

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



Close Technology & General VCT PLC

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Company Information

Company number	4114310
Directors	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M J Hart P H Reeve
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 Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA Tel: 0871 664 0300 Calls cost 10p 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 6RN

Close Technology & General VCT PLC is a member of the Association of Investment Companies.

Investment Objectives

Close Technology & General VCT PLC (“the Company”) is a Venture Capital Trust which raised £14.3 million in December 2000 and 2002, and raised a further £35.0 million during 2006 through the launch of a C Share issue. The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company’s investment portfolio is intended to be split approximately as follows:

- 40% in unquoted UK technology-related companies; and
- 60% in unquoted UK non-technology companies.

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 30 June 2008	Ordinary Shares 30 June 2007	C Shares 30 June 2008	C Shares 30 June 2007
Net asset value per share (pence)	110.1	115.9	89.4	93.4
Dividend paid	4.0p	4.0p	1.5p	1.0p
Revenue return per share	2.7p	2.0p	1.6p	1.4p
Capital return per share	(2.9p)	3.4p	(3.2p)	(1.9p)

	pence per Ordinary share	pence per C share
Shareholder value created per share since launch:		
Total dividends paid during the year ended 31 December 2001	1.0	–
Total dividends paid during the year ended 31 December 2002	2.0	–
Total dividends paid during the year ended 31 December 2003	1.5	–
Total dividends paid during the year ended 31 December 2004	7.5	–
Total dividends paid during the year ended 31 December 2005	9.0	–
Total dividends paid during the year ended 31 December 2006	8.0	0.5
Total dividends paid during the year ended 31 December 2007	8.0	2.5
Total dividends paid during the six months ended 30 June 2008	4.0	1.5
Total dividends paid to 30 June 2008	41.0	4.5
Net asset value at 30 June 2008	110.1	89.4
Total return to 30 June 2008	151.1	93.9

In addition to the dividends summarised above, the Directors have declared a Second Dividend of 4.0 pence per Ordinary share (comprising 2.0 pence from revenue profits and 2.0 pence from capital profits) and 1.5 pence per C share (out of revenue profits) to be paid on 3 October 2008 to shareholders on the register at 5 September 2008.

Interim Management Report

Investment Progress and Performance

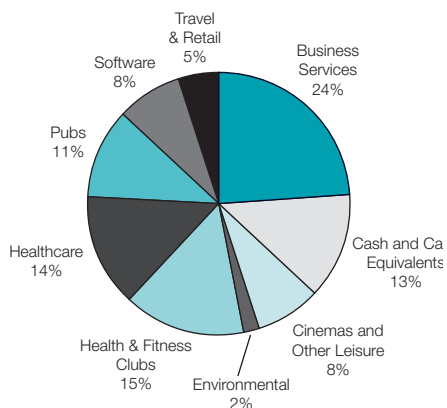
The results for the six months to 30 June 2008 reflect the current uncertain economic background. While the revenue return of the Ordinary share portfolio for the six months was at its highest level since launch, net investment write-downs led to a marginally negative total return of 0.2p per share. The income for the C share portfolio, meanwhile, remained steady, while provisions against the portfolio led to a negative return of 1.6p per share.

The high point of the six month period was the sale of our investment in Grosvenor Health, the occupational healthcare business, which achieved a strong return both for the Ordinary shares, which invested in 2004 and made 2.8 times its money, and the C shares, which invested in 2007.

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.

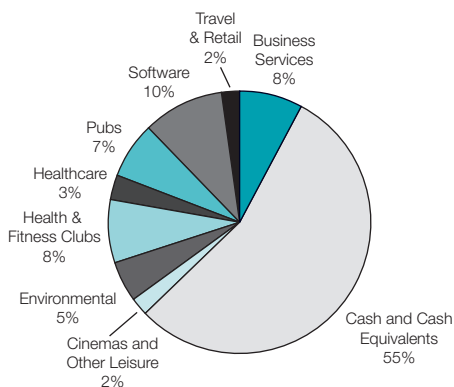
Nevertheless, we believe that both the Ordinary and C share investment portfolios have significant strengths. Not only are they broadly based and diversified, ranging from asset based businesses to those involved in potentially world beating technologies, but also, it is not our general policy for investee companies to have outside bank borrowing. This provides significant potential protection in the event of a continued economic slow down. The Ordinary and C share portfolios at 30 June 2008 by sector diversification are as shown:

Split of Ordinary share portfolio valuation by sector as at 30 June 2008



Source: Close Ventures Limited

Split of C share portfolio valuation by sector as at 30 June 2008



Source: Close Ventures Limited

The level of investments made in the period was relatively low, with £270,000 and £1.1 million from the Ordinary and C shares respectively invested in six existing and new investee companies. This reflected our cautious view on the economy. Meanwhile the C share portfolio is nearing its third anniversary, at which time it will have exceeded its required 70% investment limit.

