CLOSE BROTHERS

PROTECTED

VCT

PLC

Interim Report
for the six months to
30 September 2005

Interim Report
for the six months to
30 September 2005
(Unaudited)

CONTENTS

DIRECTORS AND ADMINISTRATION

Directors	D M Bralsford MSc, FCA, FCT, Chairman
	G W Pitman MA, FCA, ACMA
	C Holdsworth Hunt MSI
	P H Reeve MA, ACA
Investment Manager	Close Venture Management Limited 4 Crown Place London EC2A 4BT Tel: 020 7422 7830
Secretary and registered office	Close Venture Management Limited 10 Crown Place London EC2A 4FT
Registrar	Capita Registrars plc The Registry 34 Beckenham Road Kent BR3 4TU 0870 162 3100
Independent reporting accountants	Deloitte & Touche LLP Chartered Accountants London
Taxation adviser	Ernst & Young LLP 1 More London Place London SE1 2AF
Custodians	RBSI Custody Bank Ltd Liberte House 19-23 La Motte Street St Helier Jersey JE4 5RL
	Capita Trust Company Ltd Guildhall House 81-87 Gresham Street London EC2V 7QE
Company number	03265074

INVESTMENT OBJECTIVES

Close Brothers Protected VCT PLC commenced trading in April 1997. The Company's investment strategy has been designed to meet the requirements of investors who seek to protect the capital value of their investment whilst still providing an attractive level of return. Following shareholders' approval to change the Company's investment policy, the investments made by Close Brothers Protected VCT PLC are now largely invested in asset based investments. These comprise investments principally in the hotel, care home, leisure and residential development sectors, comprising a mixture of equity and loan stock, with the loan stock normally holding a first charge over freehold or long leasehold property. In addition, the Company retains some residual investments in companies quoted on AIM, which are in the process of being disposed of over the next two years.

Summary of dividends and net asset value as at 30 September 2005*:

	Pence per share
Gross dividends paid during the period ended 31 March 1998	1.10
Gross dividends paid during the year ended 31 March 1999	6.40
Net dividend paid during the year ended 31 March 2000	1.50
Net dividend paid during the year ended 31 March 2001	4.25
Net dividend paid during the year ended 31 March 2002	2.75
Net dividend paid during the year ended 31 March 2003	2.00
Net dividend paid during the year ended 31 March 2004	1.25
Net dividend paid during the year ended 31 March 2005	2.20
Net dividend paid during the period ended 30 September 2005	1.50
Total dividends	**22.95**
Net asset value at 30 September 2005	**91.50**
Total	**114.45**

* The change in presentation of the above table in comparison to prior periods reflects the adoption of FRS 21 which requires only approved dividends to be recognised in each period. See note 3 for further explanation.

Note 1: following the cessation of tax credits on 5 April 1999, dividends paid by VCTs no longer benefit from tax credits.

Note 2: the above table does not take into account the income tax relief of 20% or the capital gains tax deferral relief of 40% upon subscription for shares in the Company.

CHAIRMAN'S STATEMENT

The Board is pleased to announce that the process of transformation of the Company's investment portfolio continues according to plan with asset-based investments accounting for 62.5% of the Company's net assets at 30 September 2005. This in turn has led to a continued enhancement in the overall level of income from the investment portfolio, resulting in an increase in revenue profits before tax of 55% over the same period last year. The Board has therefore declared an interim dividend of 1.8 pence per share, a 50% increase on the level of 1.2 pence per share for the 6 months to 30 September 2004. The dividend will be paid on 24 January 2006 to shareholders on the register on 23 December 2005.

The current financial period is a transition period for the introduction of new Financial Reporting Standards (FRS), which have been issued by the Accounting Standards Board to begin the process of converging UK standards with International Accounting Standards. The main impact has been to change the way that dividends and investments are recognised in the accounts. The comparative historic figures in this report have been restated to reflect these accounting changes. More details are shown in note 3 to the Interim Report.

It is the Company's intention to declare a second interim dividend in March 2006 payable in April 2006 in place of a final dividend for the year.

