

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2008



Close Enterprise VCT plc

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Company Information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P Reeve
Manager	Close Ventures Limited 10 Crown Place London EC2A 4FT Tel: 020 7422 7830 <i>www.closeventures.co.uk</i>
Secretary and registered office	Close Ventures Limited 10 Crown Place London EC2A 4FT
Registrar	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
Registered auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6NN

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

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars plc: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras) Email: <i>ssd@capitaregistrars.com</i> Website: <i>www.capitaregistrars.com</i> For enquiries relating to the performance of the Fund please contact Close Ventures Limited: Tel: 020 7422 7830 Email: <i>enquiries@closeventures.co.uk</i> Website: <i>www.closeventures.co.uk</i>
IFA information	Independent financial advisors with questions please contact Close Ventures Limited: Tel: 08442 579 722 (calls cost 4p per minute plus network extras) Email: <i>enquires@closeventures.co.uk</i> Website: <i>www.closeventures.co.uk</i>

Investment Objectives

The aim of Close Enterprise VCT is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a growth portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held in gilts, on deposit or invested in floating rate notes, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

Financial Calendar

Record date for second dividend	5 December 2008
Payment of second dividend	9 January 2009
Financial year end	31 March 2009

Financial Highlights

	30 September 2008 pence per share	30 September 2007 pence per share	31 March 2008 pence per share
Net asset value per share	92.5	95.2	94.0
Dividends paid	0.4	–	0.7
Revenue return per share	1.4	1.4	2.8
Capital return per share	(2.8)	(0.6)	(2.5)

pence per share

Total shareholder net asset value return to 30 September 2008:

Dividends paid during the period ended 31 March 2008 *	0.7
Dividends paid during the six months ended 30 September 2008 *	0.4
	1.1
Total dividends paid to 30 September 2008	1.1
Net asset value as at 30 September 2008	92.5
	93.6
Total shareholder net asset value return to 30 September 2008	93.6

* These dividends were paid to shareholders who subscribed in the 2006/2007 offer only.

In addition to the above dividends, the Company will pay a second dividend of 1.25 pence per share on 9 January 2009 to shareholders on the register at 5 December 2008.

Notes

- *All dividends paid by the Company are free of income tax. It is an Inland Revenue requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.*
- *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.*

Interim Management Report

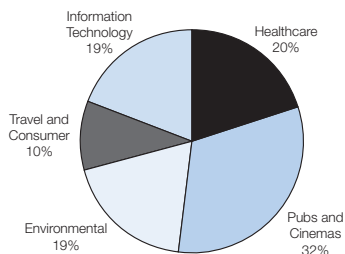
Introduction

The six month period to 30 September 2008 has been a difficult one for the UK economy as a whole, and your Company's investment portfolio has not been immune from its effects, although your Company's high level of cash has provided a strong degree of protection from the worst effects. During the period, Close Enterprise VCT recorded a revenue return of 1.4 pence per share but, after provisions against investments, the total return was a loss of 1.4 pence. The net asset value at 30 September 2008 was 92.5 pence per share. Under a further Offer for Subscription, launched in December 2007, a total of 10,567,738 shares were allotted at a price of 94.5 pence on 4 April 2008. These shares were listed on 7 April 2008.

Investment progress and prospects

It remains the Company's aim to provide investors with an unquoted investment portfolio balanced between asset-based businesses and high growth companies across a variety of sectors of the UK economy. During the six month period, a total of £1.5 million was invested in four new portfolio companies and since 30 September 2008, a further £800,000 has been invested in three existing portfolio companies. This takes the total level of investment now to £5.4 million, of which 39% is in asset-based businesses and the balance in high growth sectors. Our strategy is to build on our existing presence in the healthcare sector, which we see as a relatively protected segment of the UK economy and where we have a pipeline comprising a number of technology and service driven opportunities. In addition, we are seeing a number of opportunities in other sectors where prices are becoming increasingly attractive.

The following is the current split of the valuation of the investment portfolio by sector.



