2p)	3.1p	(1.4p)

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 28 February 2011

11 Investments
"Fair value through profit or loss" assets

		Investments quoted on AIM £'000	Unlisted investments £'000	Total £'000
Opening cost at 1 March 2010		1,573	18,264	19,837
Losses at 1 March 2010		(1,036)	(2,144)	(3,180)
Opening fair value at 1 March 2010		537	16,120	16,657
Movement in year				
Purchases at cost		-	4,600	4,600
Sales	- proceeds	-	(3,728)	(3,728)
	- realised gains on sales	-	1,244	1,244
Unrealised gains in the income statement		85	2,632	2,717
Closing fair value at 28 February 2011		622	20,868	21,490
Closing cost at 28 February 2011		1,574	18,369	19,943
(Losses)/gains at 28 February 2011		(952)	2,499	1,547
Closing fair value at 28 February 2011		622	20,868	21,490

The basis of valuation was changed for a number of investments held throughout the year. The combined effect of these changes was an uplift of £583,000 in the valuation of the Ordinary Share pool and a reduction of £37,000 in the valuation of the 'C' Share pool, relative to the prior year. In the Ordinary Share pool, the valuation of Campden Media (28 February 2011 valuation £1,170,000, uplift of £392,000) was changed from an earnings multiple basis to a price of recent investment basis and the valuation of Think (28 February 2011 valuation £741,000, uplift of £338,000) was changed from a price of recent investment basis to an earnings multiple basis. In the 'C' Share pool, the valuation of Charterhouse Leisure (28 February 2011 valuation £679,000, a decrease of £186,000) was changed from a price in recent investment basis to an earnings multiple basis; the valuation of Chess Dynamics (28 February 2011 valuation £455,000, a decrease of £204,000) was changed from a revenue multiple basis to an earnings multiple basis; the valuation of Think (28 February 2011 valuation £741,000, uplift of £338,000) was changed from a revenue multiple basis to an earnings multiple basis; and the valuation of Blismobile (28 February 2011 valuation £270,000, uplift of £196,000) was changed from a revenue multiple basis to a price of recent investment basis. The Directors consider these changes were necessary to enable a better assessment of the fair value of the relevant investments.

12 Debtors

	2011 £'000	2010 £'000
Other debtors	238	-
Prepayments and accrued Income	50	41
	288	41

13 Current investments
"Fair value through profit or loss" assets

	2011 £'000	2010 £'000
BlackRock Liquidity Fund (formerly BGI Sterling Liquidity First Fund)	3,000	3,000
Insight Liquidity Fund	3,000	3,000
Standard Life Investments GBP Liquidity Fund	2,000	3,000
RBS Liquidity Fund	1,200	1,200
	9,200	10,200

14 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Unallotted share capital	538	948
Other social security costs	7	7
Other creditors	-	986
Accruals and deferred income	281	259
	826	2,200

Other creditors are investor subscriptions for 'D' Shares and Ordinary Shares owed to ProVen Growth and Income VCT plc and ProVen Health VCT plc.

15 Called up share capital

	2011 £'000	2010 £'000
Issued, allotted, called up and fully-paid:		
25,190,612 (2010: 23,578,646) Ordinary Shares of 5p each	1,260	1,179
14,514,942 (2010: 14,571,317) 'C' Shares of 25p each	3,629	3,643
8,269,911 (2010: 5,525,501) 'D' Shares of 1p each	83	55
	4,972	4,877

Management of capital

The Company's capital is managed in accordance with its investment policy as shown in the Directors' Report, in pursuit of its principal investment objectives as stated on page 1. There has been no significant change in the objectives, policies or processes for managing capital from the previous year.

By its nature the Company has an amount of capital which must be invested, and retained, in the relatively high risk asset class of small UK companies broadly within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in 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.

The Company has the authority to buy back shares as described in the Directors' Report.

Between 23 March 2010 and 29 October 2010, 2,800,108 'D' Shares of 1p each ("'D' Shares") with an aggregate nominal value of £28,000, were issued at £1 per share pursuant to the offer for subscription under a prospectus dated 20 November 2009. The aggregate consideration for the shares was £2,800,000 which excluded share issue costs of £154,000.

Between 1 April 2010 and 28 May 2010, 2,136,795 Ordinary Shares of 5p each ("Ordinary Shares") with an aggregate nominal value of £107,000, were issued at 56.1p per share pursuant to the top-up offer for subscription dated 16 November 2009. The aggregate consideration for the shares was £1,199,000 which excluded share issue costs of £66,000.