The performance of the asset-based portfolio overall continues to be encouraging, including a strong performance from the Express by Holiday Inn at Stansted Airport, where a further £1,000,000 was invested, as previously scheduled. Key other new investments made during the period included a further £220,000 in three pub companies, including The Bold Pub Company to expand its strong performing portfolio of freehold public houses in the north west of England and £160,000 in two freehold cinemas in Exeter and Brixton, London. Since 30 September 2005, a further £1.65 million has been invested in asset-based investments, taking the total asset-based investments up to 69% of the Company's net assets at 30 September 2005.

The Company's AIM portfolio continues to be wound down in a gradual and controlled manner; four investments were sold during the period realising proceeds of £554,000 and a capital gain of £230,000.

The following table shows how the profile of the Company's investments have changed over the 12 months to 30 September 2005:

Investments by value	**30 September 2005 £'000**	**31 March 2005 £'000**	**30 September 2004 £'000**
Qualifying loan investments guaranteed by RBS	**–**	–	1,552
Qualifying AIM investments	**3,427**	3,749	4,798
Qualifying asset based investments	**13,945**	12,435	8,765
Cash and other non-qualifying investments	**5,397**	6,540	6,398
Total	**22,769**	22,724	21,513

CHAIRMAN'S STATEMENT
(continued)

As at 30 September 2005 the net assets of the Company were £22.4 million, or 91.5 pence per share, compared to restated net assets as at 31 March 2005 of £22.5 million, or 92.1 pence per share, and restated net assets as at 30 September 2004 of £21.4 million, or 87.5 pence per share. The net revenue income before taxation amounted to £625,000 (2004: £402,000).

C Holdsworth Hunt
Director

9 December 2005

PORTFOLIO OF INVESTMENTS

	Investment at cost £'000	Movement in carrying value £'000	Carrying/fair value at 30 September 2005 £'000
Qualifying asset-based investments:			
Investee company			
Hotels			
Kew Green VCT (Stansted) Ltd	3,000	657	3,657
The Bear Hungerford Ltd	950	2	952
The Place Sandwich Ltd	550	2	552
Care Homes			
Applecroft Care Home Ltd	1,925	92	2,017
Barleycroft Care Home Ltd	2,275	19	2,294
Leisure			
City Screen (Liverpool) Ltd	250	(27)	223
The Bold Pub Company Ltd	990	48	1,038
Churchill Taverns VCT Ltd	100	1	101
CS (Greenwich) Ltd	370	8	378
GB Pub Company Ltd	90	1	91
The Independent Beer Company Ltd	70	1	71
CS (Brixton) Ltd	115	–	115
CS (Exeter) Ltd	45	–	45
Residential Development			
Maplecroft VCT Ltd	638	(102)	536
Youngs VCT Ltd	1,000	–	1,000
Wickenhall Mill VCT Ltd	875	(1)	874
Total qualifying asset-based	**13,243**	**701**	**13,944**

PORTFOLIO OF INVESTMENTS
(continued)

	Investment at cost £'000	Movement in carrying value £'000	Carrying/fair value at 30 September 2005 £'000
Qualifying AIM investment portfolio (top 5 investments by value)			
Inter Link Foods PLC	95	415	510
Bond International Software PLC	251	230	481
Pilat Media Global PLC	313	96	409
Maclellan Group PLC	183	196	379
Intelligent Environments Group PLC	270	–	270
19 other qualifying AIM holdings	4,269	(2,890)	1,379
Total qualifying investments	**18,624**	**(1,252)**	**17,372**
Non-qualifying asset-based investments:			
The Independent Pub Company (VCT) Ltd	200	(35)	165
Non-qualifying AIM investments	22	–	22
Other non-qualifying investments	1,655	4	1,659
Total non-qualifying investments	**1,877**	**(31)**	**1,846**
Total investments	**20,501**	**(1,283)**	**19,218**

INDEPENDENT REVIEW REPORT
to Close Brothers Protected VCT PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 September 2005, which comprises the Statement of Total Return, the Balance Sheet, the Cash Flow Statement and related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom auditing standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

