

**CLOSE BROTHERS**  
**VENTURE CAPITAL TRUST PLC**



**Half-yearly Financial Report**  
**(unaudited)**  
**for the six months to**  
**30 September 2007**





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**COMPANY INFORMATION**

<b>Company number</b>	3142609
<b>Directors</b>	D J Watkins MBA (Harvard), Chairman (US citizen) R M Davidson J M B L Kerr ACMA J G T Thornton MBA, FCA J Warren ACCA, MCT
<b>Manager</b>	Close Ventures Limited 10 Crown Place London EC2A 4FT Tel: 020 7422 7830 <a href="http://www.closeventures.co.uk">www.closeventures.co.uk</a>
<b>Secretary and registered office</b>	Close Ventures Limited 10 Crown Place London EC2A 4FT
<b>Registrar</b>	Capita Registrars The Registry 34 Beckenham Road Kent BR3 4TU
<b>Shareholder helpline</b>	Tel: 0870 162 3100 Fax: 0870 162 3199 Email: <a href="mailto:shareholder.services@capitaregistrars.com">shareholder.services@capitaregistrars.com</a>
<b>Registered auditors</b>	Deloitte & Touche LLP Hill House 1 Little New Street London EC4A 3TR
<b>Taxation adviser</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Custodians</b>	Capita Trust Company Limited 7th Floor, Phoenix House 18 King William Street London EC4N 7HC

Close Brothers Venture Capital Trust is a member of the Association of Investment Companies.



## FINANCIAL HIGHLIGHTS

The following is an analysis of dividends paid in respect of each class of shares since their respective launches, together with net asset value.

	<b>Six months ended 30 September 2007</b>	<b>Six months ended 30 September 2006</b>		
Dividends paid per Ordinary share (pence)	5.00	5.00		
Revenue return per Ordinary share (pence)	1.93	2.38		
Capital return per Ordinary share (pence)	(1.11)	3.63		
Net asset value per Ordinary share (pence)	116.00	117.46		
			<b>Ordinary shares (pence)</b>	<b>C shares (pence)</b>
<b>Shareholder value created per share since launch:</b>				
Gross revenue dividends paid during the year ended 31 March 1997		2.00	2.00	–
Gross revenue dividends paid during the year ended 31 March 1998		5.20	5.20	2.00
Gross interim dividends and net final dividend paid during the year ended 31 March 1999			11.05	8.75
Net revenue and capital dividends paid during the year ended 31 March 2000			3.00	2.70
Net revenue and capital dividends paid during the year ended 31 March 2001			8.55	4.80
Net revenue and capital dividends paid during the year ended 31 March 2002			7.60	7.60
Net revenue and capital dividends paid during the year ended 31 March 2003			7.70	7.70
Net revenue and capital dividends paid during the year ended 31 March 2004			8.20	8.20
Net revenue and capital dividends paid during the year ended 31 March 2005			9.75	9.75
Net revenue and capital dividends paid during the year ended 31 March 2006			11.75	11.75
Net revenue and capital dividends paid during the year ended 31 March 2007			10.00	10.00
Net revenue and capital dividends paid during the period ended 30 September 2007			5.00	5.00
Total dividends paid to date			89.80	78.25
Net asset value as at 30 September 2007			116.00	116.00
<b>Total shareholder net asset value return to 30 September 2007</b>			<b>205.80</b>	<b>194.25</b>

In addition to the above dividends, the Directors have declared a second dividend of 5.00 pence per Share (2.50 pence revenue and 2.50 pence paid out of realised gains). This dividend will be paid on 4 January 2008 to shareholders on the register on 7 December 2007.

Notes:

- i) Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- ii) A capital dividend of 2.55 pence in the year to 31 March 2000 enabled the Ordinary Shares and the 'C' Shares to merge on an equal basis.
- iii) All dividends paid by the Company are free of income tax. It is an Inland Revenue requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- iv) The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies section of the Financial Times on a daily basis.
- v) The apparent dividend reduction is due to the change in the accounting treatment of dividends.



## INTERIM MANAGEMENT REPORT

### Introduction

I am pleased to say that at the Annual General Meeting in July of this year, approximately 99.7% of those voting approved the continuation of the Company for a further 5 years. In addition, the Company's strong record and stable, substantial dividend policy have led to it being one of the very few VCTs with an established secondary market in its shares.