Source: Close Ventures Limited

It is not our policy for any of our unquoted investments to have external bank borrowings, and therefore the investment portfolio as a whole remains stable and income generating. Nevertheless, while some companies within the portfolio are performing strongly and ahead of budget, others are behind plan and have been written down accordingly. This is in part due to the effects of the economic recession, and in part the result of young companies being in new and expanding markets where market growth has been slower than expected.

Your Company has significant cash reserves and we believe that, while economic conditions are likely to worsen, the next year or so should provide excellent investment opportunities at good prices, particularly for those companies that are finding it hard to access bank finance.

Risks and uncertainties

The key risk remains the outlook for the UK economy which is now significantly worse since my last report. As detailed above, this has already had an effect on some of our portfolio valuations and we see the climate generally for UK smaller companies as being harsh. Nevertheless, because our companies have no outside bank borrowings, our investment portfolio should have a strong degree of resilience in uncertain times. Other risks and uncertainties remain as detailed on page 17 of the Annual Report and Financial Statements for the period ended 31 March 2008, comprising investment, venture capital trust approval, compliance, internal control, third parties and financial risks.

Related party transactions

Details of material related party transactions for the reporting period can be found in note 13 to the Half-yearly Financial Report.

Results and dividends

As at 30 September 2008, the net asset value of the company was £28.1 million or 92.5 pence per share, its revenue attributable to shareholders was £417,000 and your Board now declares a second dividend for the year of 1.25 pence per share which will be paid on 9 January 2009 to those shareholders on the register at 5 December 2008.

M Packe
Chairman

27 November 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"). The Directors of the Company as at 27 November 2008 are shown in the Company Information section on page 2.

In preparing these summarised financial statements for the period to 30 September 2008, each of the Directors, listed on page 2 confirm that to the best of their knowledge:

- (a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the 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 gives a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 30 September 2008 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 of Directors

M Packe
Chairman

27 November 2008

Portfolio of Investments

The following is a summary of fixed asset investments as at 30 September 2008:

Qualifying Investments

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽ⁱ⁾ £'000	Total carrying/fair value £'000
Asset-based leisure investments			
Bravo Inns Limited	750	(214)	536
Bravo Inns II Limited	350	4	354
The Clear Pub Company VCT Limited	275	(48)	227
CS (Norwich) Limited	100	(22)	78
Total asset-based leisure investments	1,475	(280)	1,195
High growth unquoted investments			
Dexela Limited	430	-	430
Mi-Pay Limited	340	(147)	193
Opta Sports Data Limited	300	12	312
Oxsensis Limited	380	-	380
Point 35 Microstructures Limited	384	(125)	259
Prime Care Holdings Limited	320	-	320
Process Systems Enterprise Limited	295	(39)	256
Resorthoppa Limited	270	(212)	58
Vibrant Energy Surveys Limited	378	(39)	339
Total high growth unquoted investments	3,097	(550)	2,547
Total qualifying investments	4,572	(830)	3,742

(i) Included in this movement is net capital depreciation of equity instruments amounting to £850,000 (30 September 2007: appreciation £2,000; 31 March 2008: depreciation £240,000) and an increase in carrying value of £20,000 (30 September 2007: £8,000; 31 March 2008: £8,000) for loans and receivables.

Portfolio of Investments (continued)

The following is a summary of current asset investments as at 30 September 2008:

Non-qualifying Investments

	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽ⁱⁱ⁾ £'000	Total carrying/fair value £'000
Nationwide floating rate note 7 June 2010	1,864	(22)	1,842
Treasury gilt edged stock 7 March 2009	7,999	16	8,016
Lloyds TSB Euro Commercial Paper 30 June 2009	3,837	9	3,846
Bank of Nova Scotia Floating rate note 22 September 2010	2,186	(5)	2,181
Barclays Bank floating rate note 2 July 2010	2,277	(2)	2,275
HBOS floating rate note 17 December 2009	447	(1)	446
Total non-qualifying investments	18,610	(5)	18,605

- (ii) Included in this movement is net capital depreciation of equity instruments amounting to £14,000 (30 September 2007: £nil; 31 March 2008: £22,000) and an increase in carrying value of £9,000 (30 September 2007: £nil; 31 March 2008: £nil) for Euro commercial paper.