Deloitte & Touche LLP
Chartered Accountants
London

9 December 2005

Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

STATEMENT OF TOTAL RETURN (Unaudited)
for the six months to 30 September 2005

	Notes	Six months to 30 September 2005 Revenue £'000	Six months to 30 September 2005 Capital £'000	Six months to 30 September 2005 Total £'000	Restated* Six months to 30 September 2004 Revenue £'000	Restated* Six months to 30 September 2004 Capital £'000	Restated* Six months to 30 September 2004 Total £'000	Restated* Year to 31 March 2005 Revenue £'000	Restated* Year to 31 March 2005 Capital £'000	Restated* Year to 31 March 2005 Total £'000
(Losses)/gains on investments	4	**–**	**(110)**	**(110)**	–	(1,086)	(1,086)	–	72	72
Investment income	5	**768**	**–**	**768**	522	–	522	1,115	–	1,115
Investment management fee	6	**(60)**	**(179)**	**(239)**	(42)	(125)	(167)	(88)	(264)	(352)
Other expenses		**(83)**	**–**	**(83)**	(78)	–	(78)	(166)	–	(166)
Return/(loss) on ordinary activities before tax		**625**	**(289)**	**336**	402	(1,211)	(809)	861	(192)	669
Tax (charge)/credit on ordinary activities	7	**(175)**	**59**	**(116)**	(100)	40	(60)	(217)	85	(132)
Return/(loss) attributable to equity shareholders		**450**	**(230)**	**220**	302	(1,171)	(869)	644	(107)	537
Amounts recognised as distributions to equity shareholders in the period		**(367)**	**–**	**(367)**	(245)	–	(245)	(538)	–	(538)
Transfer to/(from) reserves		**83**	**(230)**	**(147)**	57	(1,171)	(1,114)	106	(107)	(1)
Basic and diluted return/(loss) per share (pence)	9	**1.8**	**(0.9)**	**0.9**	1.2	(4.8)	(3.6)	2.6	(0.4)	2.2

* Comparative figures have been extracted from the unaudited interim accounts for the period ended 30 September 2004 and the statutory accounts for the year ended 31 March 2005 and have been restated in accordance with FRS 21 in respect of declared dividends and FRS 26 in respect of accrued interest on loan and receivables as disclosed in notes 2 and 3 to the Interim Results.

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

All revenue and capital items in the above statement derive from continuing operations

No operations were acquired or discontinued during the period.

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

BALANCE SHEET (Unaudited)
as at 30 September 2005

	Notes	Six months to 30 September 2005 £'000	Restated* Six months to 30 September 2004 £'000	Restated* Year to 31 March 2005 £'000
Fixed asset investments				
Qualifying investments		**17,372**	15,115	16,184
Non-qualifying investments		**1,846**	1,668	1,990
Total fixed asset investments	2	**19,218**	16,783	18,174
Current assets				
Debtors and accrued income		**18**	43	40
Cash at bank and in hand		**3,551**	4,730	4,550
		3,569	4,773	4,590
Creditors: amounts falling due within one year		**(422)**	(158)	(252)
Net current assets		**3,147**	4,615	4,338
Total assets less current liabilities		**22,365**	21,398	22,512
Capital and reserves				
Called up share capital		**12,222**	12,222	12,222
Special reserve		**9,647**	9,647	9,647
Capital redemption reserve		**1,716**	1,716	1,716
Realised capital reserve		**(301)**	(590)	(411)
Unrealised capital reserve		**(1,405)**	(1,950)	(1,065)
Revenue reserve		**486**	353	403
Total equity shareholders' funds		**22,365**	21,398	22,512
Net asset value per share (pence)		**91.5**	87.5	92.1

* Comparative figures have been extracted from the unaudited interim accounts for the period ended 30 September 2004 and the statutory accounts for the year ended 31 March 2005 and have been restated in accordance with FRS 21 in respect of declared dividends and FRS 26 in respect of accrued interest on loan and receivables as disclosed in notes 2 and 3 to the Interim Results.