### Investment progress

The Company's investment portfolio continues to progress. Some £4.6 million was invested or committed for investment into new and existing asset based investee companies. The biggest investment was an investment and commitment to invest a total of £3.2 million in Sky Hotel Heathrow Limited to purchase The Stanwell Hall Hotel, a 19 bedroom hotel close to Heathrow's Terminal Five and to extend it to 50 bedrooms. We also disposed of our investment in The Bold Pub Company Limited, realising a profit of £589,000 on the investment of £1.39 million in addition to a running yield of over 10% on funds invested.

Our existing investment portfolio continues to trade well with further improvements in the performance of our hotels, and the build up of membership in our health and fitness club investments. Our residential development investments, however, have seen sales slow in line with the general housing market, which in turn has resulted in a decline in income over the period.

### Risks and uncertainties

As required under the new Listing Rules under which your Company operates, we are required to comment on the potential risks and uncertainties which could have a material impact on the Company's performance over the remaining six months of the financial period. The key risk is the outlook for the UK economy which, while currently still growing, could be affected by the current unease in the wholesale financial and housing markets. While this could give rise to additional investment opportunities for a cash rich fund like ourselves, a downturn could affect existing investee companies and make it harder for the Manager to assess the prospects of new investment opportunities, as well as potentially affecting asset values.

### Results and Dividends

As at 30 September 2007, the net asset value was £41.6 million or 116.0 pence per Share compared to £43.1 million or 120.17 pence per share as at 31 March 2007. Revenue return before taxation was £992,000 for the period compared to £1.2 million for the six months to 30 September 2006, the reduction being due principally to the slow down in residential sales referred to above. The Board now declares a second dividend of 5 pence per Share, of which 2.5 pence is from revenue reserves and 2.5 pence from realised capital reserves. The dividend will be paid on 4 January 2008 to shareholders on the register on 7 December 2007. This is in line with the Board's policy of paying out a dividend of 10 pence per share per annum for the foreseeable future, subject to the availability of realised capital and revenue reserves.

David Watkins  
Chairman

27 November 2007



**INVESTMENT PORTFOLIO SUMMARY**

A summary of the Company's qualifying investments as at 30 September 2007 is set out below:

	Investment at cost £'000	Cumulative movement in carrying/fair value <sup>(i)</sup> £'000	Total carrying/fair value £'000
<b>Hotels</b>			
Kew Green VCT (Stansted) Limited	5,000	4,335	9,335
The Crown Hotel Harrogate Limited	2,900	(458)	2,442
The Bear Hungerford Limited	2,088	(484)	1,604
The Place Sandwich VCT Limited	1,250	24	1,274
Sky Hotel Heathrow Limited	1,000	8	1,008
Churchill Taverns (Hotel) VCT Limited	850	23	873
The Rutland Pub Company (Hotels) Limited	1,138	(267)	871
<b>Total investment in the hotel sector</b>	<b>14,226</b>	<b>3,181</b>	<b>17,407</b>
<b>Leisure</b>			
City Screen (Cambridge) Limited	1,210	470	1,680
The Weybridge Club Limited	1,330	101	1,431
Kensington Health Club Limited	1,100	19	1,119
CS (Greenwich) Limited	1,005	(88)	917
Churchill Taverns VCT Limited	455	38	493
Bravo Inns Limited	450	(1)	449
Tower Bridge Health Club Limited	344	70	414
City Screen (Liverpool) Limited	200	113	313
Premier Leisure (Suffolk) Limited	380	(84)	296
CS (Brixton) Limited	250	16	266
The Pelican Inn Limited (formerly The Independent Pub Company (VCT) Limited)	359	(122)	237
GB Pub Company Limited	240	(49)	191
The Dunedin Pub Company VCT Limited	215	(34)	181
Novello Limited (formerly The Independent Beer Company Limited)	184	(61)	123
The Rutland Pub Company Limited	160	(41)	119
CS (Exeter) Limited	100	7	107
River Bourne Limited	70	2	72
CS (Norwich) Limited	50	–	50
<b>Total investment in the leisure sector</b>	<b>8,102</b>	<b>356</b>	<b>8,458</b>
<b>Residential property development</b>			
Country and Metropolitan VCT Limited	3,000	–	3,000
Prime VCT Limited	2,200	(100)	2,100
Chase Midland VCT Limited	1,600	–	1,600
Youngs VCT Limited	1,200	–	1,200
<b>Total investment in the residential property development sector</b>	<b>8,000</b>	<b>(100)</b>	<b>7,900</b>
<b>Total qualifying investments</b>	<b>30,328</b>	<b>3,437</b>	<b>33,765</b>

(i) Included in this movement is capital appreciation of equity instruments of £3,069,000 and movement in carrying value of loans and receivables of £368,000.



