

CLOSE BROTHERS

Development VCT PLC

Interim Report and Accounts
for six months ended
30 June 2007



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DIRECTORS AND ADMINISTRATION

Company number	3654040
Directors	R M Davidson, Chairman D C Pinckney MA FCA J G T Thornton MA MBA FCA G O Vero FCA
Company secretary and registered office	Close Ventures Limited 10 Crown Place London, EC2A 4FT
Investment manager	Close Ventures Limited 10 Crown Place London, EC2A 4FT Tel: 020-7422-7830 Fax: 020-7422-7849 www.closeventures.co.uk enquiries@closeventures.co.uk
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA
Shareholder assistance	Tel: 0870-162-3124 Fax: 0870-162-3199 Email: shareholder.service@capitaregistrars.com
Independent auditors	Deloitte & Touche LLP Hill House 1 Little New Street London, EC4A 3TR
Taxation adviser	Ernst & Young LLP 1 More London Place London, SE1 2AF



FINANCIAL HIGHLIGHTS

	Ordinary Shares	C Shares
Shareholder value per share since launch:	Pence per share ⁽ⁱⁱ⁾	Pence per share ⁽ⁱⁱ⁾
Dividends paid during the year to 31 December 1999 ⁽ⁱ⁾	1.00	–
Dividends paid during the year to 31 December 2000	3.65	–
Dividends paid during the year to 31 December 2001	3.20	–
Dividends paid during the year to 31 December 2002	4.20	–
Dividends paid during the year to 31 December 2003 ^{(iii) & (iv)}	4.50	0.75
Dividends paid during the year to 31 December 2004	4.00	2.00
Dividends paid during the year to 31 December 2005	5.20	5.90
Dividends paid during the year to 31 December 2006	3.00	4.50
Dividends paid during the six months to 30 June 2007 ^(v)	1.50	1.61
	<u>30.25</u>	<u>14.76</u>
Net asset value as at 30 June 2007 ^(v)	<u>101.49</u>	<u>108.75</u>
Total cumulative return at 30 June 2007	<u>131.74</u>	<u>123.51</u>

In addition to the dividends paid above, the Board has declared a second dividend of 3.5 pence (comprising 1 pence revenue and 2.5 pence realised capital profits) per Ordinary Share to be paid on 5 October 2007 to shareholders on the register on 7 September 2007.

Notes

- (i) Assumes subscription for Ordinary shares by the first closing on 26 January 1999.
- (ii) Excludes tax benefits upon subscription.
- (iii) Assuming subscription of C shares by the first closing on 31 December 2002.
- (iv) Those subscribing for C shares after 30 June 2003 were not entitled to the interim dividend.
- (v) On 31 March 2007, the C shares were converted into Ordinary shares in the ratio of 1.0715 Ordinary shares for each C share. The dividends paid since 31 March 2007 and the net asset value of each C share shown above, is based on the conversion factor of 1.0715 of Ordinary shares.



CHAIRMAN'S STATEMENT

Investment progress

I am pleased to report that the six months to 30 June 2007 has been a successful period for Close Brothers Development VCT PLC. Net asset value per Ordinary share has risen from 94.6 pence at 31 December 2006 to 101.5 pence, a rise of 7 pence. This increase was generated principally by the sale of two investments. The first was the sale of Careforce in which the VCT had an 18% shareholding, following the offer for the company by Mears Group PLC. The VCT first backed Careforce in 2000 at a very early stage in its development and realised 2.4 times its investment of £3.1 million. In addition, just after the half year, your Company sold its investment in the Bold Pub Company Limited realising a profit of just over £800,000. In both cases, the VCT also received a strong running yield in its investment.

As a result of the realised capital profits arising from these sales, and in line with the company's strategy providing a strong and predictable tax free income stream to shareholders, your Board now intends to increase the annual dividend to 5 pence per share. Subject to the continued availability of realised capital profits, your Board would hope to increase this level over time. The first dividend of 1.5 pence paid on 13 May 2007 of this year will therefore be followed by a second dividend of 3.5 pence (comprising 1 pence revenue and 2.5 pence realised capital profits) to be paid on 5 October 2007.

