CLOSE BROTHERS

VENTURE CAPITAL TRUST PLC

Interim Report
for the six months to
30 September 2002

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CONTENTS

Directors and administration

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Secretary and Registered Office	J M Gain 12 Appold Street London EC2A 2AW
Registrar	Capita IRG plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ Tel: 020 8478 8241
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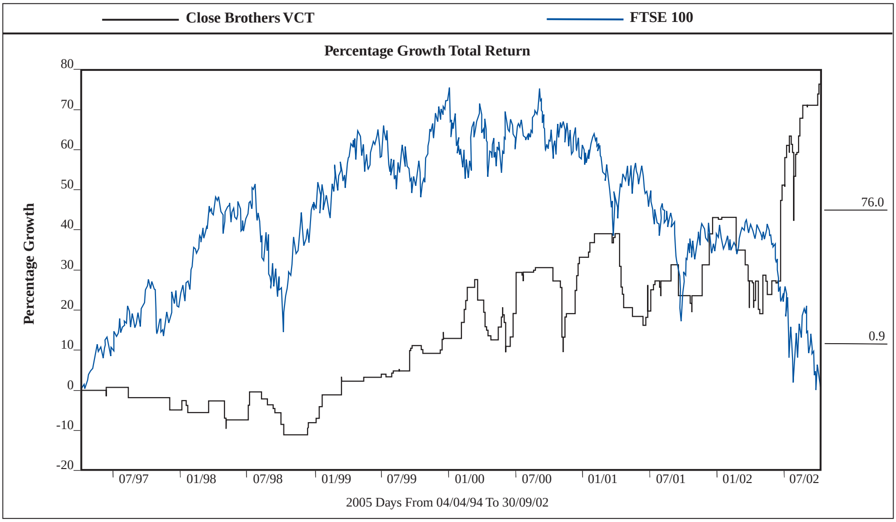
Chairman's Statement

Introduction

It gives me pleasure to announce a further enhancement in performance for the six months to 30 September 2002. Against a background of falling stock markets worldwide, your Company's net asset value per share has shown a small increase of 0.6 per cent. to 106.84 pence, while the interim dividend has increased by 7.7 per cent. to 2.8 pence. In the absence of unforeseen circumstances, it is your board's intention to pay total dividends for the year of 8 pence per share, compared to 7.5 pence last year, under your Company's strategy of a progressive distribution policy. Total dividends paid or declared since launch for the ordinary shares and the 'C' shares (now converted) amount to 45.10 pence and 33.55 pence per share respectively. The performance of the ordinary shares against the FTSE 100 Index, with dividends reinvested in both cases, is shown in the chart below.



Source: Lipper. Produced using Hindsight 5 by Close Venture Management.
Hindsight is a registered trademark of Reuters Limited.
The value of investments can fall as well as rise. Past performance is no guarantee of future performance.

The period under review also witnessed a key milestone in the history of the Company. At the annual general meeting held in August, shareholders voted overwhelmingly for the Company to continue as a VCT for a further five years. At the same time, we instituted a tender offer to purchase or procure purchasers for up to 10 per cent. of the company's shares at a price of £1 per share, in order to provide liquidity for those who wished to realise their investment. In the event, 9.3 per cent. of the Company's shares were tendered, meaning that all the applications were satisfied in full.

Since the completion of the Tender Offer, the liquidity of the Company's shares has increased markedly, with a corresponding rise in the share price to a level where it currently trades at a premium to net asset value.

Review of Investments

We undertook no investments in new companies during the period, but invested £2.4 million in existing businesses, as previously scheduled. As foreseen in my statement in last year's annual report and accounts, we sold our investment in Premier VCT (Bristol) Ltd, which owns the Express by Holiday Inn hotel in Bristol City Centre, for a profit of £2 million on cost of £4.3 million. In addition, subsequent to 30 September, we also completed the sale of our investment in the Hawkwell VCT Ltd, which owned the Hawkwell House Hotel in Oxford, for a profit of £840,000 on cost of £3.4 million. In both cases, our investment had been providing the Company with an income yield of around 10 per cent. per annum.

Subsequent to the half year end, we committed to invest up to £5 million in a new 175 room Express by Holiday Inn Hotel at Stansted Airport. We have also invested: a further £1 million in Fryers Walk VCT, to enable it to develop further facilities for people with learning disabilities in Thetford; £200,000 in City Screen (Liverpool) Ltd in conjunction with investments by Close Brothers Protected VCT, Close Brothers Development VCT and Close Technology & General VCT to develop a new art house cinema in the FACT Centre in Liverpool; and £175,000 in Lombardy Court VCT to provide additional accommodation for people with learning disabilities in Ipswich.

Overall we are pleased with the progress being made in all of our investments, and we are particularly pleased with the balance between what we believe to be the more cyclical hotel, leisure and house building sectors and the contra cyclical healthcare sector.

