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

Close Brothers Development VCT PLC

closeventures

Contents

Financial Calendar

Record date for second dividend	5 September 2008
Payment date for second dividend	3 October 2008
Financial year end	31 December 2008

Financial Highlights

	Ordinary shares six months to 30 June 2008 (pence per share)
Dividends paid per share	2.50
Revenue return per share	2.56
Capital return per share	1.67
Net asset value per share	102.79

	Ordinary Shares (pence per share)	C Shares (pence per share)(i)
Shareholder value since launch:		
Dividends paid during the period ended 31 December 1999	1.00	-
Dividends paid during the year to 31 December 2000	2.90	-
Dividends paid during the year to 31 December 2001	3.95	-
Dividends paid during the year to 31 December 2002	4.20	-
Dividends paid during the year to 31 December 2003	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 year to 31 December 2007(i)	5.00	5.35
Dividends paid during the period to 30 June 2008(i)	2.50	2.67
Total dividends paid to 30 June 2008	36.25	21.17
Net asset value per share as at 30 June 2008(i)	102.79	110.14
Total cumulative shareholder return at 30 June 2008	139.04	131.31

In addition to the dividend paid above the Board has declared a second dividend of 5.5 pence per share comprising 0.75 pence from revenue profits and 4.75 pence from realised capital profits. The dividend will be payable on 3 October 2008 to shareholders on the register at 5 September 2008.

(i) The C shares were converted into Ordinary shares on 30 June 2007, with a conversion factor of 1.0715 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to Ordinary shares are multiplied by the conversion factor of 1.0715 in respect of the C shares return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.

Interim Management Report

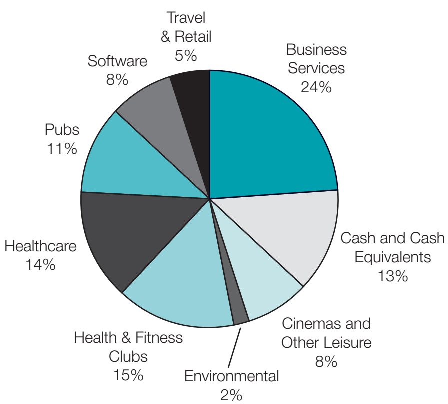
Investment Progress and Performance

I am pleased to say that the results for the six months to 30 June 2008 were strong, despite the current uncertain economic background. The revenue return for the six months was at its highest level since launch, while positive investment progress led to a total return of 4.23 pence per share.

The high point of the six month period was the sale of our investment in Grosvenor Health, the occupational healthcare business, in which we originally invested in 2004. The sale of the company to Serco in May realised a profit, including interest, of three times our £2.2 million cost of investment. Against this, the slowdown in consumer spending has adversely affected trading in our pub investments, resulting in valuation decreases for both Bravo Inns and Churchill Taverns, while lower than expected growth in two of our technology investments, Xceleron and Point 35, resulted in partial provisions.

Looking forward, we believe that the investment portfolio has significant strengths. Not only is it broadly based and diversified, ranging from asset based businesses to those involved in potentially market leading technologies, but also, it is not our general policy for investee companies to have outside bank borrowing. This provides a significant potential protection in the event of a continued economic slowdown.

Split of portfolio valuation by sector as at 30 June 2008



The level of investments made in the period was relatively low, with £460,000 invested in three existing and two new investee companies. This reflected our cautious view on the economy.

Related party transactions

Details of material related party transactions for the last six months can be found in Note 11 to this Half-yearly Financial Report.

Risks and uncertainties

The key risk remains the UK economy which is being affected by the current unease in the wholesale financial and housing markets. We remain of the view that this could give rise to additional investment opportunities at appropriate valuations for a cash rich fund like ourselves. Nevertheless, a downturn could affect existing investee companies and make it harder for the Manager to assess the prospects of new investment opportunities, as well as potentially affecting asset values. The Company's policy of having a first legal charge wherever possible mitigates some of the investment risks. Other risks and uncertainties remain as detailed on page 14 of the Annual Report and Financial Statements for the year ended 31 December 2007 which can be found on our Manager's website www.closeventures.co.uk.

Results, Dividends and Reinvestment Scheme

As at 30 June 2008, the net asset value of the Company's shares was 102.79 pence (30 June 2007: 101.5 pence; 31 December 2007: 100.90 pence). Revenue return before tax was £1,104,000 (30 June 2007: £838,000; 31 December 2007: £1,783,000).

