

CLOSE BROTHERS



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



CONTENTS

	Page
Company information	2
Investment objectives	3
Financial highlights	4
Interim management report	5
Responsibility statement	6
Investment portfolio summary	7
Summary income statement	9
Summary balance sheet	10
Summary reconciliation of movement in shareholders' funds	11
Summary cash flow statement	13
Notes to the summarised set of financial statements	14



COMPANY INFORMATION

Directors	D M Bralsford MSc, FCA, FCT, Chairman G W Pitman MA, FCA, ACMA C Holdsworth Hunt MSI P H Reeve MA, ACA
Manager	Close Ventures Limited 10 Crown Place London EC2A 4FT Tel: 020 7422 7830 www.closeventures.co.uk
Secretary and Registered Office	Close Ventures Limited 10 Crown Place London EC2A 4FT
Registrar	Capita Registrars The Registry 34 Beckenham Road Kent BR3 4TU
Shareholder helpline	Tel: 0870 162 3124 Fax: 0870 162 3199 Email: shareholder.services@capitaregistrars.com
Registered 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
Lawyers	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
Custodians	RBSI Custody Bank Limited Liberty House 19-23 La Motte Street St Helier Jersey JE4 5RL Capita Trust Company Limited 7 th Floor, Phoenix House 18 King William Street London EC4N 7HC
Company Number	3265074

Close Brothers Protected VCT PLC is a member of the Association of Investment Companies.



INVESTMENT OBJECTIVES

Close Brothers Protected VCT PLC commenced trading in April 1997. Within the overall aim of maximising the considerable tax benefits available to shareholders in a venture capital trust, the Company's investment strategy was 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 shareholder approvals in 2002 and 2005 to change the Company's investment policy; the investments made by Close Brothers Protected VCT PLC currently fall into the following categories:

- **Qualifying asset based investments**
These comprise investments principally in the hotel, 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. This area now forms the focus of the investment policy going forwards.
- **Qualifying AIM investments**
These comprise a residual portfolio of new ordinary shares issued by companies quoted on the Alternative Investment Market (AIM), which is in the process of being wound down and re-invested in asset-based investments.
- **Non-qualifying investments**
The remaining funds are invested in cash at banks with Moody's credit rating of at least 'A' and gilts.



FINANCIAL HIGHLIGHTS

	Six months ended 30 September 2007	Year ended 31 March 2007
Total return per share (pence)	0.87	11.38
Total dividends per share (pence)	2.50	4.00
Net asset value per share (pence)	99.44	101.00
		Six months ended 30 September 2007 (pence per share)
Shareholder value since launch		
Total dividends paid during the year ended 31 March 1998		1.10
Total dividends paid during the year ended 31 March 1999		6.40
Total dividends paid during the year ended 31 March 2000		1.50
Total dividends paid during the year ended 31 March 2001		4.25
Total dividends paid during the year ended 31 March 2002		2.75
Total dividends paid during the year ended 31 March 2003		2.00
Total dividends paid during the year ended 31 March 2004		1.25
Total dividends paid during the year ended 31 March 2005		2.20
Total dividends paid during the year ended 31 March 2006 (iii)		4.50
Total dividends paid during the year ended 31 March 2007		4.00
Total dividends paid during the period ended 30 September 2007		2.50
Total dividends to 30 September 2007		32.45
Net asset value at 30 September 2007		99.44
Total net asset value return at 30 September 2007		131.89

In addition to the above dividends, the Directors have declared a second dividend of 2.50 pence per share (0.70 pence revenue and 1.80 pence paid out of realised gains) for the year ending 31 March 2008. This dividend will be paid on 4 January 2008 to shareholders on the register as at 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) The above table excludes the tax benefits investors received upon subscription for shares in the Company.
- (iii) Total dividend for the period to 31 March 2006 reflects the adoption of FRS 21 which requires that only dividends paid or approved by shareholders be disclosed in each period.



INTERIM MANAGEMENT REPORT

The six months to 30 September 2007 has been an active period for your Company, including the five year continuation vote, a Tender Offer for the purchase of 10% of the Company's shares, as well as the Company's normal investment and disposal programme. I am pleased to say that, at the Annual General Meeting in July of this year, approximately 96.5% of those voting approved the continuation of the Company for a further 5 years. In addition, the Tender Offer for the purchase of 10% of the share capital was taken up in full at a price of 98p (which was at a small discount to the prevailing NAV).