15 Called up share capital (continued)

During the year, the Company repurchased 524,829 Ordinary Shares with an aggregate nominal value of £26,000, for an average consideration of 47.4p per share being an aggregate consideration of £249,000, and representing 2.2% of the issued Ordinary Share capital. These shares were subsequently cancelled.

During the year, the Company repurchased 56,375 'C' Shares of 25p each with an aggregate nominal value of £14,000, for an average consideration of 66.8p per share being an aggregate consideration of £38,000, and representing 0.4% of the issued 'C' Share capital. These shares were subsequently cancelled.

During the year, the Company repurchased 55,698 'D' Shares of 1p each with an aggregate nominal value of £600, for an average consideration of 91.0p per share being an aggregate consideration of £51,000, and representing 1.0% of the issued 'D' Share capital. These shares were subsequently cancelled.

16 Reserves

	Capital redemption reserve £'000	Special reserve £'000	Share premium £'000	Capital reserve - realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2010	197	18,637	5,167	3,484	(3,180)	(160)	24,145
Issue of new shares	-	-	3,644	-	-	-	3,644
Purchase of own shares	41	(288)	-	-	-	(52)	(299)
Expenses capitalised	-	-	-	(840)	-	-	(840)
Gains on investments	-	-	-	1,244	2,718	-	3,962
Retained revenue	-	-	-	-	-	418	418
Transfer between reserves	-	(3,436)	-	1,666	2,010	(240)	-
Distributions paid	-	-	-	(2,036)	-	-	(2,036)
At 28 February 2011	238	14,913	8,811	3,518	1,548	(34)	28,994
Split between:							
Ordinary Shares							
At 1 March 2010	185	8,961	-	3,553	(1,041)	92	11,750
Issue of new shares	-	-	1,026	-	-	-	1,026
Purchase of own shares	26	(250)	-	-	-	-	(224)
Expenses capitalised	-	-	-	(568)	-	-	(568)
Gains on investments	-	-	-	1,889	1,821	-	3,710
Retained revenue	-	-	-	-	-	460	460
Transfer between reserves	-	(464)	-	862	(158)	(240)	-
Distributions paid	-	-	-	(2,036)	-	-	(2,036)
At 28 February 2011	211	8,247	1,026	3,700	622	312	14,118
'C' Shares							
At 1 March 2010	12	9,676	-	-	(2,139)	(196)	7,353
Issue of new shares	-	-	-	-	-	-	-
Purchase of own shares	14	(38)	-	-	-	-	(24)
Expenses capitalised	-	-	-	(159)	-	-	(159)
Gains/(losses) on investments	-	-	-	(645)	987	-	342
Retained revenue	-	-	-	-	-	1	1
Transfer between reserves	-	(2,972)	-	804	2,168	-	-
Distributions paid	-	-	-	-	-	-	-
At 28 February 2011	26	6,666	-	-	1,016	(195)	7,513

16 Reserves (continued)

	Capital redemption reserve £'000	Special reserve £'000	Share premium £'000	Capital reserve - realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
'D' Shares							
At 1 March 2010	-	-	5,167	(69)	-	(56)	5,042
Issue of new shares	-	-	2,618	-	-	-	2,618
Purchase of own shares	1	-	-	-	-	(52)	(51)
Expenses capitalised	-	-	-	(113)	-	-	(113)
Gains/(losses) on investments	-	-	-	-	(90)	-	(90)
Retained revenue	-	-	-	-	-	(43)	(43)
Distributions paid	-	-	-	-	-	-	-
At 28 February 2011	1	-	7,785	(182)	(90)	(151)	7,363

The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay capital distributions. The Special reserve, Capital reserve – realised and Revenue reserve are all distributable reserves. The Revaluation reserve includes losses of £2,977,000 which the distributable reserves is reduced by.

17 Basic and diluted net asset value per share

	Shares in Issue		2011 Net asset value		2010 Net asset value	
	2011	2010	per share	£'000	per share	£'000
Ordinary Shares	25,190,612	23,578,646	61.0p	15,378	54.8p	12,929
'C' Shares	14,514,942	14,571,317	76.8p	11,142	75.5p	10,996
'D' Shares	8,269,911	5,525,501	90.0p	7,446	92.2p	5,097
				33,966		29,022

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 return per share.

