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08

Close Income & Growth VCT plc

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# Company information

<b>Company number</b>	5132495
<b>Directors</b>	Friedrich Ternofsky, Chairman Mary Anne Cordeiro John Kerr Patrick Reeve David Watkins
<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 Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA
<b>Shareholder assistance</b>	Tel: 0871 664 0300 Calls cost 10p plus network extras Fax: 0871 664 0399 Email: <a href="mailto:ssd@capitaregistrars.com">ssd@capitaregistrars.com</a>
<b>Registered auditors</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
<b>Taxation adviser</b>	Ernst & Young LLP 1 More London London SE1 2AF

Close Income & Growth VCT plc is a member of the Association of Investment Companies.

# Investment objectives

Close Income & Growth VCT plc ("the Company") is a Venture Capital Trust which raised £45 million under the Offer for Subscription which closed in March 2005 and which was fully subscribed. The Company intends to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth.

The Company allows investors the opportunity to participate in a balanced portfolio of high growth businesses and lower risk asset-based companies. It is intended that in time the Company's investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in higher growth unquoted businesses, including early stage technology;
- 45 per cent. to be invested in unquoted property-based businesses in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts.

# Financial highlights

	31 March 2008 (pence per share)	31 March 2007 (pence per share)
Dividends paid per Ordinary share	1.75	1.75
Revenue return per Ordinary share	1.96	1.70
Capital loss per Ordinary share	(2.46)	(1.94)
Net asset value per Ordinary share	88.63	92.00

## Financial calendar

Record date for second dividend	6 June 2008
Payment date for second dividend	4 July 2008
Financial year end	30 September 2008

## Shareholder value since launch

	pence per share
Total dividends paid during the period ended 30 September 2005 (i)	0.65
Total dividends paid during the year ended 30 September 2006	2.60
Total dividends paid during the year ended 30 September 2007	3.45
Total dividends paid during the period to 31 March 2008	1.75
Total dividends paid to 31 March 2008	8.45
Net asset value as at 31 March 2008	88.63
<b>Total cumulative shareholder value as at 31 March 2008</b>	<b>97.08</b>

In addition to the dividends paid above the Board has declared a second dividend of 1.75 pence per share to be paid on 4 July 2008 to shareholders on the register on 6 June 2008.

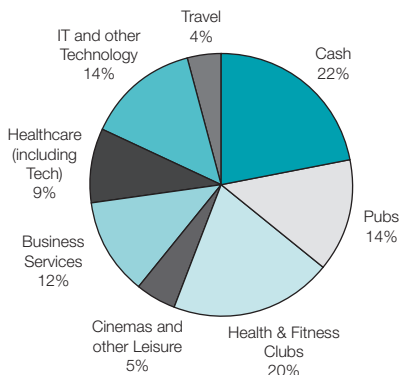
### Notes

- (i) Investors subscribing by 31 December 2004 and remaining on the register at 1 July 2005 were entitled to a dividend. Investors subscribing thereafter were not entitled to the first dividend.
- (ii) Excludes tax benefits upon subscription of 40% income tax relief.
- (iii) All dividends paid by the Company are free of income tax. It is an HM Revenue & Customs 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. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value, primarily as a result of the initial tax relief which is non-transferable.

# Interim management report

## Overview

The Company aims to provide a diversified portfolio of unquoted investments, through a balance between income producing companies with asset backing and higher growth businesses, including technology companies. The portfolio at 31 March 2008 comprised 36 companies with a sector diversification shown below.



The level of income for the 6 months to 31 March 2008 continued to grow with net revenue per share of 1.96 pence (up from 1.7 pence the previous year). Net asset value per share, however, fell to 88.6 pence compared to 90.7 pence at 30 September 2007.

## Investment progress

The six months to 31 March 2008 has been quieter than the previous period with £1.2 million invested in 6 companies. While our portfolio as a whole remains solidly income producing, net provisions against capital amounted to £0.8 million, or 1.8 pence per share. This was in part due to a decline in the valuation of elements of the pub portfolio in line with the sector in which they operate. The other main provisions, however, comprised a write back of Xceleron to the value of its most recent funding round, following what is hoped to be a temporary slow down in sales, and a partial provision against Rostima, following a further round of financing at a lower price.

## Risks, uncertainties and future prospects

The key risk to the Company remains the outlook for the UK economy, which looks likely to be affected by the current unease in the financial and housing markets. This has already had some affect on our consumer-facing businesses, and has the potential to have an adverse effect on portfolio valuations.