Interim Management Report (continued)

In accordance with the Circular dated 18 April 2008 'Introduction of a Dividend Reinvestment Scheme', on the 30 May 2008 your Company allotted 20,976 ordinary shares of 50p each (the "New Ordinary Shares") and 40,654 C ordinary shares of 50p each (the "New C Ordinary Shares") in the capital of the Company. The "New Ordinary Shares" were issued at a price of 110.1p and the "New C Shares" were issued at a price of 91.2p.

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.

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 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 general policy of ensuring that investee companies do not have external bank borrowings and of having a first legal charge wherever possible, mitigates some of the investment risks. Other risks and uncertainties remain as detailed on page 20 of the Annual Report and Financial Statements for the year ended 31 December 2007.

Results, Dividends and Reinvestment Scheme

As at 30 June 2008, the net asset value of the Company's Ordinary shares was 110.1p (30 June 2007: 115.9p). The net asset value of the C shares was 89.4p (30 June 2007: 93.4p). Revenue return before tax for the Ordinary shares was £470,000 (30 June 2007: £369,000) and for the C shares, the revenue return before tax was £770,000 (30 June 2007: £690,000).

The second dividend for the year will be 4p per Ordinary share (comprising 2p from revenue profits and 2p from realised capital profits) and 1.5p per C share (from revenue profits). This takes total dividends for 2008 to 8p per Ordinary share and 3p per C share. The dividends will be payable on 3 October 2008 to shareholders on the register at 5 September 2008.

We invite shareholders to participate in the dividend reinvestment scheme, whereby you may hold 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 in order 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.

The Circular dated 18 April 2008 which was enclosed with the Annual Report and Financial Statements, 'Introduction of a Dividend Reinvestment Scheme', details the mechanics of this Scheme and can be viewed on the Manager's website at www.closeventures.co.uk in the 'Our Funds' section.

Dr N E Cross

Chairman

21 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 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 June 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

Dr N E Cross

Chairman

21 August 2008

Portfolio of Investments

Ordinary Share Portfolio

The following is a summary of the qualifying technology 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
Xceleron Limited	550	40	590
Peakdale Molecular Limited	427	–	427
Blackbay Limited	275	44	319
Pilat Media Global PLC*	168	(27)	141
Tepnel Life Sciences PLC*	328	(189)	139
Lowcostravelgroup Limited	120	8	128
Oxsensis Limited	125	–	125
Opta Sportsdata Limited	110	3	113
RFI Global Services Limited	180	(72)	108
Mi-Pay Limited	100	–	100
Dexela Limited	65	3	68
Helveta Limited	81	(15)	66
sparesFinder Limited	675	(611)	64
Portrait Software PLC*	310	(249)	61
Point 35 Microstructures Limited	65	(12)	53
Process Systems Enterprise Limited	50	–	50
Rostima Limited	61	(15)	46
Palm Tree Technology PLC	38	3	41
Bond International PLC*	12	24	36
Red-M Group Limited	75	(62)	13
OneclickHR PLC*	58	(54)	4
Total technology investments	3,873	(1,181)	2,692

(i) Included in this movement is net capital depreciation of equity instruments amounting to £1,236,000 (2007: £951,000) and positive movement in carrying value of loans and receivables of £55,000 (2007: £57,000).

* AIM quoted investments

Portfolio of Investments (continued)

Ordinary Share Portfolio (continued)

The following is a summary of the qualifying non-technology investments as at 30 June 2008.

Investee company	Investment at cost £'000	Cumulative movement in carrying/fair value ^a £'000	Total carrying/fair value £'000
Evolutions Television Limited	1,530	192	1,722
The Q Garden Company Limited	2,068	(848)	1,220
Consolidated Communications Management Limited	845	(68)	777
Peakdale Molecular Limited (ii)	622	(7)	615
The Weybridge Club Limited	530	46	576
Kensington Health Clubs Limited	250	(10)	240
Tower Bridge Health Clubs Limited	183	24	207
Clear Pub Company VCT Limited	239	(42)	197
Chichester Holdings Limited	150	25	175
CS (Brixton) Limited	150	15	165
GB Pub Company VCT Limited	164	(46)	118
The Dunedin Pub Company VCT Limited	120	(4)	116
CS (Greenwich) Limited	110	(3)	107
Bravo Inns Limited	140	(37)	103
Vibrant Energy Surveys Limited	90	-	90
The Charnwood Pub Company Limited	110	(26)	84
ResortHoppa Limited	80	-	80
Novello Pub Limited	123	(48)	75
Premier Leisure (Suffolk) Limited	110	(37)	73
City Screen (Liverpool) Limited	50	15	65
CS (Exeter) Limited	60	(14)	46
River Bourne Health Club Limited	30	3	33
CS (Norwich) Limited	30	1	31
Pelican Inn Limited	2	-	2
Total non-technology investments	7,786	(869)	6,917
Total qualifying investments	11,659	(2,050)	9,609

- (i) Included in this movement is net capital depreciation of equity instruments amounting to £874,000 (2007: £189,000) and positive movement in carrying value of loans and receivables of £5,000 (2007: £9,000 negative).
- (ii) This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding.

Portfolio of Investments (continued)

Ordinary Share Portfolio (continued)

The following is a summary of the non-qualifying investments as at 30 June 2008.