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

	2011				2010			
	Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000	Ordinary Shares £'000	'C' Shares £'000	'D' Shares £'000	Total £'000
Return/loss return on ordinary activities before taxation	3,601	184	(246)	3,539	(475)	117	(125)	(483)
Loss/(gain) on investment	(3,709)	(342)	90	(3,961)	26	(617)	-	(591)
(Increase)/decrease in prepayments, accrued income and other debtors	(129)	(100)	(18)	(247)	584	299	(1)	882
(Decrease)/increase in accruals and other creditors	(345)	(6)	(1,023)	(1,374)	(1,598)	3	1,087	(508)
Net cash (outflow)/inflow from operating activities	(582)	(264)	(1,197)	(2,043)	(1,463)	(198)	961	(700)

19 Reconciliation of net cash flow to movement in net funds

	2011 £'000	2010 £'000
Beginning of year	4,324	2,830
Net cash (outflow)/ inflow	(510)	1,494
End of year	3,814	4,324

20 Financial instruments

The Company's financial instruments comprise equity and loan stock investments in quoted companies and unquoted companies, liquidity funds, cash deposits and short term debtors and creditors arising from its operations. The main purpose of these financial instruments is to generate cash flow, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term creditors and does not use any derivatives.

Principal risks and management objectives

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invest. The principal financial risk arising from the Company's operations are:

- Market risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year end are provided below:

Market risks

As a VCT, the Company is exposed to market risks in the form of potential losses and gains that may arise on the investments it holds. The management of these market risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Market risk is also mitigated by holding a portfolio diversified across several business sectors and asset classes.

The key market risks to which the Company is exposed are:

- Market price risk; and
- Interest rate risk.

Market price risk

Market price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through market price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

At 28 February 2011, the AIM-quoted portfolio was valued at £622,000 (2010: £537,000).

20 Financial instruments (continued)

The Company's sensitivity to fluctuations in the share prices of its AIM-quoted investments is summarised below. A 10% movement in the share price of all of the AIM-quoted stocks held by the Company would have an effect as follows:

10% movement in AIM-quoted stocks		2011		2010
	Impact on net assets £'000	Impact on NAV per share pence	Impact on net assets £'000	Impact on NAV per share pence
Ordinary Shares	62	0.3p	54	0.2p
'C' Shares	-	-	-	-
'D' Shares	-	-	-	-

At 28 February 2011, the unquoted portfolio was valued at £20,868,000 (2010: £16,120,000).

As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a fall in share prices generally would impact on the valuation of the unquoted portfolio. A 10% movement in the valuations of all of the unquoted investments held by the Company would have an effect as follows:

10% movement in unquoted investment valuations		2011		2010
	Impact on net assets £'000	Impact on NAV per share pence	Impact on net assets £'000	Impact on NAV per share pence
Ordinary Shares	1,039	4.1p	901	3.8p
'C' Shares	883	6.1p	711	4.9p
'D' Shares	164	2.0p	-	-

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares, preference shares and loan stocks) held by the Company produces an overall movement of 10%. 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. 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.

Interest rate risk

The Company is exposed to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. Investments in loan stock and fixed interest investments attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

There are three categories in respect of interest which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise certain loan note investments and Preference Shares.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments and certain loan note investments.
- "No interest rate" assets do not attract interest and comprise equity investments, certain loan note investments, loans and receivables (excluding cash at bank) and other financial liabilities.

20 Financial instruments (continued)

	Average interest rate	Average period until maturity	2011 £'000	2010 £'000
Fixed rate	6.7%	1,331 days	7,680	5,412
Floating rate	0.9%		14,558	14,524
No interest rate			11,728	9,086
			33,966	29,022

The Company monitors the level of income received from fixed, floating and non interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

Based on the assumption that the yield of all floating rate financial instruments would change by an amount equal to the movement in prevailing interest rates, it is estimated that an increase of 1% in interest rates would have increased total return before taxation for the year by £145,000. As the Bank of England base rate stood at 0.5% per annum throughout the year, it is not believed that a reduction from this level is likely.

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 is exposed to credit risk through its holdings of loan stock in investee companies, investments in liquidity funds, cash deposits and debtors. Credit risk relating to loan stock investee companies is considered to be part of market risk.