Investment activity has been strong over the period with just over £1.2 million invested in six existing investee companies and £1.8 million invested in eight new investee companies. Overall, the investment portfolio is performing to expectations.

Board changes

Following the sad death of Frank Malcolm earlier in the year and the retirement of Roderick Davidson due at the end of this year, there are two new Board appointments. The first is Geoffrey Vero, who joined the Board on 2 July 2007 and will be taking over as Chairman following Roderick's retirement. Geoffrey has spent much of his career in venture and development capital, principally at Causeway Capital and ABN AMRO Private Equity. The second appointment is Dr Andy Phillipps who was the co-founder and chief executive of Active Hotels which was successfully sold to Priceline.com in 2004. Andy will be joining the Board on 30 September 2007.

Results and dividends

As at 30 June 2007 the net asset value of the Company's Ordinary shares was 101.5 pence (31 December 2006 94.6 pence per share). Net income after taxation was £584,000. The second dividend of the year of 3.5 pence will be paid on 5 October 2007 to shareholders on the register on 7 September 2007.

Roderick Davidson
Chairman

30 August 2007



PORTFOLIO OF QUALIFYING INVESTMENTS AS AT 30 JUNE 2007

Investee company	Investment at cost £'000	Cumulative* movement in carrying/fair value £'000	Total carrying/fair value £'000
Qualifying investments			
Blackbay Limited	740	46	786
The Bold Pub Company Limited	1,840	826	2,666
Bravo Inns Limited	230	–	230
Chichester Holdings Limited	700	12	712
Churchill Taverns VCT Limited	505	31	536
City Screen (Liverpool) Limited	50	30	80
CS (Brixton) Limited	325	23	348
CS (Exeter) Limited	125	11	136
CS (Greenwich) Limited	850	(67)	783
Consolidated Communications Management Limited	1,000	(117)	883
Dexela Limited	185	–	185
The Dunedin Pub Company VCT Limited	310	(51)	259
Evolutions Television Limited	3,380	164	3,544
GB Pub Company VCT Limited	370	(73)	297
Grosvenor Health Limited	2,225	2,140	4,365
Helveta Limited	170	(55)	115
Lowcosttravelgroup Limited	290	17	307
Mears Group Plc	1,600	(135)	1,465
Novello Pub Limited	234	(74)	160
Oxsensis Limited	145	–	145
Peakdale Molecular Limited	1,297	(123)	1,174
Pelican Inn Limited	359	(120)	239
Point 35 Microstructures Limited	124	–	124
Premier Leisure (Suffolk) Limited	480	(72)	408
Process Systems Engineering Limited	95	–	95
The Q Garden Company Limited	1,032	(429)	603
RFI Global Services Limited	460	(153)	307
Riverbourne Healthclub Limited	100	2	102
Rostima Limited	200	2	202
The Rutland Pub Company Limited	280	(29)	251
Kensington Health Clubs Limited	1,000	14	1,014
Tower Bridge Health Clubs Limited	494	100	594
The Weybridge Club Limited	1,520	95	1,615
Xceleron Limited	230	–	230
Total qualifying investments	22,945	2,013	24,958

* Included in this movement is capital appreciation of equity, loan stock and floating rate notes of £894,000 and movement in carrying value of loans and receivables of £ 1,119,000.



PORTFOLIO OF NON-QUALIFYING INVESTMENTS AS AT 30 JUNE 2007

Investee company	Investment at cost £'000	Cumulative* movement in carrying/fair value £'000	Total carrying/fair value £'000
Non-qualifying investments			
Citigroup FRN March 2009	2,999	5	3,004
Smiles Brewing Company Limited	155	(155)	–
Smiles Pub Company Limited	914	86	1,000
	_____	_____	_____
Total non-qualifying investments	4,068	(64)	4,004
	_____	_____	_____
Total investments	27,013	1,949	28,962
	_____	_____	_____

* Included in this movement is capital depreciation of equity, loan stock and floating rate notes of (£128,000) and movement in carrying value of loans and receivables of £64,000.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors have chosen to prepare the financial statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare these financial statements for each financial period which give a true and fair view in accordance with the 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 the Companies Act 1985.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether all applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounting policies applied to this Interim Report and Accounts have been consistently applied in current and prior periods and are those applied in the Report and Financial Statements for the year ended 31 December 2006.