	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽ⁱ⁾ £'000	Total carrying/fair value £'000
Unquoted non-qualifying investments:			
Smiles Pub Company Limited	456	(18)	438
Smiles Brewing Company Limited	72	(72)	–
Total unquoted non-qualifying investments	528	(90)	438
Quoted non-qualifying investments:			
One ClickHR PLC	43	(41)	2
Pilat Media Global PLC	2	(1)	1
Portrait Software PLC	1	(1)	–
Warthog PLC	90	(90)	–
Total quoted non-qualifying investments	136	(133)	3
Total non-qualifying investments	664	(223)	441

(i) Included in this movement is net capital depreciation of equity instruments amounting to £171,000 (2007: £135,000) and negative movement in carrying value of loans and receivables of £52,000 (2007: £51,000 negative).

Portfolio of Investments (continued)

C Share Portfolio

The following is a summary of the 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
Qualifying technology investments			
Blackbay Group Limited	660	105	765
Oxsensis Limited	705	–	705
Mi-Pay Limited	610	–	610
Helveta Limited	719	(135)	584
Rostima Limited	728	(173)	555
Point 35 Microstructures Limited	676	(127)	549
Opta Sportsdata Limited	515	13	528
Process Systems Enterprise Limited	520	1	521
Xceleron Limited	662	(166)	496
Dexela Limited	440	20	460
RFI Global Surveys Limited	100	(40)	60
Total qualifying technology investments	6,335	(502)	5,833
Qualifying non-technology investments			
Chichester Holdings Limited	1,850	182	2,032
Kensington Health Clubs Limited	1,750	(33)	1,717
Bravo Inns Limited	1,290	(337)	953
Clear Pub Company VCT Limited	828	(138)	690
Premier Leisure (Suffolk) Limited	890	(296)	594
The Weybridge Club Limited	550	17	567
ResortHoppa Limited	480	–	480
Vibrant Energy Surveys Limited	405	–	405
The Dunedin Pub Company VCT Limited	400	–	400
River Bourne Health Club Limited	310	31	341
The Charnwood Pub Company Limited	370	(87)	283
CS (Norwich) Limited	170	5	175
Evolutions Television Limited	70	2	72
Total non-technology investments	9,363	(654)	8,709
Total qualifying investments	15,698	(1,156)	14,542

(i) Included in this movement is net capital depreciation of equity instruments amounting to £1,460,000 (2007: £500,000) and positive movement in carrying value of loans and receivables of £304,000 (2007: £192,000).

Portfolio of Investments (continued)

C Share Portfolio (continued)

The following is a summary of the non-qualifying investments as at 30 June 2008.

	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽ⁱ⁾ £'000	Total carrying/fair value £'000
Unquoted non-qualifying investments:			
The Royal Bank of Scotland FRN January 2009	5,003	(13)	4,990
Rabobank FRN July 2010	5,000	(13)	4,987
Total unquoted non-qualifying investments	10,003	(26)	9,977

(i) Included in this movement is net capital depreciation of floating rate notes amounting to £26,000 (2007: £6,000).

Summary Income Statement

Ordinary Shares

		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
(Losses)/gains on investments	3	–	(257)	(257)	–	575	575	–	664	664
Investment income	4	560	–	560	472	–	472	932	–	932
Investment management fees		(55)	(163)	(218)	(58)	(173)	(231)	(113)	(340)	(453)
Other expenses		(35)	–	(35)	(45)	–	(45)	(81)	–	(81)
Return/(loss) on ordinary activities before tax		470	(420)	50	369	402	771	738	324	1,062
Tax (charge)/credit on ordinary activities		(117)	41	(76)	(99)	57	(42)	(152)	99	(53)
Return/(loss) attributable to equityholders		353	(379)	(26)	270	459	729	586	423	1,009
Basic and diluted return/(loss) per share (pence)	6	2.7	(2.9)	(0.2)	2.0	3.4	5.4	4.4	3.2	7.6

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2007 and the audited statutory accounts for the year ended 31 December 2007.

The accompanying notes on pages 29 to 38 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

Ordinary Shares

	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	50	771	1,062
Add back: unrealised losses on investments	796	630	816
Historical cost return on ordinary activities before taxation	846	1,401	1,878
Historical cost return for the year after taxation and dividends	244	818	750

Summary Income Statement

C Shares

	Note	Unaudited six months to 30 June 2008			Unaudited six months to 30 June 2007			Audited year ended 31 December 2007		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses) on investments	3	–	(880)	(880)	–	(434)	(434)	–	(517)	(517)
Investment income	4	968	–	968	911	–	911	1,964	–	1,964
Investment management fees		(119)	(355)	(474)	(119)	(358)	(477)	(242)	(725)	(967)
Other expenses		(79)	–	(79)	(102)	–	(102)	(184)	–	(184)
Return/(loss) on ordinary activities before tax		770	(1,235)	(465)	690	(792)	(102)	1,538	(1,242)	296
Tax (charge)/credit on ordinary activities		(192)	89	(103)	(205)	117	(88)	(425)	211	(214)
Return/(loss) attributable to equityholders		578	(1,146)	(568)	485	(675)	(190)	1,113	(1,031)	82
Basic and diluted return/ (loss) per share (pence)	6	1.6	(3.2)	(1.6)	1.4	(1.9)	(0.5)	3.1	(2.9)	0.2

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2007 and the audited statutory accounts for the year ended 31 December 2007.