Meanwhile, the Company's investment portfolio continues to progress. The AIM portfolio which continues to be wound down in an orderly fashion, realised proceeds of £599,000 and profits of £294,400. Some £2.75 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 £1.9 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 £429,000 on the investment of £990,000, in addition to a running yield of over 10% on funds invested.

Our existing investment portfolio continues to develop well with further improvements in the trading of our hotels and the build up of membership in our health and fitness club investments. Our residential development investments continue to be largely wound down according to plan.

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 VCT's performance over the remaining six months of the financial period. The key risk is the outlook for the UK economy, to which your portfolio is subject, and 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, a downturn could affect existing investee companies and make it harder for the Manager to assess the prospects of new investment opportunities.

Results and Dividends

As at 30 September 2007, the net asset value was £21.4 million or 99.4 pence per share compared to £24.2 million or 101.0 pence per share as at 31 March 2007 (this was before the 10% Tender Offer). Revenue return before taxation was £447,000 for the period compared to £372,000 for the period to 30 September 2006. The Board now declares a second dividend of 2.50 pence per share (0.70 pence revenue and 1.80 pence paid out of realised gains). This dividend will be paid on 4 January 2008 to shareholders on the register as at 7 December 2007. This is in line with the Board's policy of paying out a dividend of 5 pence per share per annum for the foreseeable future, subject to the availability of realised capital and revenue reserves.

Martin Bralsford
Chairman

27 November 2007



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 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

Martin Bralsford

Chairman

27 November 2007



INVESTMENT PORTFOLIO SUMMARY

The following is a summary of the investments as at 30 September 2007.

Qualifying asset-based investments	Investments at cost £'000	Cumulative movement in carrying/fair value⁶ £'000	Total carrying/fair value £'000
Sector and investment			
Hotels			
Kew Green VCT (Stansted) Limited	3,000	2,580	5,580
The Crown Hotel Harrogate Limited	1,566	(247)	1,319
Sky Hotel Heathrow Limited	1,000	8	1,008
The Bear Hungerford Limited	1,167	(271)	896
The Rutland Pub Company (Hotels) Limited	900	(211)	689
The Place Sandwich VCT Limited	688	4	692
Churchill Taverns (Hotels) VCT Limited	520	17	537
Total investment in the hotel sector	8,841	1,880	10,721
Leisure			
Kensington Health Club Limited	1,100	19	1,119
The Weybridge Club Limited	980	71	1,051
City Screen (Liverpool) Limited	250	142	392
CS (Greenwich) Limited	415	(36)	379
Premier Leisure (Suffolk) Limited	390	(86)	304
Churchill Taverns VCT Limited	270	20	290
Bravo Inns Limited	230	2	232
Tower Bridge Health Clubs Limited	183	37	220
The Dunedin Pub Company VCT Limited	200	(18)	182
Pelican Inn Limited	248	(85)	163
CS (Brixton) Limited	115	7	122
River Bourne Health Club Limited	100	2	102
GB Pub Company VCT Limited	120	(24)	96
The Rutland Pub Company Limited	110	(28)	82
Novello Pub Limited	86	(28)	58
CS (Exeter) Limited	45	3	48
CS (Norwich) Limited	20	–	20
Total investment in the leisure sector	4,862	(2)	4,860
Residential Development			
Youngs VCT Limited	1,000	–	1,000
Wickenhall Mill VCT Limited	875	(191)	684
Chase Midland VCT Limited	200	–	200
Total investment in residential development	2,075	(191)	1,884



INVESTMENT PORTFOLIO SUMMARY (continued)

Qualifying AIM investments (top 5 investments by value)	Investments at cost £'000	Cumulative movement in carrying/fair value ⁽ⁱ⁾ £'000	Total carrying/fair value £'000
AIM investment portfolio			
Pennant International Group PLC	499	(12)	487
Pilat Media Global PLC	314	95	409
Bond International Software PLC	47	238	285
Food and Drink Group PLC	225	(26)	199
Clipper Ventures PLC	297	(160)	137
	<hr/>	<hr/>	<hr/>
Top 5 AIM investments	1,382	135	1,517
Other Qualifying AIM investments	2,180	(1,670)	510
	<hr/>	<hr/>	<hr/>
Total AIM investments	3,562	(1,535)	2,027
	<hr/>	<hr/>	<hr/>
Total qualifying investments	19,340	152	19,492
	<hr/>	<hr/>	<hr/>
Non-qualifying investments			
Total non-qualifying AIM investments	6	–	6
	<hr/>	<hr/>	<hr/>
Total non-qualifying investments	6	–	6
	<hr/>	<hr/>	<hr/>
Total investments	19,346	152	19,498
	<hr/>	<hr/>	<hr/>

(i) Included in this movement is capital depreciation of equity instruments amounting to £90,000 (31 March 2007 capital appreciation: £511,000) and the movement in carrying value at loans and receivables of £242,000 (31 March 2007: £164,000).