Nevertheless, your Company's policy of ensuring that it has a first charge, wherever possible, over the investee companies' assets should help mitigate this risk, while we still retain significant cash balances to enable the Company to take advantage of downward movements in prices. In addition, a number of companies in the investment portfolio are starting to see an increase in profitability, which bodes well for the VCT's longer term prospects.

## Results and dividends

As at 31 March 2008 the net asset value of the Company was 88.6 pence per share compared with 90.7 pence per share at 30 September 2007. The Company recorded revenue before tax of £1.2 million compared to £1.1 million for the equivalent period from the previous financial year. The Board declares a second dividend for the year of 1.75 pence per share, making 3.5 pence for the year as a whole, in line with the Company's target. The second dividend will be paid to shareholders on 4 July 2008 to shareholders on the register on 6 June 2008.

## Friedrich Ternofsky

Chairman

27 May 2008

# 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 31 March 2008, we the Directors, confirm that to the best of our knowledge:

- (a) the summarised set of financial statements has been prepared in accordance with pronouncement 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 or reviewed by the auditors.

By order of the Board

**Freidrich Ternofsky**  
Chairman

27 May 2008

# Portfolio of Investments

Portfolio of qualifying investments as at 31 March 2008

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value (i) £'000	Total carrying/fair value £'000
<b>Property-based leisure investments</b>			
The Weybridge Club Limited	3,000	102	3,102
Kensington Health Clubs Limited	2,003	21	2,024
Chichester Holdings Limited	1,699	273	1,972
Churchill Taverns VCT Limited	1,640	(62)	1,578
Tower Bridge Health Club Limited	1,375	154	1,529
Bravo Inns II Limited	1,000	(23)	977
The Dunedin Pub Company VCT Limited	770	(22)	748
CS (Brixton) Limited	650	64	714
Premier Leisure (Suffolk) Limited	1,000	(287)	713
Bravo Inns Limited	1,000	(301)	699
GB Pub Company VCT Limited	689	(181)	508
The Charnwood Pub Company Limited	610	(138)	472
CS (Norwich) Limited	320	17	337
River Bourne Health Club Limited	280	28	308
Novello Pub Limited	466	(162)	304
CS (Exeter) Limited	250	(56)	194
Pelican Inn Limited	2	-	2
<b>Total property-based leisure investments</b>	<b>16,754</b>	<b>(573)</b>	<b>16,181</b>

## Portfolio of Investments (continued)

### Portfolio of qualifying investments as at 31 March 2008 (continued)

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value <sup>(i)</sup> £'000	Total carrying/fair value £'000
<b>High growth unquoted investments</b>			
Evolutions Television Limited	2,170	226	2,396
Xceleron Limited	1,625	348	1,973
Blackbay Limited	1,650	229	1,879
Grosvenor Health Limited	885	303	1,188
Garden Switch Limited trading as Resorthoppa	1,000	103	1,103
Lowcosttravelgroup Limited	560	37	597
Point 35 Microsystems Limited	572	–	572
RFI Global Services Limited	950	(380)	570
Oxsensis Limited	570	–	570
Rostima Limited	691	(169)	522
Helveta Limited	584	(113)	471
Process Systems Enterprise Limited	440	–	440
Mi-Pay Limited	430	1	431
Dexela Limited	400	18	418
Opta Sports Data Limited	290	3	293
Palm Tree Technologies PLC	235	16	251
Red-M Group Limited	467	(386)	81
FlexNLock Limited	110	(110)	–
<b>Total high growth investments</b>	<b>13,629</b>	<b>126</b>	<b>13,755</b>
<b>Total qualifying investments</b>	<b>30,383</b>	<b>(447)</b>	<b>29,936</b>

(i) Included in this movement on qualifying investments is capital depreciation of equity and loan stock (£1,808,000) and movement in carrying value of loans and receivables of £1,361,000.

### Portfolio of non-qualifying investments as at 31 March 2008

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value <sup>(i)</sup> £'000	Total carrying/fair value £'000
<b>FRN Rabobank 29 July 2010</b>	5,000	(9)	4,991
<b>Total non-qualifying investments</b>	<b>5,000</b>	<b>(9)</b>	<b>4,991</b>
<b>Total qualifying and non-qualifying investments</b>	<b>35,383</b>	<b>(456)</b>	<b>34,927</b>

(i) Included in this movement on non-qualifying investments is capital depreciation of floating rate notes of £9,000.