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Note of Historical Cost Profits and Losses

C Shares

	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	(465)	(102)	296
Add back: unrealised losses on investments	937	696	790
Historical cost return on ordinary activities before taxation	472	594	1,086
Historical cost return for the year after taxation and dividends	(163)	151	(15)

Summary Income Statement

Combined

		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
(Losses)/gains on investments	3	–	(1,137)	(1,137)	–	141	141	–	147	147
Investment income	4	1,528	–	1,528	1,383	–	1,383	2,896	–	2,896
Investment management fees		(174)	(518)	(692)	(177)	(531)	(708)	(355)	(1,065)	(1,420)
Other expenses		(114)	–	(114)	(147)	–	(147)	(265)	–	(265)
Return/(loss) on ordinary activities before tax		1,240	(1,655)	(415)	1,059	(390)	669	2,276	(918)	1,358
Tax (charge)/credit on ordinary activities		(309)	130	(179)	(304)	174	(130)	(577)	310	(267)
Return/(loss) attributable to equityholders		931	(1,525)	(594)	755	(216)	539	1,699	(608)	1,091

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2007 and the audited statutory accounts for the year ended 31 December 2007.

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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

Combined

	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	(415)	669	1,358
Add back: unrealised losses on investments	1,733	1,326	1,606
Historical cost return on ordinary activities before taxation	1,318	1,995	2,964
Historical cost return for the year after taxation and dividends	81	969	735

Summary Balance Sheet

Ordinary Shares

	Note	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Investments				
Qualifying		9,609	11,062	10,688
Non-qualifying		441	482	444
Total fixed asset investments	11	10,050	11,544	11,132
Current assets				
Debtors		104	255	223
Cash at bank	10	4,578	4,038	4,056
		4,682	4,293	4,279
Creditors: amounts falling due within one year		(290)	(330)	(218)
Net current assets		4,392	3,963	4,061
Net assets		14,442	15,507	15,193
Called-up share capital	8	6,806	6,795	6,795
Share premium		176	165	165
Special reserve		5,554	5,554	5,554
Capital redemption reserve		400	400	400
Own treasury shares reserve		(502)	(223)	(282)
Realised capital reserve		4,220	4,184	4,067
Unrealised capital reserve		(2,888)	(1,906)	(2,092)
Revenue reserve		676	538	586
Total equity shareholders' funds		14,442	15,507	15,193
Net asset value (pence)*		110.1	115.90	114.1

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2007 and the audited statutory accounts for the year ended 31 December 2007.

The accompanying notes on pages 29 to 38 form an integral part of this Half-yearly Financial Report.

Summary Balance Sheet

C Shares

	Note	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Investments				
Qualifying		14,542	9,411	14,193
Non-qualifying		9,977	19,997	14,967
Total fixed asset investments	11	24,519	29,408	29,160
Current assets				
Debtors		466	1,405	136
Cash at bank	10	7,462	2,793	4,229
		7,928	4,198	4,365
Creditors: amounts falling due within one year		(654)	(472)	(650)
Net current assets		7,274	3,726	3,715
Net assets		31,793	33,134	32,875
Called-up share capital	8	17,760	17,740	17,740
Share premium		11	–	–
Special reserve		15,768	15,768	15,768
Own treasury shares reserve		(13)	–	–
Realised capital reserve		(954)	(484)	(745)
Unrealised capital reserve		(1,537)	(506)	(600)
Revenue reserve		758	616	712
Total equity shareholders' funds		31,793	33,134	32,875
Net asset value (pence)*		89.4	93.4	92.7

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2007 and the audited statutory accounts for the year ended 31 December 2007.

The accompanying notes on pages 29 to 38 form an integral part of this Half-yearly Financial Report.

Summary Balance Sheet

Combined Shares

	Note	Unaudited 30 June 2008 £'000	Unaudited 30 June 2007 £'000	Audited 31 December 2007 £'000
Investments				
Qualifying		24,151	20,473	24,881
Non-qualifying		10,418	20,479	15,411
Total fixed asset investments	11	34,569	40,952	40,292
Current assets				
Debtors		570	1,660	359
Cash at bank	10	12,040	6,831	8,285
		12,610	8,491	8,644
Creditors: amounts falling due within one year		(944)	(802)	(868)
Net current assets		11,666	7,689	7,776
Net assets		46,235	48,641	48,068
Called-up share capital	8	24,566	24,535	24,535
Share premium		187	165	165
Special reserve		21,322	21,322	21,322
Capital redemption reserve		400	400	400
Own treasury shares reserve		(515)	(223)	(282)
Realised capital reserve		3,266	3,700	3,322
Unrealised capital reserve		(4,425)	(2,412)	(2,692)
Revenue reserve		1,434	1,154	1,298
Total equity shareholders' funds		46,235	48,641	48,068

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2007 and the audited statutory accounts for the year ended 31 December 2007.