This Interim Report and Accounts has not been audited or reviewed by the auditors.

By Order of the Board

Close Ventures Limited
Company Secretary
30 August 2007



INCOME STATEMENT

	Note	Ordinary shares			Ordinary shares			C Shares			Total		
		Unaudited six months to 30 June 2007			Unaudited six months to 30 June 2006			Unaudited six months to 30 June 2006			Unaudited six months to 30 June 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	2,126	2,126	-	(987)	(987)	-	(422)	(422)	-	(1,409)	(1,409)
Investment income		1,043	-	1,043	371	-	371	556	-	556	927	-	927
Investment management fees		(102)	(306)	(408)	(42)	(127)	(169)	(59)	(178)	(237)	(101)	(305)	(406)
Other expenses		(103)	-	(103)	(43)	-	(43)	(60)	-	(60)	(103)	-	(103)
Return/(loss) on ordinary activities before tax		838	1,820	2,658	286	(1,114)	(828)	437	(600)	(163)	723	(1,714)	(991)
Tax on ordinary activities		(254)	98	(156)	(85)	32	(53)	(133)	41	(92)	(218)	73	(145)
Return/(loss) attributable to equity shareholders		584	1,918	2,502	201	(1,082)	(881)	304	(559)	(255)	505	(1,641)	(1,136)
Basic and diluted return/(loss) per share (pence)	5	1.8	6.1	7.9	1.5	(8.3)	(6.8)	1.7	(3.1)	(1.4)			

* Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the period ended 31 December 2006.

The accompanying notes on pages 14 to 16 form an integral part of these interim results.

The total column of this 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 or losses is not required.

The Income Statement for the period to 30 June 2007 is in respect of only Ordinary shares since C shares were converted into Ordinary shares on 31 March 2007.



INCOME STATEMENT

	Note	Ordinary shares			C Shares			Total		
		Audited Year to 31 December 2006			Audited Year to 31 December 2006			Audited Year to 31 December 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	-	(910)	(910)	-	(766)	(766)	-	(1,676)	(1,676)
Investment income		733	-	733	1,160	-	1,160	1,893	-	1,893
Investment management fees		(84)	(251)	(335)	(126)	(377)	(503)	(210)	(628)	(838)
Other expenses		(85)	-	(85)	(106)	-	(106)	(191)	-	(191)
Return/(loss) on ordinary activities before tax		564	(1,161)	(597)	928	(1,143)	(215)	1,492	(2,304)	(812)
Tax on ordinary activities		(168)	73	(95)	(271)	114	(157)	(439)	187	(252)
Return/(loss) attributable to equity shareholders		396	(1,088)	(692)	657	(1,029)	(372)	1,053	(2,117)	(1,064)
Basic and diluted return/(loss) per share (pence)	5	3.0	(8.3)	(5.3)	3.6	(5.7)	(2.1)	6.6	(14.0)	(7.4)

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the period ended 31 December 2006.

The accompanying notes on pages 14 to 16 form an integral part of these interim results.

The total column of this 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 or losses is not required.



BALANCE SHEET

	Note	Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
Fixed asset investments				
Qualifying investments		24,958	20,102	21,875
Non-qualifying investments		4,004	3,598	3,892
Total fixed asset investments		28,962	23,700	25,767
Current assets				
Debtors		63	434	409
Cash at bank		3,204	8,360	4,236
		3,267	8,794	4,645
Creditors: amounts falling due within one year		(696)	(1,068)	(118)
Net current assets		2,571	7,726	4,527
Net assets		31,533	31,426	30,294
Capital and reserves				
Called up share capital		16,219	15,581	15,581
Share premium		3,786	3,208	3,208
Special reserve		8,645	9,894	9,889
Capital redemption reserve		1,184	1,173	1,173
Realised capital reserve		1,657	(782)	(1,144)
Unrealised capital reserve		766	1,918	1,652
Own treasury shares reserve		(1,189)	–	(388)
Revenue reserve		465	434	323
Equity shareholders funds		31,533	31,426	30,294
Net asset value per share (pence) (excluding treasury shares)	8	101.5		

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the period ended 31 December 2006.

