

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriate independent financial adviser if you are resident in any territory outside the United Kingdom.

If you have sold or transferred, or sell or transfer prior to 6pm on 17 January 2009, your Ordinary Shares in Proventec plc, please send this Circular, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was effected for onward transmission to the purchaser or transferee. If you have sold or transferred, or sell or transfer as above, part only of your holding of Ordinary Shares in Proventec plc, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Proventec plc

(Registered in England and Wales with registered number 4134409)

Proposed Capital Reduction

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of Proventec plc which is set out on pages 2 to 4 of this document which contains your Board's recommendation to vote in favour of the resolution to be proposed at the General Meeting referred to below.

Notice of the General Meeting of the Company to be held at 11am on 19 January 2009 at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH is set out at the end of this document.

To be valid, the Form of Proxy for use at the General Meeting, which is enclosed with this document, must be completed and returned so as to be received by Capita Registrars not later than 11am on 17 January 2009. You can return your Form of Proxy by post to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In CREST, you may appoint a proxy or proxies by completing and transmitting a CREST Proxy Instruction to Capita Registrars so that it is received by no later than 11am on 17 January 2009. The completion and return of the Form of Proxy or the transmission of a CREST Proxy Instruction will not prevent you from attending and voting at the meeting in person, if you so wish (and are so entitled).

CONTENTS

	<i>Page</i>
Expected timetable of events	1
Letter from the Chairman	2
Definitions	5
Notice of General Meeting	7

EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy	11am on 17 January 2009
General Meeting	11am on 19 January 2009
Expected date for confirmation of the Capital Reduction by the Court	6 February 2009
Expected effective date for the Capital Reduction	9 February 2009

Notes

These dates (except those of the receipt of Forms of Proxy and of the General Meeting) are estimates only, being subject to agreement of hearing dates with the Court. The timetable assumes that the General Meeting is not adjourned as a result of there being no quorum, or for any other reason. If there is an adjournment, all subsequent dates are likely to be later than those shown.

References to time in this document are to London time.

LETTER FROM THE CHAIRMAN

Proventec plc

(Registered in England and Wales No. 4134409)

Directors:

Peter Teerlink (Chairman)
David Chestnutt FCA (Chief Executive)
Thomas Stuecken (Chief Commercial Officer)
Guido Schoenmakers (Chief Operating Officer)
Glyn Hirsch (Non-Executive Director)
Michael Hough (Non-Executive Director)

Registered Office:

6th Floor
CityPoint
One Ropemaker Street
London
EC2Y 9AH

17 December 2008

To all Shareholders of Proventec plc (the "Company") and, for information only, to participants in the Share Option Schemes.

Dear Shareholder

PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

The Board most recently announced on 24 November 2008 (in conjunction with the Company's Interim Results) that the Group's balance sheet would benefit from some restructuring in the near future. I am writing to you to provide further details of this restructuring, and to seek the approval of Shareholders to the applicable steps (being a cancellation of the Company's Share Premium Account and a reduction of capital) at a General Meeting at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH to be held on 19 January 2009. Notice of the General Meeting is set out at the end of this document.

2. BACKGROUND TO, AND REASONS FOR, THE CAPITAL REDUCTION

The Company is planning to restructure its balance sheet by way of a cancellation of the Share Premium Account and by way of a reduction of its issued share capital. As at the date of this document, the balance of the Share Premium Account stood at £20,975,985 and the issued share capital of the Company stood at £12,419,719. The Share Premium Account is attributable to the difference (or "premium") between the nominal value of the Ordinary Shares issued by the Company and the price at which the Ordinary Shares were issued.

In light of the current economic climate (and to reflect applicable international accounting standards) the Board believes after careful consideration that it is likely that the carrying value of some of the Company's investments will have to be reduced in the audited accounts of the Company for the year ending 31 March 2009. Although the size of these reductions cannot yet be determined, the Board considers that it is appropriate to assume that they might equate in aggregate to a significant proportion of the Share Premium Account. To plan ahead therefore, the Board wishes to cancel the Share Premium Account before the financial year end, so as to enable the balance sheet to absorb these reductions without increasing the deficit on the profit and loss account to potentially unattractive levels.