The welcome addition of realised capital profits from the sale of Grosvenor has led us to increase our dividend objective from 5 pence p.a. to 8 pence p.a., subject to the continuing availability of revenue and capital reserves. Consequently, the second dividend for the year will be 5.5 pence per Ordinary share (comprising 0.75 pence from revenue profits and 4.75 pence from realised capital profits). This takes total dividends for 2008 to 8 pence per share. The dividends will be payable on 3 October 2008 to shareholders on the register at 5 September 2008.

Enclosed with this report is an explanatory circular and a form allowing you to participate in the dividend

Interim Management Report (continued)

reinvestment scheme, whereby you may receive dividends in the form of new shares.

Benefits to individual shareholders arising on participating in the dividend reinvestment scheme include:

- income tax relief on the reinvestment at the rate of 30% (VCT investments cannot exceed £200,000 in one tax year to be able to obtain this relief and new shares need to be held for at least five years);
- any gains arising on disposal of shares in a VCT will be exempt from tax (any loss will not be an allowable capital loss); and
- any future dividends on the new shares are not subject to income tax.

Overall, we remain cautiously optimistic about the future prospects of the Company.

J G T Thornton
Director 27 August 2008

Responsibility Statement

The Directors have chosen to prepare this Half-yearly Financial Report for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

In preparing these summarised financial statements for the period to 30 June 2008, we the Directors, confirm that to the best of our knowledge:

(a) the summarised set of financial statements has been prepared in accordance with pronouncement on interim reporting issued by Accounting Standards Board;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

(c) the summarised set of financial statements give a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position and 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

J G T Thornton
Director 27 August 2008

Portfolio of Investments

Portfolio of qualifying investments as at 30 June 2008

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value[(i)] £'000	Total carrying/fair value £'000
Evolutions Television Limited	3,382	381	3,763
The Weybridge Club Limited	1,520	90	1,610
Peakdale Molecular Limited	1,408	(8)	1,400
Mears Group PLC*	1,600	(353)	1,247
Kensington Health Clubs Limited	1,100	(22)	1,078
Blackbay Limited	814	131	945
CS (Greenwich) Limited	850	(12)	838
Chichester Holdings Limited	700	103	803
Consolidated Communications Management Limited	977	(200)	777
The Q Garden Company Limited	1,031	(421)	610
Tower Bridge Health Clubs Limited	494	63	557
Clear Pub Company VCT Limited	538	(73)	465
CS (Brixton) Limited	325	32	357
Premier Leisure (Suffolk) Limited	480	(160)	320
Lowcosttravelgroup Limited	290	20	310
The Dunedin Pub Company VCT Limited	310	(8)	302
RFI Global Services Limited	460	(184)	276
GB Pub Company VCT Limited	378	(105)	273
Xceleron Limited	288	(73)	215
The Charnwood Pub Company Limited	280	(66)	214
Dexela Limited	185	8	193
Helveta Limited	231	(43)	188
Rostima Limited	243	(58)	185
Mi-pay Limited	180	–	180
Bravo Inns Limited	230	(62)	168
Vibrant Energy Surveys Limited	162	–	162
Oxsensis Limited	145	–	145
Resorthoppa Limited	145	–	145
Opta Sportsdata Limited	140	3	143
Novello Pub Limited	233	(91)	142
River Bourne Health Club Limited	100	10	110
Point 35 Microstructures Limited	123	(23)	100
Process Systems Enterprise Limited	95	2	97
CS (Exeter) Limited	125	(28)	97
City Screen (Liverpool) Limited	50	15	65
CS (Norwich) Limited	50	2	52
Pelican Inn Limited	4	–	4
Total qualifying investments	**19,666**	**(1,130)**	**18,536**

(i) Included in this movement on qualifying investments is capital depreciation of equity and loan stock £2,400,000 and movement in carrying value of loans and receivables of £1,270,000.

* LSE Listed

Portfolio of Investments (continued)

Portfolio of non-qualifying investments as at 30 June 2008

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value[i] £'000	Total carrying/fair value £'000
Citigroup FRN March 2009	2,999	(23)	2,976
Smiles Brewing Company Limited	155	(155)	–
Smiles Pub Company Limited	977	(41)	936
Total non-qualifying investments	**4,131**	**(219)**	**3,912**
Total investments	**23,797**	**(1,349)**	**22,448**

(i) Included in this movement on non-qualifying investments is capital depreciation of equity, loan stock and floating rate notes of £219,000.