**INVESTMENT PORTFOLIO SUMMARY (continued)**

A summary of the Company's non-qualifying investments at 30 September 2007 is set out below:

	<b>Investment at cost £'000</b>	<b>Cumulative movement in carrying/fair value £'000</b>	<b>Total carrying/fair value £'000</b>
<b>Non-qualifying investments</b>			
Nationwide Building Society FRN 7 June 2010	1,497	-	1,497
<b>Total non-qualifying investments</b>	<b>1,497</b>	<b>-</b>	<b>1,497</b>



## RESPONSIBILITY STATEMENT

The Directors have chosen to prepare this Half-yearly Financial Report for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”).

In preparing these summarised financial statements for the period to 30 September 2007, we the Directors, confirm that to the best of our knowledge:

- (a) the summarised set of financial statements has been prepared in accordance with pronouncements on interim reporting issued by Accounting Standards Board;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of financial statements give a true and fair view in accordance with UK GAAP of the state of affairs of the Company and of the profit and loss of the Company for that period and comply with UK GAAP and Companies Act 1985; and
- (d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

This Half-yearly Financial Report has not been audited nor reviewed by the auditors.

By order of the Board

A handwritten signature in black ink that reads "David Watkins".

**David Watkins**

Chairman

27 November 2007



SUMMARY INCOME STATEMENT

	Notes	Unaudited Six months to 30 September 2007			Unaudited Six months to 30 September 2006			Audited Year to 31 March 2007		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	(125)	(125)	–	1,548	1,548	–	3,374	3,374
Investment income	4	1,266	–	1,266	1,433	–	1,433	2,997	–	2,997
Investment management fees		(131)	(393)	(524)	(117)	(351)	(468)	(232)	(678)	(910)
Other expenses		(143)	–	(143)	(116)	–	(116)	(220)	–	(220)
<b>Return/(loss) on ordinary activities before tax</b>		<b>992</b>	<b>(518)</b>	<b>474</b>	<b>1,200</b>	<b>1,197</b>	<b>2,397</b>	<b>2,545</b>	<b>2,696</b>	<b>5,241</b>
Tax (charge)/credit on ordinary activities	5	(297)	118	(179)	(359)	105	(254)	(535)	203	(332)
<b>Return/(loss) attributable to shareholders</b>		<b>695</b>	<b>(400)</b>	<b>295</b>	<b>841</b>	<b>1,302</b>	<b>2,143</b>	<b>2,010</b>	<b>2,899</b>	<b>4,909</b>
<b>Basic and diluted return/(loss) per share (pence)</b>	7	<b>1.9</b>	<b>(1.1)</b>	<b>0.8</b>	<b>2.4</b>	<b>3.6</b>	<b>6.0</b>	<b>5.6</b>	<b>8.1</b>	<b>13.7</b>

The accompanying notes are an integral part of this Half-yearly Financial Report.

The total column of this Summary Income Statement represents the profit and loss account of the Company.

All of the Company's activities derive from continuing operations.

The Company has no recognised gains or losses other than those disclosed above. Accordingly a statement of total recognised gains and losses is not required.

Comparative figures have been extracted from the interim accounts for the period ended 30 September 2006 and the statutory accounts for the year ended 31 March 2007.