Summary Income Statement

	Note	Unaudited six months to 30 September 2008			Audited period to 30 September 2007			Audited period to 31 March 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	–	(618)	(618)	–	2	2	–	(262)	(262)
Investment income	4	734	–	734	547	–	547	1,065	–	1,065
Investment management fees		(100)	(299)	(399)	(60)	(179)	(239)	(117)	(352)	(469)
Other expenses		(93)	–	(93)	(92)	–	(92)	(175)	–	(175)
Return/(loss) on ordinary activities before taxation		541	(917)	(376)	395	(177)	218	773	(614)	159
Tax (charge)/credit on ordinary activities		(124)	79	(45)	(110)	58	(52)	(214)	114	(100)
Return/(loss) attributable to equity holders		417	(838)	(421)	285	(119)	166	559	(500)	59
Basic and diluted return/(loss) per share (pence)	6	1.4	(2.8)	(1.4)	1.4	(0.6)	0.8	2.8	(2.5)	0.3

Comparative figures have been extracted from the audited Initial Report and Accounts for the period ended 30 September 2007 and the audited statutory accounts for the period ended 31 March 2008.

The accompanying notes on pages 15 to 20 form an integral part of this Half-yearly Financial Report.

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

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

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

Note of Historical Cost Profits and Losses

	Unaudited six months to 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
(Loss)/return on ordinary activities before taxation	(376)	218	159
Add back: unrealised losses/(gains) on investments	601	(2)	262
Historical cost return on ordinary activities before taxation	225	216	421
Historical cost return for the period after taxation and dividends	101	164	182

Summary Balance Sheet

	Note	Unaudited 30 September 2008 £'000	Audited 30 September 2007 £'000	Audited 31 March 2008 £'000
Investments				
Qualifying		3,742	2,409	2,847
Total fixed asset investments	10	3,742	2,409	2,847
Current assets				
Current asset investments		18,605	1,497	1,474
Debtors		100	482	141
Cash at bank	9	6,029	14,688	14,363
		24,734	16,667	15,978
Creditors: amounts falling due within one year		(386)	(226)	(221)
Net current assets		24,348	16,441	15,757
Net assets		28,090	18,850	18,604
Capital and reserves				
Called up share capital	7	15,180	9,897	9,897
Share premium		4,703	-	-
Special reserve		8,787	8,787	8,787
Realised capital reserve		(475)	(121)	(238)
Unrealised capital reserve		(863)	2	(262)
Revenue reserve		758	285	420
Total equity shareholders funds		28,090	18,850	18,604
Net asset value per share (pence)		92.5	95.2	94.0

Comparative figures have been extracted from the audited Initial Report and Accounts for the period ended 30 September 2007 and the audited statutory accounts for the period ended 31 March 2008.

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

The financial statements on pages 9 to 20 were approved and authorised for issue by the Board of Directors on 27 November 2008.