Summary Income Statement

		Unaudited six months to 30 June 2008			Unaudited six months to 30 June 2007			Audited year ended 31 December 2007		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	776	776	–	2,126	2,126	–	2,304	2,304
Investment income	4	1,348	–	1,348	1,043	–	1,043	2,206	–	2,206
Investment management fees		(124)	(367)	(491)	(102)	(306)	(408)	(214)	(641)	(855)
Other expenses		(120)	–	(120)	(103)	–	(103)	(209)	–	(209)
Return on ordinary activities before tax		1,104	409	1,513	838	1,820	2,658	1,783	1,663	3,446
Tax (charge)/credit on ordinary activities		(322)	99	(223)	(254)	98	(156)	(292)	210	(82)
Return attributable to equity holders		782	508	1,290	584	1,918	2,502	1,491	1,873	3,364
Basic and diluted return per share (pence)	6	2.56	1.67	4.23	1.80	6.10	7.90	4.80	6.00	10.80

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

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

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

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

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

Note of Historical Cost Profits and Losses

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Return on ordinary activities before taxation	1,513	2,658	3,446
Adjust unrealised losses on investments	2,691	887	1,523
Historical cost return on ordinary activities before taxation	**4,204**	**3,545**	**4,969**
Historical cost return after taxation and dividends	**3,216**	**2,946**	**3,356**

Summary Balance Sheet

	Note	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Investments				
Qualifying investments		18,536	24,958	23,278
Non-qualifying investments		3,912	4,004	3,948
	9	22,448	28,962	27,226
Current assets				
Debtors		270	63	133
Cash at bank	8	9,292	3,204	3,991
		9,562	3,267	4,124
Current liabilities				
Creditors		(813)	(696)	(463)
Net current assets		8,749	2,571	3,661
Net assets		31,197	31,533	30,887
Called up share capital		16,219	16,219	16,219
Share premium		3,208	3,208	3,208
Special reserve		9,223	9,223	9,223
Capital redemption reserve		1,183	1,184	1,183
Realised capital reserve		4,290	1,657	1,474
Unrealised capital reserve		(2,562)	766	129
Treasury shares reserve		(1,825)	(1,189)	(1,610)
Revenue reserve		1,461	465	1,061
Total equity shareholders funds		31,197	31,533	30,887
Net asset value (pence per share)*		102.8	101.5	100.9

* excluding treasury shares

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

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

The financial statements on pages 8 to 13 were approved by the Board of Directors on 27 August 2008.

Signed on behalf of the Board of Directors by

J G T Thornton
Director

Summary 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	Treasury shares reserve £'000	Revenue reserve £'000	Total £'000
As at 1 January 2008	16,219	3,208	9,223	1,183	1,474	129	(1,610)	1,061	30,887
Purchase of Treasury shares	–	–	–	–	–	–	(215)	–	(215)
Capitalised investment management fees	–	–	–	–	(367)	–	–	–	(367)
Tax on capitalised investment management fees	–	–	–	–	99	–	–	–	99
Realised gains on investments	–	–	–	–	3,467	–	–	–	3,467
Unrealised losses on investments	–	–	–	–	–	(2,691)	–	–	(2,691)
Revenue return attributable to equityholders	–	–	–	–	–	–	–	782	782
Dividends paid to equityholders	–	–	–	–	(383)	–	–	(382)	(765)
As at 30 June 2008	16,219	3,208	9,223	1,183	4,290	(2,562)	(1,825)	1,461	31,197
As at 1 January 2007	15,581	3,208	9,889	1,173	(1,144)	1,652	(388)	323	30,294
Conversion of C shares to Ordinary shares	648	–	(648)	–	–	–	–	–	–
Purchase of Treasury shares	–	–	–	–	–	–	(802)	–	(802)
Purchase of shares for cancellation	(10)	–	(18)	10	–	–	–	–	(18)
Capitalised investment management fees	–	–	–	–	(306)	–	–	–	(306)
Tax on capitalised investment management fees	–	–	–	–	98	–	–	–	98
Realised gains on investments	–	–	–	–	3,013	–	–	–	3,013
Unrealised losses on Investments	–	–	–	–	–	(887)	–	–	(887)
Revenue return attributable to equityholders	–	–	–	–	–	–	–	584	584
Dividends paid to equityholders	–	–	–	–	–	–	–	(443)	(443)
As at 30 June 2007	16,219	3,208	9,223	1,184	1,657	766	(1,189)	465	31,533