# Summary Income Statement

	Note	Unaudited six months to 31 March 2008			Unaudited six months to 31 March 2007			Audited year ended 30 September 2007		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses) on investments	3	–	(797)	(797)	–	(554)	(554)	–	(923)	(923)
Investment income	4	1,435	–	1,435	1,354	–	1,354	2,786	–	2,786
Investment management fees		(147)	(441)	(588)	(155)	(465)	(620)	(307)	(920)	(1,227)
Other expenses		(102)	–	(102)	(98)	–	(98)	(198)	–	(198)
<b>Return/(loss) on ordinary activities before tax</b>		<u>1,186</u>	<u>(1,238)</u>	<u>(52)</u>	<u>1,101</u>	<u>(1,019)</u>	<u>82</u>	<u>2,281</u>	<u>(1,843)</u>	<u>438</u>
Tax (charge)/ credit on ordinary activities		<u>(304)</u>	<u>132</u>	<u>(172)</u>	<u>(330)</u>	<u>139</u>	<u>(191)</u>	<u>(638)</u>	<u>282</u>	<u>(356)</u>
<b>Return/(loss) attributable to equityholders</b>		<u>882</u>	<u>(1,106)</u>	<u>(224)</u>	<u>771</u>	<u>(880)</u>	<u>(109)</u>	<u>1,643</u>	<u>(1,561)</u>	<u>82</u>
<b>Basic and diluted return/(loss) per share (pence)</b>	6	1.96	(2.46)	(0.50)	1.70	(1.94)	(0.24)	3.63	(3.45)	0.18

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

The accompanying notes on pages 14 to 18 form an integral part of this Half-yearly Financial Report.

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

There were no recognised gains or losses other than the results for the period as disclosed above. Accordingly a statement of total recognised gains or losses is not required.

The total column of this Income Statement represents the profit and loss account of the Company. The supplementary revenue and capital return columns have been prepared in accordance with the Association of Investment Trust Companies Statement of Recommended Practice.

# Summary Balance Sheet

	Note	Unaudited 31 March 2008 £'000	Unaudited 31 March 2007 £'000	Audited 30 September 2007 £'000
<b>Investments</b>				
Qualifying		29,936	21,376	29,296
Non-qualifying		4,991	15,006	9,992
	10	<u>34,927</u>	<u>36,382</u>	<u>39,288</u>
<b>Current assets</b>				
Debtors		68	111	446
Cash at bank		4,983	6,347	1,355
		<u>5,051</u>	<u>6,458</u>	<u>1,801</u>
<b>Current liabilities</b>				
Creditors		(747)	(1,203)	(102)
<b>Net current assets</b>		<u>4,304</u>	<u>5,255</u>	<u>1,699</u>
<b>Net assets</b>		<u>39,231</u>	<u>41,637</u>	<u>40,987</u>
Called up share capital	7	22,667	22,667	22,667
Capital redemption reserve		14	14	14
Special reserve		20,148	20,148	20,148
Own treasury shares reserve		(880)	(67)	(137)
Realised capital reserve		(1,873)	(1,439)	(1,499)
Unrealised capital reserve		(1,816)	(463)	(1,084)
Revenue reserve		971	777	878
<b>Total shareholders funds</b>		<u>39,231</u>	<u>41,637</u>	<u>40,987</u>
<b>Net asset value (pence per share)*</b>		<u>88.63</u>	<u>92.00</u>	<u>90.72</u>

\*excluding treasury shares

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

The accompanying notes on pages 14 to 18 form an integral part of this Half-yearly Financial Report.

The financial statements on pages 9 to 18 were approved by the Board of Directors on 27 May 2008.

Signed on behalf of the Board of Directors by

**Friedrich Ternofsky**

Chairman

## Summary Reconciliation of movements in shareholders' funds (unaudited)

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Un-realised capital reserve £'000	Own treasury shares reserve £'000	Revenue reserve £'000	Total £'000
<b>As at 1 October 2007</b>	22,667	20,148	14	(1,499)	(1,084)	(137)	878	40,987
Purchase of treasury shares	-	-	-	-	-	(743)	-	(743)
Capitalised investment management fees	-	-	-	(441)	-	-	-	(441)
Tax on capitalised investment management fees	-	-	-	132	-	-	-	132
Realised losses on investments	-	-	-	(65)	-	-	-	(65)
Unrealised losses on investments	-	-	-	-	(732)	-	-	(732)
Revenue return attributable to equityholders	-	-	-	-	-	-	882	882
Dividend paid to equityholders	-	-	-	-	-	-	(789)	(789)
<b>As at 31 March 2008</b>	<u>22,667</u>	<u>20,148</u>	<u>14</u>	<u>(1,873)</u>	<u>(1,816)</u>	<u>(880)</u>	<u>971</u>	<u>39,231</u>
<b>As at 1 October 2006</b>	22,667	20,148	14	(1,118)	96	-	799	42,606
Purchase of treasury shares	-	-	-	-	-	(67)	-	(67)
Capitalised investment management fees	-	-	-	(465)	-	-	-	(465)
Tax on capitalised investment management fees	-	-	-	139	-	-	-	139
Realised gains on investments	-	-	-	5	-	-	-	5
Unrealised losses on investments	-	-	-	-	(559)	-	-	(559)
Revenue return attributable to equityholders	-	-	-	-	-	-	771	771
Dividend paid to equityholders	-	-	-	-	-	-	(793)	(793)
<b>As at 31 March 2007</b>	<u>22,667</u>	<u>20,148</u>	<u>14</u>	<u>(1,439)</u>	<u>(463)</u>	<u>(67)</u>	<u>777</u>	<u>41,637</u>