Signed on behalf of the Board of Directors by

M Packe
Chairman

Summary Reconciliation of Movements in Shareholders' Funds

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2008	9,897	–	8,787	(238)	(262)	420	18,604
Issue of share capital	5,283	5,283	–	–	–	–	10,566
Issue costs	–	(580)	–	–	–	–	(580)
Net realised losses on investments in the period	–	–	–	(17)	–	–	(17)
Capitalised investment management and performance fees	–	–	–	(299)	–	–	(299)
Tax relief on costs charged to capital	–	–	–	79	–	–	79
Movement in unrealised appreciation	–	–	–	–	(601)	–	(601)
Revenue return attributable to shareholders	–	–	–	–	–	417	417
Dividend paid	–	–	–	–	–	(79)	(79)
	<u>15,180</u>	<u>4,703</u>	<u>8,787</u>	<u>(475)</u>	<u>(863)</u>	<u>758</u>	<u>28,090</u>
As at 30 September 2008							
As at 7 November 2006	–	–	–	–	–	–	–
Issue of share capital	9,897	9,897	–	–	–	–	19,794
Issue costs	–	(1,089)	–	–	–	–	(1,089)
Cost of cancellation of share premium account	–	(21)	–	–	–	–	(21)
Cancellation of share premium account	–	(8,787)	8,787	–	–	–	–
Capitalised investment management and performance fees	–	–	–	(179)	–	–	(179)
Tax relief on costs charged to capital	–	–	–	58	–	–	58
Unrealised gains on investments	–	–	–	–	2	–	2
Revenue return attributable to shareholders	–	–	–	–	–	285	285
	<u>9,897</u>	<u>–</u>	<u>8,787</u>	<u>(121)</u>	<u>2</u>	<u>285</u>	<u>18,850</u>
As at 30 September 2007							

Summary Reconciliation of Movements in Shareholders' Funds (continued)

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 7 November 2006	–	–	–	–	–	–	–
Issue of share capital	9,897	9,897	–	–	–	–	19,794
Issue costs	–	(1,089)	–	–	–	–	(1,089)
Cost of cancellation of share premium account	–	–	(21)	–	–	–	(21)
Cancellation of share premium account	–	(8,808)	8,808	–	–	–	–
Capitalised investment management and performance fees	–	–	–	(352)	–	–	(352)
Tax relief on costs charged to capital	–	–	–	114	–	–	114
Unrealised losses on investments	–	–	–	–	(262)	–	(262)
Revenue return attributable to shareholders	–	–	–	–	–	559	559
Dividend paid	–	–	–	–	–	(139)	(139)
As at 31 March 2008	<u>9,897</u>	<u>–</u>	<u>8,787</u>	<u>(238)</u>	<u>(262)</u>	<u>420</u>	<u>18,604</u>

Summary Cash Flow Statement

	Note	Unaudited six months to 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
Operating activities				
Investment income received		582	33	138
Deposit interest received		247	330	903
Investment management fees paid		(272)	(131)	(408)
Other cash receipts/(payments)		9	(40)	(239)
Net cash inflow from operating activities	8	566	192	394
Capital expenditure and financial investments				
Purchase of investments		(1,493)	(2,391)	(3,078)
Monies held with solicitors		–	(300)	–
Net cash outflow from investing activities		(1,493)	(2,691)	(3,078)
Management of liquid resources				
Purchase of current asset investments		(21,298)	(1,497)	(1,497)
Disposal of current asset investments		3,983	–	–
Net cash outflow from management of liquid resources		(17,315)	(1,497)	(1,497)
Equity dividends paid				
Dividends paid on ordinary shares	5	(79)	–	(139)
Net cash outflow before financing		(18,321)	(3,996)	(4,320)
Financing				
Issue of ordinary share capital		10,567	19,794	19,794
Expenses of issue of ordinary share capital		(580)	(1,110)	(1,111)
Net cash inflow from financing		9,987	18,684	18,683
(Decrease)/increase in cash	9	(8,334)	14,688	14,363

Notes to the summarised Financial Statements for the six months to 30 September 2008

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. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Fixed and current asset investments

Unquoted equity investments

In accordance with FRS 26 "Financial Instruments: Recognition and Measurement", unquoted equity investments are designated as fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV 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. Realised gains or losses on the sale of investments will be reflected in the Realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the Unrealised capital reserve.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Unquoted loan stock and Euro commercial paper

Unquoted loan stock and Euro commercial paper is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method ("EIR") less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income Statement, and hence are reflected in the Revenue reserve, and movements in respect of capital provisions are reflected in the capital column of the

Income Statement, and are reflected in the Realised capital reserve following sale, or in the Unrealised capital reserve on revaluation.

Loan stocks which are not impaired or past due are considered fully performing in terms of contractual interest and capital repayments and the Board does not consider that there is a current likelihood of a shortfall on security cover for these assets. For unquoted loan stock, the amount of any impairment is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the effective interest rate.