## SUMMARY BALANCE SHEET

		Unaudited 30 September 2007 £'000	Unaudited 30 September 2006 £'000	Audited 31 March 2007 £'000
<b>Fixed asset investments</b>				
Qualifying investments		33,765	35,918	32,264
Non-qualifying investments		1,497	2	–
<b>Total fixed asset investments</b>	9	<b>35,262</b>	35,920	32,264
<b>Current assets</b>				
Debtors		98	138	180
Cash at bank	12	6,793	6,601	11,066
		<b>6,891</b>	6,739	11,246
<b>Creditors: amounts falling due within one year</b>		<b>(536)</b>	(515)	(394)
<b>Net current assets</b>		<b>6,355</b>	6,224	10,852
<b>Total assets less current liabilities</b>		<b>41,617</b>	42,144	43,116
<b>Capital and reserves</b>				
Called up share capital	11	17,939	17,939	17,939
Special reserve		14,110	14,110	14,110
Capital redemption reserve		1,914	1,914	1,914
Realised capital reserve		3,210	2,135	4,021
Unrealised capital reserve		3,018	4,923	3,737
Revenue reserve		1,426	1,123	1,395
<b>Total equity shareholders' funds</b>		<b>41,617</b>	42,144	43,116
<b>Net asset value per share (pence)</b>		<b>116.0</b>	117.5	120.2

Comparative figures have been extracted from the interim accounts for the period ended 30 September 2006 and the statutory accounts for the year ended 31 March 2007.

The half-yearly financial information on pages 8 to 18 was approved by the Board of Directors on 27 November 2007.

Signed on behalf of the Board of Directors by

**David Watkins**  
Chairman



**SUMMARY (UNAUDITED) RECONCILIATION OF MOVEMENTS  
IN SHAREHOLDERS' FUNDS**

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2007	17,939	14,110	1,914	4,021	3,737	1,395	43,116
Net realised gains on investments in the period	–	–	–	594	–	–	594
Capitalised investment management and performance fees	–	–	–	(393)	–	–	(393)
Tax relief on costs charged to capital	–	–	–	118	–	–	118
Movement in unrealised appreciation	–	–	–	–	(719)	–	(719)
Revenue return attributable to shareholders	–	–	–	–	–	695	695
Dividends	–	–	–	(1,130)	–	(664)	(1,794)
<b>As at 30 September 2007</b>	<b>17,939</b>	<b>14,110</b>	<b>1,914</b>	<b>3,210</b>	<b>3,018</b>	<b>1,426</b>	<b>41,617</b>
As at 31 March 2006	17,939	14,110	1,914	2,204	4,449	1,179	41,795
Net realised gains on investments in the period	–	–	–	1,074	–	–	1,074
Capitalised investment management and performance fees	–	–	–	(351)	–	–	(351)
Tax relief on costs charged to capital	–	–	–	105	–	–	105
Movement in unrealised appreciation	–	–	–	–	474	–	474
Revenue return attributable to shareholders	–	–	–	–	–	841	841
Dividends	–	–	–	(897)	–	(897)	(1,794)
<b>As at 30 September 2006</b>	<b>17,939</b>	<b>14,110</b>	<b>1,914</b>	<b>2,135</b>	<b>4,923</b>	<b>1,123</b>	<b>42,144</b>



**SUMMARY (UNAUDITED) RECONCILIATION OF MOVEMENTS  
IN SHAREHOLDERS' FUNDS (continued)**

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2006	17,939	14,110	1,914	2,204	4,449	1,179	41,795
Net realised gains on investments in the period	-	-	-	4,086	-	-	4,086
Capitalised investment management and performance fees	-	-	-	(678)	-	-	(678)
Tax relief on costs charged to capital	-	-	-	203	-	-	203
Movement in unrealised appreciation	-	-	-	-	(712)	-	(712)
Revenue return attributable to shareholders	-	-	-	-	-	2,010	2,010
Dividends	-	-	-	(1,794)	-	(1,794)	(3,588)
<b>As at 31 March 2007</b>	<b>17,939</b>	<b>14,110</b>	<b>1,914</b>	<b>4,021</b>	<b>3,737</b>	<b>1,395</b>	<b>43,116</b>



SUMMARY CASH FLOW STATEMENT

		Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
	Notes			
<b>Operating activities</b>				
Investment income		917	1,079	2,410
Dividend income		–	4	4
Interest		230	167	302
Investment management fees paid		(537)	(399)	(798)
Administrative expenses paid		(125)	(155)	(235)
<b>Net cash inflow from operating activities</b>	13	<b>485</b>	696	1,683
<b>Taxation</b>				
UK corporation tax credit/(paid)		64	(170)	(447)
VAT paid		(13)	(3)	–
<b>Capital expenditure and financial investment</b>				
Purchase of investments		(4,994)	(3,255)	(5,343)
Disposal of investments		1,979	5,285	12,919
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(3,015)</b>	2,030	7,576
<b>Equity dividends paid</b>				
Dividends paid on Ordinary shares		(1,794)	(1,794)	(3,588)
<b>(Decrease)/increase in cash</b>	12	<b>(4,273)</b>	759	5,224



## NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS for the six months to 30 September 2007

### 1. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” (“SORP”) issued by the Association of Investment Trust Companies (“AITC”) in January 2003 and revised in December 2005.