Summary Reconciliation of Movements in Shareholders' Funds (audited) (continued)

	Called up share capital £'000	Share premium £'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 1 January 2007	15,581	3,208	9,889	1,173	(1,144)	1,652	(388)	323	30,294
Conversion of C shares to Ordinary shares	648	–	(648)	–	–	–	–	–	–
Net realised gains on investments in the year	–	–	–	–	3,827	–	–	–	3,827
Capitalised investments and performance fees	–	–	–	–	(641)	–	–	–	(641)
Tax relief on costs charged to capital	–	–	–	–	210	–	–	–	210
Purchase of shares for cancellation	(10)	–	(18)	10	–	–	–	–	(18)
Purchase of Treasury shares	–	–	–	–	–	–	(1,222)	–	(1,222)
Unrealised losses on Investments	–	–	–	–	–	(1,523)	–	–	(1,523)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	1,491	1,491
Dividends paid to equityholders	–	–	–	–	(777)	–	–	(754)	(1,531)
As at 31 December 2007	16,219	3,208	9,223	1,183	1,474	129	(1,610)	1,061	30,887

Summary Cash Flow Statement

	Note	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Operating activities				
Investment income received		1,045	753	1,266
Deposit income received		175	84	377
Other income received		6	13	72
Investment management fees paid		(458)	(193)	(610)
Other cash (payments)/receipts		(137)	(128)	153
Net cash inflow from operating activities	7	631	529	1,258
Taxation		42	–	–
Capital expenditure and financial investment				
Purchase of qualifying investments		(696)	(2,579)	(3,833)
Disposals of qualifying investments		6,237	2,209	4,975
Disposals of non-qualifying investments		–	–	136
Net cash inflow/(outflow) from investing activities		5,541	(370)	1,278
Equity dividends paid				
Dividends paid		(765)	(453)	(1,540)
Net cash inflow/(outflow) before financing		5,449	(294)	996
Financing				
Cancellation of shares		–	(18)	(18)
Purchase of Treasury shares		(148)	(720)	(1,223)
Net cash outflow from financing		(148)	(738)	(1,241)
Increase/(decrease) in cash in the period	8	5,301	(1,032)	(245)

Notes to the summarised set of Financial Statements for the six months to 30 June 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.

True and fair override

The Company is no longer an investment company within the meaning of s266, of the Companies Act 1985. However, it conducts its affairs as a venture capital trust for taxation purposes under Part 6 of the Income Taxes Act 2007.

The absence of s266 status does not preclude the Company from presenting its accounts in accordance with the AITC's SORP and furthermore the Directors consider it appropriate to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the 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 1985 relating to the form and content of accounts for companies other than investment companies and these departures from accounting standards are necessary to give a true and fair view. The departures have no effect on the total return or balance sheet.

2. Accounting policies

Investments

Quoted and unquoted equity investments

In accordance with FRS 26 "Financial Instruments Measurement", quoted and unquoted equity investments are designated as fair value through profit or 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.

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 and 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.

Unquoted loan stock

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") 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. For unquoted loan stock, the amount of the impairment is the difference between the assets' carrying value and the present value of the estimated future cash flows, discounted at the effective interest rate. 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.

Floating rate notes

In accordance with FRS 26 "Financial Instruments Measurement", floating rate notes are designated as fair value through profit or loss ("FVTPL"). Floating rate notes are valued at market bid price at the balance sheet date.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise, conversion or contractual 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.

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.

Notes to the summarised set of Financial Statements for the six months to 30 June 2008 (continued)

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% of the equity are not regarded as associated undertakings.

Investment income

Quoted and Unquoted equity income

Dividend income is included in revenue when received.

Unquoted Loan stock income

The fixed 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

Bank interest 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 effective rate of interest applicable to the floating rate note at the time.

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% of management fees (the balance of the management fees are charged to the revenue account) which represents the proportion of the investment management fee attributable to the enhancement of the value of investments of the Company; and
- expenses which are incidental to the purchase or disposal of an investment.

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.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "current tax". Taxation associated with capitalised management fees 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.

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 at an Annual General Meeting.

Reserves

Realised capital reserves

The following are disclosed in this reserve:

(i) gains and losses compared to cost 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 reserves

Increases and decreases in the valuation of investments held at the end of the accounting period are accounted for in this reserve.

Notes to the summarised set of Financial Statements for the six months to 30 June 2008 (continued)

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 buying treasury shares.