Unquoted loan stocks are classified as fixed asset investments in the balance sheet.

Euro commercial paper is classified as a current asset investment in the balance sheet.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as FVTPL. Floating rate notes are valued at market bid price at the balance sheet date and are disclosed as current asset investments in the balance sheet.

Treasury gilt edged stock

In accordance with FRS 26, treasury gilts are designated as FVTPL. Treasury gilts are valued at market bid price at the balance sheet date and are disclosed as current asset investments in the balance sheet.

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.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the Revenue reserve when a share becomes ex-dividend.

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.

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 per cent. of the equity are not regarded as associated undertakings.

Notes to the summarised Financial Statements for the six months to 30 September 2008 (continued)

Investment income

Unquoted equity income

Dividend income is included in revenue when the investment is quoted ex-dividend.

Unquoted loan stock and Euro commercial paper income

The returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument.

Bank interest income

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

Treasury gilt edged stock income

Treasury gilt income is recognised on an accruals basis using the interest rate applicable to the treasury gilt.

Investment management fees and 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 per cent. of Management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments. This is in line with the Board's expectation that over the long term 75 per cent. 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.

Under the terms of the Management Agreement, total expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of the net asset value per annum.

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 means 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.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between Revenue and Realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Reserves

Realised capital reserves

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- 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 against cost held at the period end are disclosed in this reserve.

Share premium account

This reserve accounts for the difference between the nominal value of the new shares issued and the issue price less any costs associated with the issue of share capital.

Special reserve

This reserve was created on the cancellation of the Company's share premium account, is distributable and amongst other purposes can be used for making market purchases and effecting tender offers of Ordinary shares, offsetting of losses to enable the Company to pay dividends, or can be used for the same purposes that the Company could use a share premium account.

Notes to the summarised Financial Statements for the six months to 30 September 2008 (continued)

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.

3. (Losses)/gains on investments

	Unaudited six months to 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
Unrealised (losses)/gains on investments held at fair value through profit or loss account	(601)	2	(262)
Realised losses on investments held at fair value through profit or loss account	(17)	–	–
Total	(618)	2	(262)

4. Investment income

	Unaudited six months to 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
Income recognised on investments held at fair value through profit or loss			
Floating rate note interest	173	9	61
Bank deposit interest	233	501	913
Treasury gilt edged stock interest	255	–	–
	<u>661</u>	<u>510</u>	<u>974</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	64	37	91
Euro commercial paper interest	9	–	–
	<u>734</u>	<u>547</u>	<u>1,065</u>

5. Dividends

	Unaudited six months to 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
Dividend of 0.7p per share paid on 28 December 2007	–	–	(139)
Dividend of 0.4p per share paid on 15 August 2008	(79)	–	–
	<u>(79)</u>	<u>–</u>	<u>(139)</u>

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2009 of 1.25 pence per share to be paid on 9 January 2009 to shareholders on the register on 5 December 2008.

Notes to the summarised Financial Statements for the six months to 30 September 2008 (continued)

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

Return per share has been calculated on 30,187,643 shares (30 September 2007: 19,793,147; 31 March 2008: 19,793,147), being the weighted average number of shares in issue for the period.

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

7. Called up share capital

	Unaudited 30 September 2008 £'000	Audited 30 September 2007 £'000	Audited 31 March 2008 £'000
Authorised			
50,000,000 Ordinary shares of 50p each (30 September 2007: 40,000,000; 31 March 2008; 50,000,000)	25,000	20,000	25,000
Allotted, called up and fully paid			
30,360,885 Ordinary shares of 50p each (30 September 2007 and 31 March 2008: 19,793,147)	15,180	9,897	9,897

At the Extraordinary General Meeting on 19 December 2007, an Ordinary resolution was approved to increase the Company's authorised share capital from £20,000,000 to £25,000,000 by the creation of 10,000,000 Ordinary Shares of 50p each, such shares having attached thereto the respective rights and being subject to the respective limitations set out or provided in the Articles of Association of the Company. These shares were used for the Further Offer for Subscription which closed on 4 April 2008.