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

The financial statements on pages 29 to 38 were approved by the Board of Directors on 21 August 2008.

Signed on behalf of the Board of Directors by

Dr N E Cross

Chairman

Summary Reconciliation of Movement in Shareholders' Funds

Ordinary Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Own treasury shares reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 December 2007	6,795	165	5,554	400	(282)	4,067	(2,092)	586	15,193
Purchase of treasury shares	-	-	-	-	(220)	-	-	-	(220)
Capitalised investment management fees less tax	-	-	-	-	-	(123)	-	-	(123)
Net realised gains on investments	-	-	-	-	-	539	-	-	539
Unrealised losses on investments	-	-	-	-	-	-	(796)	-	(796)
Issue of share capital	11	11	-	-	-	-	-	-	22
Revenue return attributable to shareholders	-	-	-	-	-	-	-	353	353
Dividends paid to shareholders	-	-	-	-	-	(263)	-	(263)	(526)
As at 30 June 2008	<u>6,806</u>	<u>176</u>	<u>5,554</u>	<u>400</u>	<u>(502)</u>	<u>4,220</u>	<u>(2,888)</u>	<u>676</u>	<u>14,442</u>
As at 1 January 2007	6,795	165	5,554	400	(56)	3,432	(1,276)	471	15,485
Purchase of treasury shares	-	-	-	-	(167)	-	-	-	(167)
Capitalised investment management fees less tax	-	-	-	-	-	(115)	-	-	(115)
Net realised gains on investments	-	-	-	-	-	1,205	-	-	1,205
Unrealised losses on investments	-	-	-	-	-	-	(630)	-	(630)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	270	270
Dividends paid to shareholders	-	-	-	-	-	(338)	-	(203)	(541)
As at 30 June 2007	<u>6,795</u>	<u>165</u>	<u>5,554</u>	<u>400</u>	<u>(223)</u>	<u>4,184</u>	<u>(1,906)</u>	<u>538</u>	<u>15,507</u>

Summary Reconciliation of Movement in Shareholders' Funds *(continued)*

Ordinary Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Own treasury shares reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 July 2007	6,795	165	5,554	400	(223)	4,184	(1,906)	538	15,507
Purchase of treasury shares	–	–	–	–	(59)	–	–	–	(59)
Capitalised investment management fees less tax	–	–	–	–	–	(126)	–	–	(126)
Net realised gains on investments	–	–	–	–	–	275	–	–	275
Unrealised losses on investments	–	–	–	–	–	–	(186)	–	(186)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	316	316
Dividends paid to shareholders	–	–	–	–	–	(266)	–	(268)	(534)
As at 31 December 2007	<u>6,795</u>	<u>165</u>	<u>5,554</u>	<u>400</u>	<u>(282)</u>	<u>4,067</u>	<u>(2,092)</u>	<u>586</u>	<u>15,193</u>

Summary Reconciliation of Movement in Shareholders' Funds

C Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Own treasury shares reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 December 2007	17,740	–	15,768	–	(745)	(600)	712	32,875
Purchase of treasury shares	–	–	–	(13)	–	–	–	(13)
Capitalised investment management fees less tax	–	–	–	–	(266)	–	–	(266)
Net realised gains on investments	–	–	–	–	57	–	–	57
Unrealised losses on investments	–	–	–	–	–	(937)	–	(937)
Issue of share capital	20	11	–	–	–	–	–	31
Revenue return attributable to shareholders	–	–	–	–	–	–	578	578
Dividends paid to shareholders	–	–	–	–	–	–	(532)	(532)
As at 30 June 2008	<u>17,760</u>	<u>11</u>	<u>15,768</u>	<u>(13)</u>	<u>(954)</u>	<u>(1,537)</u>	<u>758</u>	<u>31,793</u>
As at 1 January 2007	17,740	–	15,768	–	(505)	190	486	33,679
Capitalised investment management fees less tax	–	–	–	–	(241)	–	–	(241)
Net realised gains on investments	–	–	–	–	262	–	–	262
Unrealised losses on investments	–	–	–	–	–	(696)	–	(696)
Revenue return attributable to shareholders	–	–	–	–	–	–	485	485
Dividends paid to shareholders	–	–	–	–	–	–	(355)	(355)
As at 30 June 2007	<u>17,740</u>	<u>–</u>	<u>15,768</u>	<u>–</u>	<u>(484)</u>	<u>(506)</u>	<u>616</u>	<u>33,134</u>