The interim information on pages 9 to 15 was approved by the Board of Directors on 9 December 2005.

Signed on behalf of the Board of Directors by

C Holdsworth Hunt
Director

CASH FLOW STATEMENT
for the six months to 30 September 2005

	Unaudited Six months to 30 September 2005 £'000	Unaudited Six months to 30 September 2004 £'000	Audited Year to 31 March 2005 £'000
Operating activities			
Investment income received	**643**	442	911
Deposit income received	**83**	102	216
Other income received	**2**	22	–
Investment management fees paid	**(218)**	(211)	(360)
Other cash payments	**(76)**	(99)	(143)
Net cash inflow from operating activities	**434**	256	624
Taxation			
UK corporation tax repaid/(paid)	**35**	(8)	(70)
Capital expenditure and financial investment			
Purchase of qualifying investments	**(1,655)**	(5,314)	(8,766)
Proceeds from disposal of qualifying investments	**554**	4,978	8,241
Net cash inflow from investing activities	**(1,101)**	(336)	(525)
Equity dividends paid			
Revenue dividends paid on ordinary shares	**(367)**	(247)	(544)
Net cash outflow before financing	**(999)**	(335)	(515)
Financing			
Purchase of shares net of expenses	–	(47)	(47)
Net cash outflow from financing	–	(47)	(47)
Decrease in cash in the period	**(999)**	(382)	(562)

NOTES TO THE INTERIM RESULTS
for the six months to 30 September 2005

1. Accounting convention

The financial statements are prepared in accordance with applicable 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.

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain investments.

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 trust is presented in a statement of total return in which the total column is the profit and loss account of the Company. Since the Company is no longer an investment company, the revenue column excludes certain capital items which the Companies Act 1985 would ordinarily require to be included in the profit and loss account; net profits on disposal of investments, calculated by reference to their previous carrying amount, permanent diminution in value of investments, management expenses charged to capital less tax relief thereon and the distribution of capital profits.

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 financial statements are prepared in accordance with applicable UK Accounting Standards. The particular accounting policies adopted are described below.

Change in accounting policies

Accounting policies consistent with revised UK GAAP, and specifically with Financial Reporting Standards (FRS) 21-26 which have been issued by the Accounting Standards Board to begin the process of converging UK standards with International Financial Reporting Standards (IFRS), have been applied with effect from 1 April 2005. The effects of the relevant accounting policies are disclosed in the respective notes below, and restatement of the comparative figures are detailed in note 3.

Investments

In accordance with FRS 26, equity investments are designated as fair value through profit or loss account (FVTPL). Investments listed on recognised exchanges are stated at market value based upon the bid price at the end of the accounting period. Unquoted investments' fair value is determined by the directors in accordance with the British Venture Capital Association (BVCA) guidelines. Movements in valuation of equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Statement of Total Return for the period.

Loan stock is designated as loans and receivables in accordance with FRS 26 and valued at amortised cost less impairments. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Statement of Total Return and movements in respect of capital provisions are reflected in the capital column of the Statement of Total Return for the period. 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 the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

NOTES TO THE INTERIM RESULTS
(continued)

Investment income
Dividend income is recognised when an investment is quoted ex-dividend. Fixed returns on non-equity shares or 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 revenue account except as follows:

- Management fee expenses, 75% of which are charged through the capital account; and
- Expenses which are incidental to the purchase or disposal of an investment are charged through the capital account.

Issue costs
Issue costs associated with the allotment of Ordinary share capital have been deducted from the share premium account in accordance with FRS 4.

Taxation
Taxation is applied on a current basis in accordance with FRS 16. Taxation associated to capital expenses is applied in accordance with the SORP. In accordance with FRS 19, 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.

Reserves
Capital reserves - realised
The following are taken to this reserve:

(i) Gains and losses on the realisation of investments; and

(ii) Expenses, together with the related taxation effect, charged in accordance with the above policies.

Capital reserves - unrealised
The following are taken to this reserve:

(i) Increases and decreases in the valuation of investments held at the period end.