The Board also considers that, in light of such factors as the Company's current share price and the maturity and repayment of the Loan Notes in 2012, it will be helpful to reduce the nominal value of the Ordinary Shares to 10p in order to assist the Company to react appropriately and flexibly over the coming years to opportunities to raise funds and to issue shares.

The Board has therefore concluded that it would now be prudent to undertake the Capital Reduction.

3. FURTHER DETAILS ON THE CAPITAL REDUCTION

Under the Act, a company may cancel its share premium account and may reduce its share capital if so authorised by its articles of association, provided that it obtains the approval of its shareholders by special resolution in general meeting and that the Court confirms the cancellation and the reduction.

The Company is therefore seeking the approval of Shareholders to cancel its Share Premium Account and reduce its issued share capital from £12,419,719, divided into 12,419,719 Ordinary Shares of £1 each to £1,241,971.90, divided into 12,419,719 Ordinary Shares of 10 pence each by cancelling an amount equal to 90 pence on each Ordinary Share in issue. Following the Capital Reduction (and subject to any creditor protections which the Court imposes), the deficit on the profit and loss account will be credited by the amount standing to the Share Premium Account (being £20,975,985) and by the aggregate amount by which the share capital is reduced (being £11,177,747.10). It should be noted that the Capital Reduction will not involve any distribution or repayment of capital by the Company to any Shareholder or involve any reduction in the Company's underlying assets. The reduction in the nominal value of the Ordinary Shares should not in itself affect their market value.

In order to obtain the approval of the Court for the Capital Reduction it is likely that the Company will be required to provide security acceptable to the Court in respect of those creditors of the Company who do not consent to the cancellation of the Share Premium Account and to the reduction of the Company's issued share capital. The Board is pleased to confirm that it has already obtained the consent of the Loan Noteholders (being by far the major creditor of the Company) to the cancellation of the Share Premium Account and to the reduction of the Company's issued share capital. As a term of obtaining this agreement from the Loan Noteholders, the Company has agreed with Dresdner VPV NV (which currently holds the majority of the Loan Notes) not to declare any dividend (or other form of distribution) out of any distributable reserves arising out of the cancellation and reduction for so long as Dresdner VPV NV (or any member of its group of companies) holds at least £100,000 of the Loan Notes. The Company will put into place such form of protection for any other creditors of the Company as it may be advised is appropriate to obtain the confirmation of the Court to the Capital Reduction.

It is expected that the Court Order confirming the Capital Reduction will be made on 6 February 2009, with the Capital Reduction becoming effective on 9 February 2009 (upon registration of the Court Order with the Registrar of Companies). The Board reserves the right to abandon or discontinue (in whole or in part) any application to the Court if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company.

The existing share certificates which show the present nominal value of £1 per Ordinary Share will remain valid after the Capital Reduction.

4. GENERAL MEETING

Set out at the end of this document is a notice convening a General Meeting of the Company to be held at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London, EC2Y 9AH on 19 January 2009. At the General Meeting, a special resolution will be proposed to:

- (a) approve the cancellation of the Share Premium Account;
- (b) approve the reduction of the issued share capital of the Company from £12,419,719, divided into 12,419,719 Ordinary Shares of £1 each to £1,241,971.90, divided into 12,419,719 Ordinary Shares of 10 pence each; and
- (c) approve the sub-division of the unissued ordinary share capital of the Company into shares of 10 pence each.

The purpose of the proposed sub-division of the unissued ordinary share capital is to ensure that, upon the Capital Reduction becoming effective, all issued and unissued ordinary shares have the same nominal value of 10 pence each.

The proposed special resolution will be passed if at least 75 per cent. of the votes cast are in favour.