## Summary Reconciliation of movements in shareholders' funds (audited) continued

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Un-realised capital reserve £'000	Own treasury shares reserve £'000	Revenue reserve £'000	Total £'000
<b>As at 1 October 2006</b>	22,667	20,148	14	(1,118)	96	–	799	42,606
Purchase of treasury shares	–	–	–	–	–	(137)	–	(137)
Capitalised investment management fees	–	–	–	(920)	–	–	–	(920)
Tax on capitalised investment management fees	–	–	–	282	–	–	–	282
Realised gains on investments	–	–	–	257	–	–	–	257
Unrealised losses on investments	–	–	–	–	(1,180)	–	–	(1,180)
Revenue return attributable to equityholders	–	–	–	–	–	–	1,643	1,643
Dividend paid to equityholders	–	–	–	–	–	–	(1,564)	(1,564)
<b>As at 30 September 2007</b>	<u>22,667</u>	<u>20,148</u>	<u>14</u>	<u>(1,499)</u>	<u>(1,084)</u>	<u>(137)</u>	<u>878</u>	<u>40,987</u>

# Summary Cash Flow Statement

	Note	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
<b>Operating activities</b>				
Investment income		717	428	1,174
Interest received		284	644	1,140
Investment management fees paid		(296)	(631)	(1,543)
Administrative expenses paid		(87)	(87)	(254)
Other cash received		—	—	4
Net cash inflow from operating activities	8	<u>618</u>	<u>354</u>	<u>521</u>
<b>Taxation refund/(payment)</b>		<u>77</u>	<u>(290)</u>	<u>(672)</u>
<b>Capital expenditure and financial investments</b>				
Purchase of investments		(806)	(6,344)	(16,281)
Sale of investments		5,147	10,004	15,959
Net cash inflow/(outflow) from investing activities		<u>4,341</u>	<u>3,660</u>	<u>(322)</u>
<b>Equity dividends paid</b>				
Dividends paid on Ordinary shares		<u>(789)</u>	<u>(793)</u>	<u>(1,564)</u>
<b>Financing</b>				
Purchase of treasury shares		<u>(573)</u>	<u>(67)</u>	<u>(137)</u>
Net cash outflow from financing		<u>(573)</u>	<u>(67)</u>	<u>(137)</u>
<b>Increase/(decrease) in cash</b>		<u>3,674</u>	<u>2,864</u>	<u>(2,174)</u>

# Notes to the summarised set of Financial Statements for the six months to 31 March 2008

## 1. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of certain investments, and 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. Accounting policies have been applied consistently in current and prior periods.

## 2. Accounting policies

### Investments

In accordance with FRS 26 "Financial Instruments Measurement", equity investments are designated as fair value through profit and loss account ("FVTPL"). 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.

### Investment income

Dividend income is included in revenue when the investment is quoted ex-dividend. 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 revenue account except the following which are charged through the realised capital reserve:

- 75% of management 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 of the Company; and
- expenses which are incidental to the purchase or disposal of an investment.

### Debtors and creditors

- Debtors are non-interest bearing, 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.
- 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.

# Notes to the summarised set of Financial Statements for the six months to 31 March 2008 (continued)

## 2. Accounting policies (continued)

### 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 reserves*

The following are disclosed in this reserve:

- (i) gains and losses on the realisation of investments;
- (ii) expenses, together with the related taxation effect, charged in accordance with the above policies; and
- (iii) dividends paid to equity holders.

#### *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.

#### *Capital redemption reserve*

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

#### *Own treasury reserve*

This reserve accounts for amounts paid on buying treasury shares.