The Balance Sheets as at 30 June 2006 and 31 December 2006 represents the aggregate Balance Sheets of the Ordinary shares and C shares. The Balance Sheet as at 30 June 2007 represents Ordinary shares which include C shares which were converted into Ordinary shares on 31 March 2007.

The accompanying notes on pages 14 to 16 form an integral part of these financial statements.

The interim report was approved by the Board of Directors on 30 August 2007.

Signed on behalf of the Board of Directors by



**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS (unaudited)**

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Own treasury shares reserve £'000	Revenue reserve £'000	Total £'000
As at 1 January 2006	15,829	3,208	10,341	925	(548)	3,328	–	339	33,422
Net realised gains on investments in the period	–	–	–	–	1	–	–	–	1
Capitalised investment management and performance fees	–	–	–	–	(305)	–	–	–	(305)
Tax relief on costs charged to capital	–	–	–	–	73	–	–	–	73
Share redemptions	(248)	–	(447)	248	–	–	–	–	(447)
Movement in unrealised appreciation	–	–	–	–	–	(1,410)	–	–	(1,410)
Revenue return	–	–	–	–	–	–	–	505	505
Dividends	–	–	–	–	–	–	–	(411)	(411)
As at 1 July 2006	15,581	3,208	9,894	1,173	(782)	1,918	–	434	31,426
Capitalised investment management and performance fees	–	–	–	–	(323)	–	–	–	(323)
Tax relief on costs charged to capital	–	–	–	–	114	–	–	–	114
Purchase of own treasury shares	–	–	–	–	–	–	(388)	–	(388)
Share redemptions	–	–	(5)	–	–	–	–	–	(5)
Movement in unrealised appreciation	–	–	–	–	–	(266)	–	–	(266)
Revenue return	–	–	–	–	–	–	–	548	548
Dividends	–	–	–	–	(156)	–	–	(658)	(814)
As at 31 December 2006	15,581	3,208	9,889	1,173	(1,144)	1,652	(388)	323	30,294



**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS (unaudited) (continued)**

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Own treasury shares reserve £'000	Revenue reserve £'000	Total £'000
As at 1 January 2007	15,581	3,208	9,889	1,173	(1,144)	1,652	(388)	323	30,294
Net realised gains on investments in the year	-	-	-	-	3,013	-	-	-	3,013
Capitalised investment management and performance fees	-	-	-	-	(306)	-	-	-	(306)
Tax relief on costs charged to capital	-	-	-	-	98	-	-	-	98
Share redemptions	(10)	-	(18)	10	-	-	-	-	(18)
Movement in unrealised appreciation	-	-	-	-	-	(887)	-	-	(887)
C share conversion	648	578	(1,226)	-	-	-	-	-	-
Purchase of own treasury shares	-	-	-	-	-	-	(802)	-	(802)
Revenue return	-	-	-	-	-	-	-	584	584
Dividends	-	-	-	-	-	-	-	(443)	(443)
As at 30 June 2007	16,219	3,786	8,645	1,184	1,657	766	(1,189)	465	31,533



CASH FLOW STATEMENT

	Unaudited six months to 30 June 2007 £'000	Unaudited six months to 30 June 2006 £'000	Audited year ended 31 December 2006 £'000
Operating activities			
Investment income received	753	510	1,083
Deposit income received	84	301	528
Other income received	13	3	35
Investment management fees paid	(193)	(443)	(1,066)
Other cash payments	(128)	(89)	(555)
Net cash inflow/(outflow) from operating activities	529	282	25
Taxation			
UK corporation tax paid	–	–	(412)
Capital expenditure and financial investment			
Purchase of qualifying investments	(2,579)	(2,907)	(4,818)
Purchase of non-qualifying investments	–	(68)	(377)
Disposals of qualifying investments	2,209	27	1
Disposals of non-qualifying investments	–	4,000	4,000
Net cash (outflow)/inflow from investing activities	(371)	1,052	(1,194)
Equity dividends paid			
Dividends paid on Ordinary shares	(453)	(411)	(1,225)
Net cash (outflow)/inflow before financing	(295)	923	(2,806)
Financing			
Cancellation of shares	(18)	(445)	(452)
Own treasury shares	(720)	–	(388)
Net cash outflow from financing	(738)	(445)	(840)
(Decrease)/increase in cash in the period	(1,032)	478	(3,646)



NOTES TO THE INTERIM ACCOUNTS for the six months to 30 June 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.