5. ACTION TO BE TAKEN

Enclosed with this Circular is a form of proxy for use in relation to the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy, in accordance with the instructions printed thereon, to the Company's registrars, Capita Registrars, as soon as possible and in any event to arrive not later than 11am on 17 January 2009. You can return your Form of Proxy by post to the registrars at Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish.

6. RECOMMENDATION

The Directors consider the proposals described in this document to be in the best interests of the Company and of Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the resolution to be proposed at the General Meeting as they intend to do in respect of the 125,542 Ordinary Shares in which they are beneficially interested.

Yours faithfully

Peter Teerlink
Chairman

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Board" or "Directors"	the board of directors of the Company
"Capita Registrars"	a trading division of Capita IRG Plc
"Capital Reduction"	the proposed cancellation by the Company of its Share Premium Account and the reduction of its issued share capital of the Company from £12,419,719, divided into 12,419,719 Ordinary Shares of £1 each to £1,241,971.90, divided into 12,419,719 Ordinary Shares of 10 pence, each as described in this document
"Circular"	this circular to shareholders of the Company
"Companies Act" or "Act"	the Companies Act 1985, as amended and, to the extent applicable, the Companies Act 2006
"Company" or "Proventec"	Proventec plc
"Court"	the High Court of England and Wales
"CREST Manual"	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001)
"CREST Proxy Instruction"	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the General Meeting and containing the information required to be contained therein by the CREST Manual
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
"Effective Date"	the date on which the order of the Court confirming the Capital Reduction
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, the operator of CREST (formerly CRESTCo Limited)
"Form of Proxy"	the form of proxy for use at the General Meeting enclosed with this document
"General Meeting"	the General Meeting of the Company to be held on 19 January 2009 at 11am, notice of which is set out on page 7 of this document
"Group"	the Company and its subsidiaries from time to time
"Interim Results"	the interim results of the Company for the six months ended 30 September 2008
"Loan Notes"	means the £15,000,000 8.5% convertible guaranteed unsecured loan

notes 2012 issued by the Company pursuant to an instrument dated 24 August 2005 (as amended and restated from time to time)

"Loan Noteholders"

means the holders of the Loan Notes in the Company

"Ordinary Shares"

fully paid ordinary shares of £1 each in the capital of the Company

"Share Option Schemes"

the existing share option schemes of the Company as at the date of this document

"Share Premium Account"

the share premium account of the Company

"Shareholders"

holders of Ordinary Shares

Proventec plc

(Registered in England and Wales No. 4134409)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Proventec plc (the "**Company**") will be held at 11am on 19 January 2009 at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

SPECIAL RESOLUTION

1. **THAT:-**

- (a) the share premium account of the Company be and is hereby cancelled;
- (b) the issued share capital of the Company be and is hereby reduced by cancelling and extinguishing 90 pence on each issued Ordinary Share of £1.00 each; and
- (c) subject to, and immediately upon, the reduction of capital referred to in (b) above taking effect, each unissued Ordinary Share of £1.00 each be and is hereby sub-divided into 10 Ordinary Shares of 10 pence each.

BY ORDER OF THE BOARD

A N Whiteley
Company Secretary

17 December 2008

Registered Office:
6th Floor
CityPoint
One Ropemaker Street
London
EC2Y 9AH

Notes:

- (i) Only shareholders are entitled to attend and vote at the General Meeting. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of him/her. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice and instructions for completion are shown on the form. Forms of proxy need to be deposited with the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the start of the General Meeting. Completion of a form of proxy does not preclude members attending and voting in person at the General Meeting, should they so wish.
- (ii) A shareholder which is a company (a corporation) and which wishes to be represented at the General Meeting by a corporate representative must appoint such a person by resolutions of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company.
- (iii) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6pm on 17 January 2009 shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6pm on 17 January 2009 shall be disregarded.
- (iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and for any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- (v) In order for a proxy appointment or instruction made using the CREST service to be valid, a CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (vi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.
- (vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35 of the Uncertificated Securities Regulations 2001.