Summary Reconciliation of Movement in Shareholders' Funds *(continued)*

C Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Own treasury shares reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 July 2007	17,740	–	15,768	–	(484)	(506)	616	33,134
Capitalised investment management fees less tax	–	–	–	–	(273)	–	–	(273)
Net realised gains on investments	–	–	–	–	12	–	–	12
Unrealised losses on investments	–	–	–	–	–	(94)	–	(94)
Revenue return attributable to shareholders	–	–	–	–	–	–	628	628
Dividends paid to shareholders	–	–	–	–	–	–	(532)	(532)
As at 31 December 2007	<u>17,740</u>	<u>–</u>	<u>15,768</u>	<u>–</u>	<u>(745)</u>	<u>(600)</u>	<u>712</u>	<u>32,875</u>

Summary Cash Flow Statement

Ordinary Shares

	Note	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Operating activities				
Investment income received		334	348	566
Deposit interest received		121	53	166
Other cash received		8	6	–
Investment management fees paid		(229)	(229)	(460)
Other cash payments		(47)	(55)	(72)
Inter-company account movement		62	(40)	(100)
Net cash inflow from operating activities	9	249	83	100
Taxation				
UK corporation tax received/(paid)		16	3	(67)
Capital expenditure and financial investments				
Purchase of investments		(404)	(1,431)	(1,709)
Sale of investments		1,385	3,605	4,547
Net cash inflow from investing activities		981	2,174	2,838
Equity dividends paid				
Dividends paid		(526)	(541)	(1,075)
Net cash inflow before financing		720	1,719	1,796
Financing				
Equity issued		22	–	–
Purchase of treasury shares		(220)	(167)	(226)
Net cash (outflow) from financing		(198)	(167)	(226)
Increase in cash	10	522	1,552	1,570

Summary Cash Flow Statement

C Shares

	Note	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Operating activities				
Investment income received		655	721	1,605
Deposit interest received		211	74	203
Investment management fees paid		(492)	(496)	(983)
Other cash payments		(79)	(143)	(141)
Inter-company account movement		(40)	40	288
Net cash inflow from operating activities	9	255	196	972
Taxation				
UK corporation tax (paid)		(61)	-	(61)
Capital expenditure and financial investments				
Purchase of investments		(1,795)	(8,133)	(11,900)
Sale of investments		5,348	8,940	13,960
Net cash inflow from investing activities		3,553	807	2,060
Equity dividends paid				
Dividends paid		(532)	(355)	(887)
Net cash inflow before financing		3,215	648	2,084
Financing				
Equity issued		31	-	-
Purchase of treasury shares		(13)	-	-
Net cash inflow from financing		18	-	-
Increase in cash	10	3,233	648	2,084

Summary Cash Flow Statement

Combined

	Note	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Operating activities				
Investment income received		989	1,069	2,171
Deposit interest received		332	127	369
Investment management fees paid		(721)	(725)	(1,443)
Other cash payments		(126)	(198)	(213)
Other cash received		8	6	–
Inter-company account movement		22	–	188
Net cash inflow from operating activities	9	504	279	1,072
Taxation				
UK corporation tax (paid)/received		(45)	3	(128)
Capital expenditure and financial investments				
Purchase of investments		(2,199)	(9,564)	(13,609)
Sale of investments		6,733	12,545	18,507
Net cash inflow from investing activities		4,534	2,981	4,898
Equity dividends paid				
Dividends paid		(1,058)	(896)	(1,962)
Net cash inflow before financing		3,935	2,367	3,880
Financing				
Equity issued		53	–	–
Purchase of treasury shares		(233)	(167)	(226)
Net cash (outflow) from financing		(180)	(167)	(226)
Increase in cash	10	3,755	2,200	3,654

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 ("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 (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 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. 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 the 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.

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 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.

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.

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

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 the investment is quoted ex-dividend.

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

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

Floating rate note income

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

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 are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75% of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the Realised capital reserve. Under the terms of the Management Agreement, total expenses including management fees and excluding performance fees, will not exceed 3.5% of net asset value at the year end.

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; and
- dividends paid to equity holders.

Unrealised capital reserves

The following are disclosed in this reserve:

- increases and decreases in the valuation of investments against cost held at the period end; and
- unrealised exchange differences of a capital nature.

Special reserve

This reserve is primarily used to fund market purchases and subsequent cancellation of own shares and for other distributable purposes.

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

Capital redemption reserve

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

Own shares held reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company's own shares for Treasury.

Share premium reserve

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the special reserve.

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.

C Shares

Until such time that C shares are converted into Ordinary shares in 2011, all investments and returns attributable to this class of share will be separately identifiable from the existing Ordinary shares. All residual expenses will be allocated on the basis of total funds raised for each class of share.