### 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.

# Notes to the summarised set of Financial Statements for the six months to 31 March 2008 (continued)

## 3. (Losses) on investments

	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
Realised (losses)/gains on investments	(65)	5	257
Unrealised (losses) on investments	(732)	(559)	(1,180)
	<u>(797)</u>	<u>(554)</u>	<u>(923)</u>

## 4. Investment income

	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
Dividend income	–	–	86
Income from loan stock investments	1,112	704	1,555
Floating rate note interest	189	536	900
Bank deposit interest income	128	87	218
Other income	6	27	27
	<u>1,435</u>	<u>1,354</u>	<u>2,786</u>

All of the Company's income is derived from operations based in the United Kingdom.

## 5. Dividends

	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
2007 – Second dividend of 1.70 pence per share paid 13 July 2007	–	–	771
2007 – First dividend of 1.75 pence per share paid 19 January 2007 (2006: 1.35 pence per share)	–	793	793
2008 – First dividend of 1.75 pence per share paid 25 January 2008	789	–	–
	<u>789</u>	<u>793</u>	<u>1,564</u>

In addition to the dividends paid above, the Board has declared a second dividend of 1.75 pence per Ordinary share to be paid on 4 July 2008 to shareholders on the register on 6 June 2008.

## 6. Basic and diluted return per share

Return per share has been calculated on 44,926,477 Ordinary shares excluding Treasury shares (31 March 2007; 45,325,379 shares; 30 September 2007; 45,278,956 shares) 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 Income & Growth 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.

# Notes to the summarised set of Financial Statements for the six months to 31 March 2008 (continued)

## 7. Share Capital

	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
<b>Authorised</b>			
50,000,000 shares of 50p each	25,000	25,000	25,000
<b>Allotted, called up and fully paid</b>			
45,333,837 shares of 50p each (31 March and 30 September 2007: 45,333,837 shares)	22,667	22,667	22,667
<b>Allotted, called up and fully paid excluding treasury shares</b>			
44,267,203 shares of 50p each (31 March 2007; 45,258,289 shares: 30 September 2007: 45,179,756 shares)	22,133	22,629	22,590

## 8. Reconciliation of revenue return on ordinary activities to net cash inflow from operating activities

	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
Revenue return before tax	1,186	1,101	2,281
Investment management fees charged to capital	(441)	(465)	(920)
(Increase)/decrease in operating debtors	(773)	(436)	103
(Decrease)/increase in operating creditors	646	154	(943)
Net cash inflow from operating activities	618	354	521

## 9. Analysis of change in cash during the period

	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
Opening cash balances	1,355	3,483	3,483
Net cash inflow	3,674	2,864	(2,174)
Repayment of overdraft	(46)	-	-
Closing cash balances	4,983	6,347	1,309
Closing cash balance is represented by:			
Cash in bank accounts	4,983	6,347	1,355
Overdraft	-	-	(46)
	4,983	6,347	1,309

# Notes to the summarised set of Financial Statements for the six months to 31 March 2008 (continued)

## 10. Investments

Investments held at fair value through profit or loss total £16,349,000 (31 March 2007; £22,916,000; 30 September 2007; £21,276,118). Investments held at amortised cost total £18,578,000 (31 March 2007; £13,446,000; 30 September 2007; £18,012,041).

## 11. Contingencies, guarantees and financial commitments

The Company has a guarantee to The Royal Bank of Scotland plc in respect of the borrowing of investee companies. As at 31 March 2008 the maximum exposure under these guarantees was £1.26 million. These guarantees are secured by various third party charges of deposit granted to The Royal Bank of Scotland plc over specific bank accounts with balances of £1.26 million.

## 12. Related Party Transactions

The Manager, Close Ventures Limited, is considered to be a related party by virtue of the fact that it is party to a management agreement from the Company. During the period, services of a total value of £588,000 (31 March 2007; £620,000; 30 September 2007; £1,227,000) were purchased by the Company from Close Ventures Limited. At the financial period end, the amount due to Close Ventures Limited disclosed as accruals and deferred income was £288,000 (31 March 2007; £309,496; 30 September 2007; £2,000).

Buy-backs of Ordinary shares during the period were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc. During the six month period, a total of 912,553 shares (31 March 2007; 75,548 shares; 30 September 2007; 154,081 shares) were purchased for treasury at an average price of 81.2 pence per share (31 March 2007; 89 pence per share; 30 September 2007; 88.8 pence per share).

## 13. Other information

The information set out in this Interim Report does not constitute the Company's statutory accounts within the terms of section 240 of the Companies Act 1985 for the period ended 31 March 2008 and 31 March 2007, and is unaudited. The information for the year ended 30 September 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 the financial year, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

## 14. 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, Companies House, and at the FSA viewing facility.