3. Gains on investments

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Unrealised (losses) on investments	(2,691)	(887)	(1,523)
Realised gains on investments	3,467	3,013	3,827
	776	2,126	2,304

4. Investment income

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Income recognised on investments held at fair value through profit or loss account			
UK Dividend income	–	–	76
Management fees received from equity investments	13	–	20
Floating rate note interest	92	138	177
Bank deposit interest income	125	40	199
Other income	2	–	–
	232	178	472
Income recognised on investments held at amortised cost			
Return on loan stock investments	1,116	865	1,734
	1,348	1,043	2,206

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

Notes to the summarised set of Financial Statements for the six months to 30 June 2008 (continued)

5. Dividends

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
2007 – first dividend of 1.50 pence per share paid 9 May 2007	–	443	478
2007 – second dividend of 3.50 pence per share paid 5 October 2007	–	–	1,053
2008 – First dividend of 2.50 pence per share paid 16 May 2008	765	–	–
	765	443	1,531

In addition to the dividends paid above, the Board has declared a second dividend of 5.5 pence per share comprising 0.75 pence from revenue profits and 4.75 pence from realised capital profits. The dividend will be payable on 3 October 2008 to the shareholders on the register at 5 September 2008.

6. Basic and diluted return per share

Return per share has been calculated on 30,584,478 Ordinary shares excluding Treasury shares (30 June 2007: 31,637,310; 31 December 2007: 31,229,055) being the weighted number of shares in issue for the period.

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

Return per share calculations treat Treasury shares as if they had been cancelled.

7. Reconciliation of return on ordinary activities to net cash inflow from operating activities

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Revenue return on ordinary activities before tax	1,104	838	1,783
Investment management fees charged to capital	(308)	(306)	(604)
Performance incentive fee charged to capital	(59)	–	(37)
Movement in loan stock carrying value	(105)	(927)	(505)
(Increase)/decrease in operating debtors	(17)	346	276
Increase in operating creditors	16	578	345
Net cash inflow from operating activities	631	529	1,258

Notes to the summarised set of Financial Statements for the six months to 30 June 2008 (continued)

8. Analysis of change in cash during the period

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Opening cash balances	3,991	4,236	4,236
Net cash inflow/(output)	5,301	(1,032)	(245)
Closing cash balances	9,292	3,204	3,991

9. Investments

Investments held at fair value through profit or loss total £9,564,000 (30 June 2007: £10,399,000; 31 December 2007: £12,834,000). Investments held at amortised cost total £12,884,000 (30 June 2007: £18,563,000; 31 December 2007: £14,392,000).

10. Contingencies, guarantees and financial commitments

The Company has given third party charges of deposit security over specific bank accounts to the Royal Bank of Scotland plc and National Westminster bank plc in respect of guarantees for loans granted by the banks to investee companies.

As at 30 June 2008, the amounts outstanding under these guarantees, and the amounts secured, were £nil (30 June 2007: £nil; 31 December 2007: £nil).

11. 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 with the Company. During the period, management and performance fees for services of a total value of £491,000 (30 June 2007: £408,000; 31 December 2007: £855,000) were charged to the Company by Close Ventures Limited. At the financial period end, the amount due to Close Ventures Limited disclosed as accruals and deferred income was £292,000 (30 June 2007: £230,000; 31 December 2007: £278,000).

Buy-backs of Ordinary shares during the period were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc, the ultimate parent company. During the six month period, a total of 247,510 shares were purchased for treasury at an average price of 86.4 pence per share.

Close Ventures Limited holds 331 fractional entitlement shares of the Company as a result of the conversion of C shares to Ordinary shares in March 2007. These shares will be sold for the benefit of the Company at a future date.

Close Ventures Limited also holds 14,000 Ordinary shares as a result of the failure of an original subscriber to pay cleared funds on initial subscription.

12. 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 June 2008 and 30 June 2007, and is unaudited. The information for the year ended 31 December 2007 does not constitute statutory accounts within the terms of section 240 of the Companies Act 1985 and is derived from the statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

13. 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, the FSA viewing facility and also electronically at www.closeventures.co.uk.

Company Information

Company number	3654040
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Secretary and registered office	Close Ventures Limited 10 Crown Place London EC2A 4FT
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA
Shareholder assistance	Tel: 0871 664 0300 Calls cost 10p per minute plus network extras Fax: 0871 664 0399 Email: ssd@capitaregistrars.com
Registered auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6NN

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

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