#### True and fair override

The Company is no longer an investment company within the meaning of s266 of the Companies Act 1985. However, it conducts its affairs as a venture capital trust for taxation purposes under s842AA of the Income and Corporation Taxes Act 1988.

The absence of Section 266 status does not preclude the Company from presenting its accounts in accordance with the AITC’s SORP and furthermore the Directors consider it appropriate to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the Company is presented in an Income Statement in which the total column is the profit and loss account of the Company.

In the opinion of the Directors the presentation adopted enables the Company to report in a manner consistent with the sector within which it operates. The Directors therefore consider that these departures from the specific provisions of Schedule 4 of the Companies Act relating to the form and content of accounts for companies other than investment companies and these departures from accounting standards are necessary to give a true and fair view. The departures have no effect on the total return or balance sheet.

### 2. Accounting policies

The accounting policies used in this Half-yearly Financial Report are consistent with the accounting policies adopted at the year end.

The principal accounting policies are described below.

#### Investments

In accordance with FRS 26 “Financial Instruments Measurement”, equity investments are designated as fair value through profit or loss (“FVTPL”). The total column of the Income Statement represents the Company’s profit and loss account. Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments’ fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income Statement in accordance with the AITC SORP.

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method (“EIR”). Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income Statement and movements in respect of capital provisions are reflected in the capital column of the Income Statement. Loan stock accrued interest is recognised in the Balance Sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

It is not the Company’s policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9 “Associates and joint ventures”, those undertakings in which the Company holds more than 20% of the equity are not regarded as associated undertakings.



## NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### **Investment income**

Dividends receivable on equity investments are taken to revenue on an ex-dividend basis. Fixed returns on debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument.

#### **Investment management fees and other expenses**

All expenses have been accounted for on an accruals basis. Expenses are charged through the Income Statement except the following which are charged through the realised capital reserve:

- 75% of Management fees and performance fees, net of corporation tax is allocated to the capital account, to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75% of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

#### **Debtors and creditors**

- Debtors are non-interest bearing and are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Directors consider that the carrying amount of debtors approximates their fair value.
- Taxation and creditors are non-interest bearing and are stated at their nominal value. The Directors consider that the carrying amount of creditors approximates their fair value.

#### **Taxation**

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", 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. 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. The specific nature of taxation of venture capital trusts mean that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

#### **Reserves**

##### ***Realised capital reserve***

The following are disclosed in this reserve:

- gains and losses on the realisation of investments;
- dividends paid; and
- capitalised management and performance fees together with the related taxation effect, charged in accordance with the above policies.

##### ***Unrealised capital reserve***

Increases and decreases in the valuation of investments held at the end of the accounting period are accounted for in this reserve.

##### ***Special reserve***

This reserve is distributable and is primarily used for the cancellation of the Company's share capital.



NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS  
(continued)

2. Accounting policies (continued)

Dividends

In accordance with FRS 21 "Events after the balance sheet date", interim dividends are not accounted for until paid, and final dividends are accounted for when approved by shareholders at an annual general meeting.

3. (Losses)/gains on investments

	Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Realised gains	594	1,074	4,111
Unrealised (losses)/gains	(719)	474	(712)
Costs of disposal	—	—	(25)
<b>Total</b>	<b>(125)</b>	<b>1,548</b>	<b>3,374</b>

4. Investment Income

	Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Dividend income	—	4	5
Loan stock income	965	1,207	2,546
Bank deposit interest	224	176	318
FRN interest	10	—	—
Other income	67	46	128
<b>Total income</b>	<b>1,266</b>	<b>1,433</b>	<b>2,997</b>

5. Tax (charge)/credit on ordinary activities

The tax charge for the half-year is £179,420 (30 September 2006: £254,000) based on an estimated effective tax rate of 30% for the year ending 31 March 2008.



NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS  
(continued)

6. Dividends

The amounts recognised as distributions to equity shareholders in the period were as follows:

	Unaudited Six months to 30 September 2007			Unaudited Six months to 30 September 2006			Audited Year end 31 March 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend of 5 pence per share paid on 5 April 2007	664	1,130	1,794	-	-	-	-	-	-
Second dividend of 5 pence per share paid on 5 January 2007	-	-	-	-	-	-	897	897	1,794
Dividend of 5 pence per share paid on 4 August 2006	-	-	-	897	897	1,794	897	897	1,794
	<u>664</u>	<u>1,130</u>	<u>1,794</u>	<u>897</u>	<u>897</u>	<u>1,794</u>	<u>1,794</u>	<u>1,794</u>	<u>3,588</u>

The Board has approved the second dividend of 5 pence per Ordinary Share (2.5 pence revenue and 2.5 pence capital), amounting to £1,793,911 (2006: 5 pence per share or £1,793,911) which will be paid on 4 January 2008 to shareholders registered on 7 December 2007.

7. Basic and diluted return per share

Return per share has been calculated on 35,878,228 Ordinary Shares (2006: 35,878,228), being the weighted number of shares in issue for the period. There are no convertible instruments, derivatives or contingent share agreements in issue for Close Brothers Venture Capital Trust PLC hence there are no dilution effects to the return per share. The basic return per share is therefore the same as the diluted return per share.

8. Management fee and performance incentive fee

A change to the calculation of the management fee and performance incentive fee was approved by shareholders at the Annual General Meeting on 6 August 2007 and became effective from 1 April 2007.

9. Fixed Asset Investments

As at 30 September 2007, investments held at fair value through profit or loss account total £14,629,000 (30 September 2006: £14,418,000) and investments held at amortised cost total £20,633,000 (30 September 2006: £21,503,000).

10. Contingencies, guarantees and financial commitments

As at 30 September 2007 the Company has granted a debenture to the Royal Bank of Scotland plc, the current amount outstanding is £nil. The Company has also given two guarantees to The Royal Bank of Scotland plc and National Westminster Bank plc secured on deposit bank accounts. As at 30 September 2007, the maximum exposure under these guarantees amounted to £nil (30 September 2006: £500,000 to National Westminster Bank plc).



NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS  
(continued)

11. Called up share capital

	Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
<b>Authorised</b>			
68,000,000 shares of 50p each (2006: 68,000,000)	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
<b>Allotted, called up and fully paid</b>			
35,878,228 shares of 50p each (2006: 35,878,228)	<u>17,939</u>	<u>17,939</u>	<u>17,939</u>

12. Analysis of change in cash during the period

	Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Opening cash balances	11,066	5,842	5,842
Net cash (outflow)/inflow	<u>(4,273)</u>	<u>759</u>	<u>5,224</u>
<b>Closing cash balances</b>	<u>6,793</u>	<u>6,601</u>	<u>11,066</u>

13. Reconciliation of return on ordinary activities before tax to net cash inflow from operating activities

	Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year ended 31 March 2007 £'000
Revenue return before tax	992	1,200	2,545
Investment management fees charged to capital	(393)	(299)	(585)
Performance incentive fees charged to capital	–	(52)	(93)
(Increase) in operating debtors	(76)	(219)	(278)
(Decrease)/increase in operating creditors	<u>(38)</u>	<u>66</u>	<u>94</u>
<b>Net cash inflow from operating activities</b>	<u>485</u>	<u>696</u>	<u>1,683</u>

14. Related party transactions

Close Ventures Limited, as Manager of the Company is considered to be a related party by virtue of its management contract with the Company. During the half-year, services of a total value of £524,000 (30 September 2006: £468,000) were purchased by the Company from Close Ventures Limited. At 30 September 2007, the amount due to Close Ventures Limited disclosed under creditors was £255,262.



## NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS (continued)

### 15. Other information

The information set out in this Half-yearly Financial Report does not constitute statutory accounts within the terms of section 240 of the Companies Act 1985 for the six months to 30 September 2007 and 30 September 2006, and are unaudited. The information for the year ended 31 March 2007 does not constitute statutory accounts within the terms of section 240 of the Companies Act 1985 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

### 16. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available electronically to the public at [www.closeventures.co.uk](http://www.closeventures.co.uk), and on the London Stock Exchange RNS service. The Half-yearly Financial Report will also be made available to the public at the registered office of the Company and at Companies House.





**Close Brothers Venture Capital Trust PLC**