Summary income statement

	Note	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	–	9	9	–	668	668	–	2,288	2,288
Investment income	4	636	–	636	548	–	548	1,149	–	1,149
Investment management fees		(60)	(180)	(240)	(59)	(177)	(236)	(122)	(367)	(489)
Other expenses		(129)	–	(129)	(117)	–	(117)	(204)	–	(204)
Return/(loss) on ordinary activities before tax		447	(171)	276	372	491	863	823	1,921	2,744
Tax (charge)/credit on ordinary activities	5	(131)	59	(72)	(109)	53	(56)	(103)	120	17
Return/(loss) attributable to equity shareholders		316	(112)	204	263	544	807	720	2,041	2,761
Basic and diluted return/(loss) per share (pence) (excluding treasury shares)	7	1.35	(0.48)	0.87	1.08	2.23	3.31	2.97	8.41	11.38

The accompanying notes are 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 and 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.

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
Fixed asset investments	Note			
Qualifying investments		19,492	16,273	19,403
Non-qualifying investments		6	1,664	1,665
Total fixed asset investments	11	19,498	17,937	21,068
Current assets				
Debtors		62	48	65
Cash at bank and in hand		2,239	5,360	3,235
		2,301	5,408	3,300
Creditors: amounts falling due within one year		(382)	(398)	(198)
Net current assets		1,919	5,010	3,102
Total assets less current liabilities		21,417	22,947	24,170
Capital and reserves				
Called up share capital	8	11,965	12,116	12,116
Special reserve		9,213	9,477	9,476
Capital redemption reserve		1,973	1,822	1,822
Realised capital reserve		445	(114)	101
Unrealised capital reserve		(205)	(772)	515
Treasury shares reserve		(2,345)	–	(250)
Revenue reserve		371	418	390
Equity shareholders' funds		21,417	22,947	24,170
Net asset value per Ordinary share (pence) (excluding treasury shares)		99.44	94.70	101.00

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 financial statements on pages 9 to 19 were approved by the Board of Directors on 27 November 2007.

Signed on behalf of the Board of Directors by

Martin Bralsford
Chairman



Summary (unaudited) reconciliation of movement in shareholders' funds

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Treasury shares reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2007	12,116	9,476	1,822	101	515	(250)	390	24,170
Cancellation of treasury shares	(151)	(263)	151	–	–	250	–	(13)
Purchase of treasury shares	–	–	–	–	–	(2,345)	–	(2,345)
Capitalised investment management fees net of tax	–	–	–	(122)	–	–	–	(122)
Realised gains on investments	–	–	–	729	–	–	–	729
Unrealised gains on investments	–	–	–	–	(720)	–	–	(720)
Revenue return attributable to equity holders	–	–	–	–	–	–	316	316
Dividends	–	–	–	(263)	–	–	(335)	(598)
As at 30 September 2007	11,965	9,213	1,973	445	(205)	(2,345)	371	21,417
As at 31 March 2006	12,222	9,647	1,716	(187)	(753)	–	155	22,800
Purchase of own shares for cancellation	(106)	(170)	106	–	–	–	–	(170)
Capitalised investment management fees net of tax	–	–	–	(124)	–	–	–	(124)
Realised gains on investments	–	–	–	686	–	–	–	686
Unrealised losses on investments	–	–	–	–	(19)	–	–	(19)
Revenue return attributable to equity holders	–	–	–	–	–	–	263	263
Dividends	–	–	–	(489)	–	–	–	(489)
As at 30 September 2006	12,116	9,477	1,822	(114)	(772)	–	418	22,947



Summary (unaudited) reconciliation of movement in shareholders' funds

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Treasury shares reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2006	12,222	9,647	1,716	(187)	(753)	–	155	22,800
Purchase of own shares for cancellation	(106)	(171)	106	–	–	–	–	(171)
Purchase of treasury shares	–	–	–	–	–	(250)	–	(250)
Capitalised investment management fees net of tax	–	–	–	(246)	–	–	–	(246)
Realised gains on investments	–	–	–	1,020	–	–	–	1,020
Unrealised gains on investments	–	–	–	–	1,268	–	–	1,268
Revenue return attributable to equityholders	–	–	–	–	–	–	720	720
Dividends	–	–	–	(486)	–	–	(485)	(971)
As at 31 March 2007	12,116	9,476	1,822	101	515	(250)	390	24,170