On 4 April 2008, 10,567,738 shares of nominal value 50 pence each, (total nominal value of £5,283,869) were allotted in accordance with the terms of the Offer for Subscription dated 23 November 2007. These were issued at a total value of 100 pence each. These shares were admitted to the Official List of the UK Listing Authority on 7 April 2008.

8. Reconciliation of return on ordinary activities before taxation to net cash inflow from operating activities

	Unaudited six months ended 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
Revenue return on ordinary activities before taxation	541	395	773
Investment management fee charged to capital	(299)	(179)	(352)
Movement in accrued amortised loan stock interest	(21)	(8)	(8)
Decrease/(increase) in operating debtors	180	(182)	(141)
Increase in operating creditors	165	166	122
Net cash inflow from operating activities	566	192	394

Notes to the summarised Financial Statements for the six months to 30 September 2008 (continued)

9. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2008 £'000	Audited period to 30 September 2007 £'000	Audited period to 31 March 2008 £'000
Beginning of the year	14,363	–	–
Net cash (outflow)/inflow	(8,334)	14,688	14,363
End of the year	6,029	14,688	14,363

10. Fixed and current asset investments

Fixed asset investments held at fair value through profit or loss total £1,998,000 (30 September 2007: £1,409,000; 31 March 2008: £1,579,000). Fixed asset investments held at amortised cost total £1,744,000 (30 September 2007: £1,000,000; 31 March 2008: £1,268,000).

Current asset investments held at fair value through profit or loss total £14,759,000 (30 September 2007: £1,497,000; 31 March 2008: £1,474,000). Current asset investments held at amortised cost total £3,846,000 (30 September 2007: £nil; 31 March 2008: £nil).

11. Contingencies, guarantees and financial commitments

At 30 September 2008 the Company had no guarantees or commitments (30 September 2007: nil; 31 March 2008: nil).

12. Post balance sheet events

- Investment of £600,000 in Bravo Inns II Limited
- Investment of £65,000 in Vibrant Energy Surveys Limited
- Investment of £151,000 in Mi-Pay Limited

HM Revenue & Customs issued a Business Briefing on 24 July 2008, which permitted the recovery of historic VAT that had been charged on management fees. The Manager is currently working to quantify and recover the applicable back VAT from HMRC. As the Company was launched in 2007, this amount is not expected to be a material sum.

13. 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 £399,000 (30 September 2007: £239,000; 31 March 2008: £469,000) 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 £189,000 (30 September 2007: £107,000; 31 March 2008: £62,000).

Patrick Reeve, a Director of the Company, is also the Managing Director of Close Ventures Limited, which is the Manager of the Fund. Close Ventures Limited received fees in respect of Patrick Reeve's services as a Director of the Company of £10,000 during the period (30 September 2007: £9,000; 31 March 2008: £19,000). At the financial period end, the amount due to Close Ventures Limited in respect of these fees, disclosed as accruals and deferred income was £6,000 (30 September 2007: £5,000; 31 March 2008: £5,000).

During the period fees of £581,000 were paid to Close Investments Limited, a subsidiary of Close Brothers Group plc, in association with the issue costs of the Offer for Subscription in April 2008.

Maxwell Packe is the Chairman of the Board of Vibrant Energy Surveys Limited, a company in which Close Enterprise VCT PLC invested during the period. No income was received from Vibrant Energy Surveys Limited during the period. At the financial period end, there were no amounts due to Close Enterprise VCT PLC.

Notes to the summarised Financial Statements for the six months to 30 September 2008 (continued)

14. 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 the Companies Act 1985 for the period ended 30 September 2008, and is unaudited. The information for the period ended 31 March 2008 and 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 period, which have been delivered to the Registrar of Companies. The auditors reported on these accounts; their reports were unqualified and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

15. Publication

This Half-yearly Financial 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.

Close Enterprise VCT plc