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

2. Accounting policies

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. 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

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 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 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 do not carry any interest, 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.

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.



NOTES TO THE INTERIM ACCOUNTS
(continued)

2. Accounting policies (continued)

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. 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.

Unrealised capital reserves

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 of the Company's own shares.

Own treasury reserve

This reserve accounts for amount paid on buying treasury shares. 1,277,012 treasury shares are held as at 30 June 2007 (30 June 2006: NIL) representing 3.94% of the share capital as at that date.

The total column of the Income Statement represents the Company's profit and loss account.

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. Gains/(losses) on investments

	Six months to 30 June 2007 £'000	Six months to 30 June 2006 £'000	Year ended 31 December 2006 £'000
Realised gains	3,013	1	1
Unrealised (losses)/gains	(886)	(1,410)	(1,677)
	<u>2,126</u>	<u>(1,409)</u>	<u>(1,676)</u>

4. Amounts recognised as distributions to equity shareholders in the period

	Six months to 30 June 2007 £'000	Six months to 30 June 2006 Ordinary shares £'000	C shares £'000	Year ended 31 December 2006 Ordinary shares £'000	C shares £'000
Dividend of 1.5 pence per Ordinary share paid on 9 May 2007	443	-	-	-	-
First interim 2006 revenue of 1.0 pence per Ordinary share	-	134	-	134	-
First interim 2006 revenue of 1.5 pence per C share	-	-	277	-	277
Second interim 2006 revenue of 2.0 pence per Ordinary share	-	-	-	264	-
Second interim 2006 revenue of 2.15 pence per C share	-	-	-	-	394
Second interim 2006 capital of 0.85 pence per C share	-	-	-	-	156
	<u>443</u>	<u>134</u>	<u>277</u>	<u>398</u>	<u>827</u>



NOTES TO THE INTERIM ACCOUNTS (continued)

4. Amounts recognised as distributions to equity shareholders in the period (continued)

In addition to the dividends paid above, the Board has declared a second dividend of 3.5 pence (comprising 1 pence revenue and 2.5 pence realised capital profits) per Ordinary share to be paid on 5 October 2007 to shareholders on the register on 7 September 2007.

5. Basic and diluted return per share

The calculation of the weighted average number of Ordinary shares assumes that the C shares were converted on 1 January 2007. The return per share has been calculated on a weighted average of 31,637,310 Ordinary Shares (excluding Treasury shares) (30 June 2006: 13,223,111 Ordinary shares and 17,863,540 C shares).

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

6. Contingencies, guarantees and financial commitments

The Company has given a guarantee to The Royal Bank of Scotland plc in respect of the borrowing of investee companies. As at 30 June 2007 the maximum exposure under this guarantee is £100,000. These guarantees are secured by various third party charges of deposit granted to the Royal Bank of Scotland plc over specific bank accounts which hold £87,236.

7. Conversion of C shares

With effect from 31 March 2007, C shares were converted into Ordinary shares at a ratio of 1.0715 Ordinary shares for each C share. These interim accounts reflect the conversion of C shares into Ordinary shares.

8. Net asset value per share

The net asset value per share as at 30 June 2007 for Ordinary shares which includes C share which were converted into Ordinary shares on 31 March 2007 is 101.5 pence. This is based on net asset value of £31,532,685 and 31,068,498 shares in issue (excluding treasury shares) as at 30 June 2007.

The net asset value per share as at 31 December 2006 for Ordinary shares was 94.6 pence and for C shares was 101.4 pence. The C shares were converted to Ordinary shares on 31 March 2007 based on 31 December 2006 net asset values, giving a conversion factor of 1.0715 Ordinary shares for each C share. The pro forma net asset value per share, assuming conversion of the C shares to Ordinary shares, on 31 December 2006 is 94.6 pence.

The net asset value per share as at 30 June 2006 for Ordinary share was 95.0 pence and for C share was 105.0 pence.

9. 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 30 June 2007 and 30 June 2006, and is unaudited. The information for the year ended 31 December 2006 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 and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

10. 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 and at Companies House.