Summary cash flow statement

		Unaudited Six months to 30 September 2007 £'000	Unaudited Six months to 30 September 2006 £'000	Audited Year to 31 March 2007 £'000
	Note			
Operating activities				
Investment income received		419	373	778
Deposit interest received		105	77	189
Investment management fees paid		(254)	(256)	(528)
Other cash (payments)/receipts		(135)	(127)	(145)
Net cash inflow from operating activities	9	<u>135</u>	<u>67</u>	<u>294</u>
Taxation				
UK corporation tax credit/(paid)		123	58	(117)
Capital expenditure and financial investment				
Purchase of investments		(1,968)	(2,179)	(4,453)
Disposals of investments		3,669	5,551	6,211
Net cash inflow from investing activities		<u>1,701</u>	<u>3,372</u>	<u>1,758</u>
Equity dividends paid				
Revenue dividends paid on Ordinary shares		(335)	(489)	(485)
Capital dividends paid on Ordinary shares		(263)	–	(486)
Net cash inflow before financing		<u>1,361</u>	<u>3,008</u>	<u>964</u>
Financing				
Purchase of own shares for cancellation/treasury		(2,357)	(170)	(251)
Net cash outflow from financing		<u>(2,357)</u>	<u>(170)</u>	<u>(251)</u>
(Decrease)/increase in cash in the period	10	<u>(996)</u>	<u>2,838</u>	<u>713</u>



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 historic cost convention, modified by the revaluation of certain 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. Accounting policies have been applied consistently in current and prior periods.

True and fair override

The Company is no longer an investment company within the meaning of s266, 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 s266 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 financial statements 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

Investments

In accordance with FRS 26 "Financial Instruments Measurement", equity investments are designated at fair value through profit and loss account ("FVTPL"). 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. The Total column of the Income Statement represents the Company's profit and loss account. 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 the reporting period.



Notes to the summarised set of financial statements for the six months to 30 September 2007 (continued)

Accounting Policies (continued)

Investments (continued)

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 investments in which the Company holds more than 20% of the equity are not regarded as associated undertakings.

Investment Income

Dividend income on equity investments is 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 and performance fees, net of corporation tax, is allocated to the capital account to the extent that these relate to the enhancement of the value of the investments and in line with the Boards' 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.

Performance incentive fee

In the event that a performance fee crystallises, the fee will be allocated between revenue and realised capital reserves (net of corporation tax) based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

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.

Creditors are non-interest bearing and are stated at their nominal value and subsequently at amortised cost. 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. Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred taxation", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more 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



**Notes to the summarised set of financial statements
for the six months to 30 September 2007 (continued)**

Accounting Policies (continued)

Taxation (continued)

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 the taxation of venture capital trusts means that it is unlikely any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe any provision should be made.

Dividends

In accordance with FRS 21 “Events after the balance sheet date”, dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Reserves

Realised capital reserve

The following are accounted for in this reserve:

- (i) gains and losses on the realisation of investments;
- (ii) capitalised management and performance fees 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 period end 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.

Treasury shares reserve

This reserve accounts for amounts paid on the purchase of the Company’s own shares for treasury.

3. Gains on investments

	Six months to 30 September 2007 £’000	Six months to 30 September 2006 £’000	Year to 31 March 2007 £’000
Realised gains on disposal	729	686	1,020
(Decrease)/increase in unrealised appreciation	(720)	(18)	1,268
	<u>9</u>	<u>668</u>	<u>2,288</u>



**Notes to the summarised set of financial statements
for the six months to 30 September 2007 (continued)**

4. Investment income

	Six months to 30 September 2007 £'000	Six months to 30 September 2006 £'000	Year to 31 March 2007 £'000
Loan stock income	478	391	822
Dividend income	14	8	6
Floating rate note income	22	40	83
Other income	45	27	47
Bank deposit income	77	82	191
	<u>636</u>	<u>548</u>	<u>1,149</u>

5. Tax (charge)/credit on ordinary activities

The tax charge for the half-year is £72,220 (30 September 2006: £56,248; 31 March 2007: £17,000 tax credit) based on an estimated effective tax rate of 26% for the year ending 31 March 2008. The estimated effective tax rate is lower than the standard rate of 30% as investment gains are exempt from tax owing to the Company's status as a Venture Capital Trust, and the Company is eligible for marginal relief.