The Company's exposure to credit risk is summarised as follows:

	2011 £'000	2010 £'000
Investments in liquidity funds	9,200	10,200
Investments in loan stocks	9,762	7,572
Cash and cash equivalents	3,814	4,324
Interest, dividends and other receivables	216	38
	22,992	22,134

The Manager manages credit risk in respect of loan stock with the approach described under 'market risks' above. Similarly the management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

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

Cash is mainly held by Bank of Scotland plc and Royal Bank of Scotland plc, both of which are A-rated financial institutions and both also ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

There have been no changes in fair value during the year 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. The Company generally maintains a relatively low level of creditors (£289,000 at 28 February 2011 excluding unallotted share capital) and has no borrowings. Also, liquidity funds and some quoted investments held by the Company are considered to be readily realisable. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as required. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

20 Financial instruments (continued)

The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company's investments are not held to meet the Company's liquidity requirements, the table below shows an analysis of the assets, highlighting the length of time that it could take the Company to realise its assets if it were required to do so.

The carrying value of loan stock investments held at 28 February 2011, which is analysed by expected maturity date, is as follows:

As at 28 February 2011	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
Full performing loan stock	-	283	666	3,020	1,879	5,848
Renegotiated loan stock	125	1,272	660	1,438	419	3,914
Impaired loan stock	-	-	-	-	-	-
Past due loan stock	-	-	-	-	-	-
	125	1,555	1,326	4,458	2,298	9,762
As at 28 February 2010						
Full performing loan stock	607	-	636	3,734	45	5,022
Renegotiated loan stock	1,448	239	173	345	345	2,550
Impaired loan stock	-	-	-	-	-	-
Past due loan stock	-	-	-	-	-	-
	2,055	239	809	4,079	390	7,572

Loan stock investments shown as "renegotiated" may otherwise have been disclosed as "past due".

Fair Value of Financial Instruments

Fair value measurements recognised in the balance sheet

Investments are valued at fair value as determined using the measurement policies described in note 1. The carrying value of financial assets and financial liabilities recorded at amortised cost, which includes short form debtors and creditors, is considered by the Directors to be equivalent to their fair value.

The Company has categorised its financial instruments that are measured subsequent to initial recognition at fair value, using the fair value hierarchy as follows:

Level 1 Reflects financial instruments quoted in an active market (liquidity fund investments, investments listed 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 have prices that are not based on observable market data (unquoted equity investments and loan note investments).

20 Financial instruments (continued)

	2011				2010			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	622	-	-	622	537	-	-	537
Loan notes	-	-	9,762	9,762	-	-	7,572	7,572
Unquoted	-	-	11,106	11,106	-	-	8,548	8,548
Liquidity fund	9,200	-	-	9,200	10,200	-	-	10,200
	9,822	-	20,868	30,690	10,737	-	16,120	26,857

There were no transfers between levels during the year (2010: none).

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

	£'000
Balance at 28 February 2010	16,120
Movements in the income statement:	
Unrealised gains in the income statement	2,632
Realised gains in the income statement	1,244
	3,876
Purchases at cost	4,600
Sales proceeds	(3,728)
Balance at 28 February 2011	20,868

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 Level 3 investments. There is an element of judgement in the choice of assumptions for unquoted investments and it is possible that different assumptions could have been made and that these assumptions could have resulted in different valuations for some investments. The Directors and Investment Manager believe, however, that the valuations as at 28 February 2011, calculated in accordance with IPEV Guidelines, reflect the most appropriate assumptions at that date and that it is not possible to undertake any meaningful sensitivity analysis which would be useful to Shareholders.

21 Post balance sheet events

Between 5 April 2011 and the date of this report, the Company issued 2,519,590 Ordinary Shares for an aggregate consideration of £1,537,000. Share issue costs thereon amounted to £85,000.

Further investments totalling £393,000 were made after the year end in Campden Media Limited, Overtis Group Limited and SenseLogix Limited.

In May 2011, the Company realised its investment in Steak Media Limited in a sale to Japanese media agency network, Dentsu. The disposal resulted in an initial profit over cost, with the possibility of further earnout proceeds in the three years following the sale.

22 Contingencies, guarantees and financial commitments

The Company has guaranteed bank borrowings on one of its investments, Donatantonio Limited, amounting to £225,000. A third party has provided a guarantee to the Company amounting to £112,500 in respect of the above guarantee such that the Company's net exposure is £112,500 (2010: £112,500).

The Company has no other contingent liabilities, guarantees and financial commitments at the year end.