3. (Losses)/gains on investments

	Six months to 30 June 2008 (unaudited)		
	Ordinary shares £'000	C shares £'000	Total £'000
Unrealised (losses) on investments held at fair value through profit or loss account	(876)	(937)	(1,813)
Unrealised gains on investments held at amortised cost	80	–	80
Unrealised (losses) sub-total	(796)	(937)	(1,733)
Realised gains on investments held at fair value through profit or loss account	539	57	596
Realised gains sub-total	539	57	596
Total	(257)	(880)	(1,137)

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

3. (Losses)/gains on investments (continued)

	Six months to 30 June 2007 (unaudited)		
	Ordinary shares £'000	C shares £'000	Total £'000
Unrealised (losses) on investments held at fair value through profit or loss account	(598)	(696)	(1,294)
Unrealised (impairments) on investments held at amortised cost	(32)	–	(32)
Unrealised (losses) sub-total	(630)	(696)	(1,326)
Realised gains on investments held at fair value through profit or loss account	1,227	274	1,501
Realised gains sub-total	1,227	274	1,501
Net movement on foreign exchange on investments held at fair value through profit or loss account	(14)	–	(14)
Commission on purchase and disposal on investment held at fair value through profit or loss account	(8)	(12)	(20)
	(22)	(12)	(34)
Total	575	(434)	141

	Year to 31 December 2007 (audited)		
	Ordinary shares £'000	C shares £'000	Total £'000
Unrealised (losses) on investments held at fair value through profit or loss account	(711)	(760)	(1,471)
Unrealised (impairments) on investments held at amortised cost	(105)	(30)	(135)
Unrealised (losses) sub-total	(816)	(790)	(1,606)
Realised gains on investments held at fair value through profit or loss account	1,487	282	1,769
Realised gains sub-total	1,487	282	1,769
Net movement on foreign exchange on investments held at fair value through profit or loss account	3	4	7
Commission on purchase and disposal on investment held at fair value through profit or loss account	(10)	(13)	(23)
	(7)	(9)	(16)
Total	664	(517)	147

Investments valued on amortised cost basis are unquoted loan stock investments.

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

4. Investment income

	Six months to 30 June 2008 (unaudited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Income recognised on investments held at fair value through profit or loss			
UK dividend income	1	–	1
Management fees received from equity investments	7	–	7
Floating rate note interest	–	337	337
Bank deposit interest income	111	196	307
Other income	2	6	8
	<u>121</u>	<u>539</u>	<u>660</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	439	429	868
	<u>560</u>	<u>968</u>	<u>1,528</u>

	Six months to 30 June 2007 (unaudited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Income recognised on investments held at fair value through profit or loss			
UK dividend income	4	–	4
Management fees received from equity investments	10	–	10
Floating rate note interest	–	580	580
Bank deposit interest income	55	78	133
	<u>69</u>	<u>658</u>	<u>727</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	403	253	656
	<u>472</u>	<u>911</u>	<u>1,383</u>

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

4. Investment income (continued)

	Year to 31 December 2007 (audited)		
	Ordinary shares	C shares	Total
	£'000	£'000	£'000
Income recognised on investments held at fair value through profit or loss			
UK dividend income	17	73	90
Management fees received from equity investments	14	–	14
Floating rate note interest	–	1,037	1,037
Bank deposit interest income	172	211	383
	<u>203</u>	<u>1,321</u>	<u>1,524</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	729	643	1,372
	<u>932</u>	<u>1,964</u>	<u>2,896</u>

5. Dividends

Ordinary shares

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Dividend of 4p per share paid on 30 May 2008 (2p revenue and 2p capital)	526	–	–
Dividend of 4p per share paid on 2 November 2007 (2p revenue and 2p capital)	–	–	534
Dividend of 4p per share paid on 25 May 2007 (1.5p revenue and 2.5p capital)	–	541	541
	<u>526</u>	<u>541</u>	<u>1,075</u>

In addition to the dividends paid above, the Board has declared a second dividend of 4.0 pence per Ordinary share to be paid on 3 October 2008 to shareholders on the register at 5 September 2008.

C shares

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Revenue dividend of 1.5p per share paid on 30 May 2008	532	–	–
Revenue dividend of 1.5p per share paid on 2 November 2007	–	–	532
Revenue dividend of 1.0p per share paid on 25 May 2007	–	355	355
	<u>532</u>	<u>355</u>	<u>887</u>

In addition to the dividends paid above, the Board has declared a second dividend of 1.5 pence per C share to be paid on 3 October 2008 to shareholders on the register at 5 September 2008.

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

6. Basic and diluted return per share

Return per share has been calculated on 13,255,675 Ordinary shares excluding treasury shares (30 June 2007: 13,509,404, 31 December 2007: 13,438,783) and 35,486,821 C shares (30 June and 31 December 2007: 35,479,122) 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 Technology & General 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. Treasury shares

During the period to 30 June 2008 the Company purchased 220,000 Ordinary shares and 14,796 C shares to be held in treasury at a cost of £219,520 and £12,643 respectively, representing 0.50% and 0.03% of its share capital as at 1 January 2008 respectively. The shares purchased for treasury were funded from the Own treasury shares held reserve. The total number of Ordinary shares held in treasury as at 30 June 2008 was 493,473 and the total number of C shares held in treasury as at 30 June 2008 was 14,796 representing 1.01% and 0.03% respectively of the share capital as at 1 January 2008.