6. Dividends

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

	Six months to 30 September 2007			Six months to 30 September 2006			Year to 31 March 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend paid on 10 August 2007 – 2.50p per share	335	263	598	–	–	–	–	–	–
First dividend paid on 25 August 2006 – 2.00p per share	–	–	–	–	489	489	–	486	486
Second dividend paid on 26 January 2007 – 2.00p per share	–	–	–	–	–	–	485	–	485
	<u>335</u>	<u>263</u>	<u>598</u>	<u>–</u>	<u>489</u>	<u>489</u>	<u>485</u>	<u>486</u>	<u>971</u>

In addition to the dividends above, the Board has declared a second dividend of 2.50 pence per share (0.70 pence revenue and 1.80 pence paid out of realised gains). This dividend will be paid on 4 January 2008 to shareholders on the register as at 7 December 2007. In accordance with FRS 21 this dividend has not been accrued as a liability in these financial statements.

7. Basic and diluted return/(loss) per share

The revenue return attributable to equity shareholders is £316,000 (30 September 2006: £263,000; 31 March 2007: £720,000) and is in respect of 23,253,632 shares (30 September 2006: 24,309,947; March 2007: 24,267,095), being the weighted average number of shares in issue during the six months (excluding treasury shares). The capital return per share is based on a net capital loss for the period of £112,000, (30 September 2006: return £544,000; 31 March 2007: return £2,041,000) in respect of the same weighted average number of shares in issue over the six months.



CLOSE BROTHERS PROTECTED VCT PLC

Notes to the summarised set of financial statements for the six months to 30 September 2007 (continued)

7. Basic and diluted return/(loss) per share (continued)

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.

8. Called up share capital

	30 September 2007 £'000	30 September 2006 £'000	31 March 2007 £'000
Authorised			
50,000,000 Ordinary Shares of 50p each (March 2007: 50,000,000)	25,000	25,000	25,000
Allotted			
23,929,901 Ordinary Shares of 50p each (March 2007: 24,231,172)	11,965	12,116	12,116
Allotted excluding treasury shares			
21,536,946 Ordinary Shares of 50p each (March 2007: 23,929,901)	10,768	12,116	11,965

During the period the Company cancelled 301,271 shares previously held in treasury at a cost of £250,058. The Company also purchased into treasury (through the Tender Offer in July 2007) 2,392,955 shares (30 September 2006: 301,271) at a total cost of £2,345,096 (30 September 2006: £171,000). The 2,392,955 shares which are held in treasury represent 10% of the shares in issue as at 30 September 2007. The Directors have no current intention of re-issuing the treasury shares.

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

	Six months to 30 September 2007 £'000	Six months to 30 September 2006 £'000	Year to 31 March 2007 £'000
Revenue return before tax	447	372	823
Investment management fee charged to capital	(180)	(177)	(367)
Increase/(decrease) in debtors	52	(208)	(42)
(Decrease)/increase in creditors	(184)	80	(120)
Net cash inflow from operating activities	135	67	294

10. Analysis of changes in cash during the year

	Six months to 30 September 2007 £'000	Six months to 30 September 2006 £'000	Year to 31 March 2007 £'000
Opening cash balances	3,235	2,522	2,522
Net cash (outflow)/inflow	(996)	2,838	713
Closing cash balances	2,239	5,360	3,235



**Notes to the summarised set of financial statements
for the six months to 30 September 2007 (continued)**

11. Fixed Asset Investments

As at 30 September 2007, investments held at fair value through profit and loss account total £8,538,187 and investments held at amortised cost total £10,959,808.

12. Contingencies, guarantees and financial commitments

As at 30 September 2007 the Company has given no guarantees to banking institutions in respect of the borrowings of investee companies.

13. Post balance sheet events

- Invested a further £10,000 in Churchill Taverns VCT Limited.

14. Related party transactions

The Manager, Close Ventures Limited, is considered to be a related party by virtue of the fact that it is a party to a management contract from the Company. During the period, services of a total value of £240,000 (30 September 2006: £236,000; 31 March 2007:£489,000) 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 £139,212.

15. Other Information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 240 of Companies Act 1985 for the six months ended 30 September 2007 and 30 September 2006, and is 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 those 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 at 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 Protected VCT PLC