23 Controlling party and related party transactions

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

Beringea LLP, of which Malcolm Moss is a partner, acted as promoter to the further Linked 'D' Share Offer and the Ordinary Share Top-Up Offer, both launched in November 2009. Beringea LLP received 5.5% of the gross proceeds of the offers, out of which it paid the costs of the offers including initial commissions. The fees in the year amounted to £154,000 on the 'D' Share Offer and £66,000 on the Ordinary Share Offer. No issue costs were due or outstanding at the year end.

Beringea LLP also acted as a promoter to the Ordinary Share Top-Up Offer launched in January 2011. Beringea LLP receives 5.5% of the gross proceeds of the offer, out of which it must pay the costs of the offer including the initial commissions.

Beringea LLP was also the investment manager during the year. The fees relating to this service, together with performance incentive fees due in the year under the agreement, amounted to £967,000 (2010: £624,000) (inclusive of VAT where applicable), of which £176,000 (2010: £149,000) was outstanding at the year end.

Nicholas Lewis (who resigned as director of ProVen VCT plc on 24 August 2010) is a director of Downing Management Services Limited, which provides administration services to the company. The total fee relating to this service during the year was £57,000 (2010: £53,000), inclusive of VAT, of which £14,000 (2010: £12,000) was outstanding at the year end.

Downing Corporate Finance Limited was entitled to performance incentive fees during the year totalling £32,000 (2010: £4,000) (inclusive of VAT), of which £5,000 (2010: £4,000) was outstanding at the year end.

At the previous year end of 28 February 2010, Malcolm Moss, Nicholas Lewis and Andrew Davison were each directors of the Company and also of ProVen Growth and Income VCT plc. At that date, ProVen Growth and Income VCT plc was owed £910,000 in respect of subscription monies for shares. This amount was included within other creditors.

Shareholder Information

Websites
Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Half Yearly Financial Statements and Interim Management Statements can be found on the Investment Managers' website:

www.provenvcts.co.uk

Dividend history, links to Company announcements and other financial information can be found on Downing's website at **www.downing.co.uk**. Shareholders can also check details of their shareholdings using Capita Registrar's website at **www.capitaregistrars.com**, by clicking on "Shareholders".

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 (form can be downloaded from www.capitaregistrars.com). Queries relating to dividends and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0324 (calls cost 10p per minute plus network extras), or by writing to them at the address shown on page 62.

Share prices
The Company's share prices can be found on various financial websites with the following TIDM/EPIC codes

	Ordinary Shares	'C' Shares	'D' Shares
TIDM/EPIC code	"PVN"	"PVNC"	"PVND"
Latest share price (29 June 2011):	39.0p per share	66.0p per share	88.0p per share

Selling shares
The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. Shareholders who invested in the Company in the 2006/2007 tax year and subsequent tax years should be aware that they need to hold their shares for a minimum period to retain the income tax relief they received on investment. Selling your shares may have tax consequences therefore you should contact your independent financial adviser if you have any queries.

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. Downing Management Services Limited is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares. Contact details are shown on page 62 of this document.

Financial calendar

24 August 2011	Annual General Meeting
October 2011	Announcement of half year results

Unsolicited communication with Shareholders
We are aware of cases of shareholders in VCTs having received unsolicited telephone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that either the Company, Beringea or the Company registrar, Capita Registrars, 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 the Company limits access to the Company's share register by third parties to the maximum extent permissible under the Companies Act 2006. If you receive either an unexpected telephone 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, Capita Registrars, under the signature of the registered holder.

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119/121 Victoria Street
London SW1E 6RA

Company number
3911323

Notice of the Annual General Meeting of ProVen VCT plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen VCT plc will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 10:30 a.m. on 24 August 2011 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 28 February 2011 together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report.

3. To re-appoint Deloitte LLP as Auditor 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.

4. To re-elect as Director, Andrew Davison, who retires in accordance with the UK Corporate Governance Code and, being eligible, offers himself for re-election.

5. To re-elect as Director, Barry Dean, 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 generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to allot:

   (i) Ordinary Shares, or to grant rights to subscribe for or to convert any securities into Ordinary Shares, up to a maximum nominal amount of £2,200,000 (representing approximately 159% of the Ordinary Share capital in issue at today's date);
   (ii) 'C' Shares, or to grant rights to subscribe for or to convert any securities into 'C' Shares, up to a maximum nominal amount of £362,495 (representing approximately 10% of the 'C' Share capital in issue at today's date); and
   (iii) 'D' Shares, or to grant rights to subscribe for or to convert any securities into 'D' Shares, up to a maximum nominal amount of £8,270 (representing approximately 10% of the 'D' Share capital in issue at today's date);

   this authority to expire at the earlier of the conclusion of the Company's Annual General Meeting next following the passing of this resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the Company in general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require shares to be allotted, or rights to subscribe for or to convert any securities into shares to be granted, after the expiry of such authority.