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

Dividends
In accordance with FRS 21, dividends paid by the Company are accounted for in the period in which the dividend has been approved. Comparative figures for the previous year have been restated as detailed in note 3.

3. Adjustment to revenue reserves as at 31 March 2005 and 30 September 2004
In accordance with FRS 21 'Events after the balance sheet date', comparatives for revenue reserves at 31 March 2005 have been restated in recognition of a change in accounting policy.

The effect of the above change as at 31 March 2005 and 30 September 2004 is a decrease in the distribution liability as a result of the de-recognition of proposed dividends thereon and an increase in the revenue reserves of the interim period only.

NOTES TO THE INTERIM RESULTS
(continued)

A reconciliation of reserves incorporating the restatements required by the adoption of the FRS 21 is illustrated below:

Reconciliation of revenue reserves

	31 March 2005 £'000	30 September 2004 £'000
Revenue reserves previously reported at period end	**36**	60
Adjustment as required by adoption of FRS 21 – change in recognition for dividends	**367**	293
Revenue reserve at period end restated	**403**	353

4. (Losses)/gains on investments

	Six months to 30 September 2005 £'000	Six months to 30 September 2004 £'000
Realised gains	**230**	50
Unrealised losses	**(340)**	(1,136)
	(110)	(1,086)

5. Investment income

	Six months to 30 September 2005 £'000	Six months to 30 September 2004 £'000
Interest from investments		
Qualifying investments	**609**	394
Non-qualifying investments	**77**	24
Bank deposit interest	**82**	104
	768	522

6. Investment management fees

	Six months to 30 September 2005			Six months to 30 September 2004		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	**60**	**179**	**239**	42	125	167

At the AGM on 28 February 2005, shareholders voted in favour of amending the basis on which the investment management fee is charged. The previous basis as prescribed in the Directors Report of the statutory accounts to 31 March 2005 has, from 1 April 2005, been replaced by a flat charge of 1.8% of total investments plus cash, calculated on a monthly basis. The allocation of the fee between capital and revenue remains unchanged at 75% and 25% respectively.

NOTES TO THE INTERIM RESULTS
(continued)

7. Tax (charge)/credit on ordinary activities

	Six months to 30 September 2005			Six months to 30 September 2004		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Interest from investments						
UK Corporation tax at 30%	**116**	**–**	**116**	60	–	60
Tax attributable to capital expenses	**59**	**(59)**	**–**	40	(40)	–
	175	**(59)**	**116**	100	(40)	60

Notes
(i) Venture Capital Trusts are not subject to corporation tax upon any capital gains.
(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to all expenses by reference to the applicable corporation tax rate of 30% and allocating the relief between revenue and capital in accordance with the SORP.
(iii) No deferred tax on any asset or liability has arisen in the period.
(iv) Tax is provided at the current rate of 30%.

8. Dividends

The Board has approved an interim dividend of 1.8 pence per share to be paid on 24 January 2006 to shareholders on the register on 23 December 2005.

9. Basic and diluted return per share

The revenue return per share is based on the net revenue on ordinary activities after taxation but before deduction of dividends of £450,000 (2004: £302,000) in respect of 24,443,063 shares (2004: 24,475,194 shares), being the weighted average number of shares in issue during the six months. The capital loss per share is based on a net capital loss for the period of £230,000 (2004: £1,171,000 loss) in respect of the same weighted average number of shares in issue over the six months.

There are no convertible instruments, derivatives or contingent share agreements in issue for Close Brothers Protected VCT 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.

10. Other information

The financial information set out in the interim report does not constitute the Company's statutory accounts for the six months ended 30 September 2005 and 2004. The financial information for the year ended 31 March 2005 is derived from the statutory accounts delivered to the Registrar of Companies. This financial information has been restated in line with the changes in accounting policies set out in notes 2 and 3 to the Interim Report. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

11. Publication

This interim report is being sent to shareholders and copies will be made available to the public at the registered office of the Company.

Close Brothers Protected VCT PLC