8. Share Capital

	Unaudited six months to 30 June 2008 £'000	Unaudited six months to 30 June 2007 £'000	Audited year ended 31 December 2007 £'000
Authorised			
70,000,000 Ordinary shares of 50p each (30 June 2007 and 31 December 2007: 70,000,000)	35,000	35,000	35,000
40,000,000 C shares of 50p each (30 June 2007 and 31 December 2007: 40,000,000)	20,000	20,000	20,000
	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>
Allotted, called-up and fully paid			
13,611,991 Ordinary shares of 50p each (30 June and 31 December 2007: 13,591,015)	6,806	6,795	6,795
35,519,776 C shares of 50p each (30 June and 31 December 2007: 35,479,122)	17,760	17,740	17,740
	<u>24,566</u>	<u>24,535</u>	<u>24,535</u>
Allotted, called-up and fully paid excluding treasury shares			
13,118,518 Ordinary shares of 50p each (30 June 2007: 13,374,853; 31 December 2007: 13,317,542)	6,559	6,687	6,659
35,504,980 C shares of 50p each (30 June 2007 and 31 December 2007: 35,479,122)	17,752	17,740	17,740
	<u>24,311</u>	<u>24,427</u>	<u>24,399</u>

During the period to 30 June 2008 a dividend reinvestment scheme was offered to existing shareholders. On 30 May 2008 20,976 Ordinary shares and 40,654 C shares were issued relating to the dividend reinvestment scheme. Additional information regarding the dividend reinvestment scheme can be found in the Interim Management Report.

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

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

	Six months to 30 June 2008 (unaudited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Revenue return on ordinary activities before tax	470	770	1,240
Investment management fee charged to capital	(163)	(355)	(518)
Movement in accrued amortised loan stock interest	(102)	(65)	(167)
Decrease/(increase) in operating debtors	66	(66)	-
(Decrease) in operating creditors	(22)	(29)	(51)
Net cash inflow from operating activities	249	255	504

	Six months to 30 June 2007 (unaudited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Revenue return on ordinary activities before tax	369	690	1,059
Investment management fee charged to capital	(173)	(358)	(531)
Movement in accrued amortised loan stock interest	37	105	142
Decrease/(increase) in operating debtors	1	(71)	(70)
(Decrease) in operating creditors	(111)	(210)	(321)
Inter-company account movement	(40)	40	-
Net cash inflow from operating activities	83	196	279

	Year to 31 December 2007 (audited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Revenue return on ordinary activities before tax	738	1,538	2,276
Investment management fee charged to capital	(340)	(725)	(1,065)
Movement in accrued amortised loan stock interest	(196)	(202)	(398)
(Increase)/decrease in operating debtors	(12)	40	28
Increase in operating creditors	10	33	43
Inter-company account movement	(100)	288	188
Net cash inflow from operating activities	100	972	1,072

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

10. Analysis of change in cash during the period

	Six months to 30 June 2008 (unaudited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Beginning of the period	4,056	4,229	8,285
Net cash inflow	522	3,233	3,755
End of the period	4,578	7,462	12,040

	Six months to 30 June 2007 (unaudited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Beginning of the period	2,486	2,145	4,631
Net cash inflow	1,552	648	2,200
End of the period	4,038	2,793	6,831

	Year to 31 December 2007 (audited)		
	Ordinary	C shares	Total
	shares £'000	£'000	£'000
Beginning of the period	2,486	2,145	4,631
Net cash inflow	1,570	2,084	3,654
End of the period	4,056	4,229	8,285

11. Investments

Ordinary share investments held at fair value through profit or loss total £3,175,000 (30 June 2007: £3,983,000; 31 December 2007: £4,030,000). Investments held at amortised cost total £6,875,000 (30 June 2007: £7,561,000; 31 December 2007: £7,102,000).

C share investments held at fair value through profit or loss total £16,400,000 (30 June 2007: £24,192,000; 31 December 2007: £21,607,000). Investments held at amortised cost total £8,119,000 (30 June 2007: £5,216,000; 31 December 2007: £7,553,000).

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

12. Contingencies, guarantees and financial commitments

At 30 June 2008 the Company had granted a third party charge of deposit dated 8 September 2007 to National Westminster Bank PLC relating to a loan facility advanced by the Bank to an investee company. As at 30 June 2008, the funds held within the specific charged account were £333,000 (30 June 2007: £315,000; 31 December 2007 £324,000).

The Company has given a guarantee to The Royal Bank of Scotland plc in respect of the borrowing of other investee companies. As at 30 June 2008 the maximum exposure under these guarantees was £1,544,000 (30 June 2007: £2,264,000; 31 December 2007 £1,949,000).

The guarantees are secured by a third party charge of deposit over specific bank accounts with balances of £1,544,000 (30 June 2007: £2,264,000; 31 December 2007 £1,949,000). This security would be enforced in the event of a default by an investee company. The Company did not have any other contingencies at 30 June 2008.

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 £692,000 (30 June 2007: £708,000; 31 December 2007: £1,420,000) 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 £312,000 (30 June 2007: £351,000; 31 December 2007: £347,000).

Buy-backs of Ordinary and C shares during the period were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc. During the six month period, a total of 220,000 Ordinary shares were purchased for treasury at an average price of 99.3 pence per share and 14,796 C shares were purchased for treasury at an average price of 85.0 pence per share.

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 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.

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.