Special Resolutions

7. To empower the Directors pursuant to Section 570(1) of the Act to allot or make offers or agreements to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority referred to in resolution 6 as if Section 561(1) of the Act did not apply to any such allotments and so that:

    (a) reference to allotment in this Resolution shall be construed in accordance with Section 560(2) of the Act; and
    (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power, 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.

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 its own Ordinary shares of 5p each ("Ordinary Shares"), 'C' shares of 25p each ("'C' Shares") and 'D' Shares of 1p each ("'D' Shares") in the capital of the Company provided that:

    (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 4,122,471 Ordinary Shares, representing approximately 14.9% of the present issued Ordinary Share capital, and 2,160,469 'C' Shares, representing approximately 14.9% of the present issued 'C' Share capital and 1,232,216 'D' Shares, representing approximately 14.9% of the present issued 'D' Share capital;
    (ii) the minimum price which may be paid for an Ordinary Share is 5p, for a 'C' Share is 25p and for a 'D' Share is 1p, exclusive of all expenses;
    (iii) the maximum price which may be paid for an Ordinary Share, a 'C' Share or a 'D' Share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the Ordinary Shares, 'C' Shares or 'D' 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 share is contracted to be purchased;
    (iv) the Company may validly make a contract to purchase Ordinary Shares, 'C' Shares or 'D' 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, 'C' Shares or 'D' 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.

9. THAT the articles of association of the Company be amended by the replacement of the year "2016" with the year "2019" in article 174.

By order of the Board

Grant Whitehouse
Secretary
Registered Office
39 Earlham Street
London WC2H 9LT

30 June 2011

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

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 appointor. 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, 10 Lower Grosvenor Place, London SW1W 0EN 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 Downing Management Services Limited, 10 Lower Grosvenor Place, London SW1W 0EN. 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; or
- by sending an e-mail to proxy@downing.co.uk.

In either case, the revocation notice must be received by 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.

(e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares, 'C' Shares and 'D' 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 10:30 a.m. on 22 August 2011 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 10:30 a.m. on 22 August 2011 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 a.m. on 30 June 2011, the Company's issued share capital comprised 27,667,590 Ordinary Shares, 14,499,790 'C' Shares and 8,269,911 'D' Shares and the total number of voting rights in the Company were 50,437,291. The website referred to above 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; and
- 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 power 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.

Form of Proxy - ProVen VCT Plc

For use at the Annual General Meeting of the above-named Company to be held on 24 August 2011 in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 10:30 a.m.

I/We*……… (in BLOCK CAPITALS please)

of ………

being the holder(s)* of ordinary shares of 5p/'C' shares of 25p/'D' shares of 1p* each in the above-named Company, hereby appoint the Chairman of the meeting (see note 1)

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 in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ on 24 August 2011 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.			
2. To approve the Directors' Remuneration Report.			
3. To re-appoint the auditors and authorise the Directors to determine their remuneration.			
4. To re-elect Andrew Davison as a Director.			
5. To re-elect Barry Dean as a Director.			
SPECIAL BUSINESS			
6. To authorise the Directors to allot shares.			
7. To dis-apply pre-emption rights.			
8. To authorise the Company to make market purchases of its shares.			
9. To amend the articles of association of the Company.			

Dated this ……………………………… day of ……………………………………………………………………………………………… 2011

Signature(s)* ……………………………………………………………………………/……………………………………………………………………………

Notes:

1. 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 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 Meeting in order to represent his appointor. 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.
2. 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.
3. Any alterations to the Form of Proxy should be initialled.
4. To be valid, this 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, 10 Lower Grosvenor Place, London SW1W 0EN not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this 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, and be delivered at the meeting at which the demand is made.
5. 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.
6. 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.
7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
8. 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.

* Delete as appropriate

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Business Reply
Licence Number
RRJU-YLYH-CTJK

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ProVen VCT plc
c/o Downing Management Services Limited
10 Lower Grosvenor Place
London
SW1W 0EN

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