A summary of the Company's investments at 30 September, 2002 is set out below:

Investee Company	**Investment at cost £'000**	**Revaluation £'000**	**Reserved for investment £'000**	**Total £'000**
Care Homes				
Broadoaks VCT Ltd	1,865	–	–	1,865
Churchcroft VCT Ltd	1,550	361	–	1,911
Drummond Court Ltd	1,500	287	–	1,787
Fryers Walk VCT Ltd	1,575	262	1,000	2,837
Hornchurch VCT Ltd	2,850	37	–	2,887
Lombardy Court VCT Ltd	1,275	25	175	1,475
Hotels				
Hawkwell VCT Ltd	3,380	840	–	4,220
Premier VCT (Mailbox) Ltd	4,000	(210)	852	4,642
Kew Green VCT (Stansted) Ltd	–	–	5,000	5,000
Residential Development				
Chase Midland VCT Ltd	1,600	–	–	1,600
Country & Metropolitan VCT Ltd	3,000	–	–	3,000
Saxon VCT Ltd	2,200	–	–	2,200
Youngs VCT Ltd	1,200	–	–	1,200
Other				
City Screen (Cambridge) Ltd	1,210	(48)	–	1,162
Odyssey Glory Mill Ltd	4,000	1,188	435	5,623
City Screen (Liverpool) Ltd	–	–	200	200
Total at 30 September 2002	31,205	2,742	7,662	41,609
Total at 31 March 2002	28,790	2,683	2,135	33,608

Results and Dividend

As at 30 September 2002 the net asset value of the Company was £38.4 million or 106.8 pence per share, which compares with a net asset value at 31 March 2002 (prior to the Tender Offer) of £41.5 million or 106.2 pence per share. Net income before taxation was £1.5 million (2001: £1.5 million), enabling the board to declare a net interim dividend of 2.8 pence per share for the six months to 30 September 2002 (2001: 2.6 pence per share). The interim dividend will be paid on 29 January 2003 to shareholders registered on 31 December 2002.

The following is an analysis of dividends paid in respect of each class of share since their respective launches, together with net asset value.

	Ordinary Shares Pence per share	**"C" Shares Pence per share**
Gross dividend for the year to 31 March 1997	5.00	–
Gross dividend for the year to 31 March 1998	6.00	5.00
Gross first and second interim dividends and net final dividend for the year to 31 March 1999	7.75	6.25
Net dividend for the year to 31 March 2000	8.55	4.50
Net dividend for the year to 31 March 2001	7.50	7.50
Net dividend for the year to 31 March 2002	7.50	7.50
Net dividend for the six months to 30 September 2002	2.80	2.80
Net asset value per share at 30 September 2002	106.84	106.84
Total	151.94	140.39

Notes

1. Following the cessation of tax credits on 5 April 1999, dividends paid by VCTs no longer benefit from tax free tax credits for qualifying UK shareholders.
2. The above table does not take into account the income tax relief of 20 per cent. nor the capital gains tax deferral relief of 40 per cent. upon subscription for shares in the Company.

David Watkins
Chairman

17 December 2002

Independent review report by the auditors on the interim information to Close Brothers Venture Capital Trust PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2002 which comprises the statement of total return, the balance sheet, the cash flow statement and related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reason for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based, thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2002.

Deloitte & Touche

Chartered Accountants
London

17 December 2002

Unaudited Statement of Total Return

(incorporating the profit and loss account)
for the six months to 30 September 2002

	Six months to 30 September 2002			Six months to 30 September 2001			Year to 31 March 2002		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	253	253	–	344	344	–	2,306	2,306
Income	1,935	–	1,935	1,799	–	1,799	4,018	–	4,018
Investment management fees (note 1)	(302)	(274)	(576)	(241)	(343)	(584)	(519)	(787)	(1,306)
Other expenses	(73)	(62)	(135)	(43)	(43)	(86)	(85)	(85)	(170)
Return on ordinary activities before tax	1,560	(83)	1,477	1,515	(42)	1,473	3,414	1,434	4,848
Tax on ordinary activities	(521)	91	(430)	(416)	107	(309)	(469)	214	(255)
Return attributable to shareholders	1,039	8	1,047	1,099	65	1,164	2,945	1,648	4,593
Dividends (note 2)	(1,007)	–	(1,007)	(1,015)	–	(1,015)	(2,930)	–	(2,930)
Transfer to reserves	32	8	40	84	65	149	15	1,648	1,663
Return per ordinary share (note 3)	2.7p	0.0p	2.7p	2.8p	0.2p	3.0p	7.5p	4.2p	11.7p

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

Unaudited Summary Balance Sheet

at 30 September 2002

	30 September 2002 £'000	30 September 2001 £'000	31 March 2002 £'000
Fixed asset investments			
Qualifying investments	33,947	35,575	31,473
Non-qualifying investments	114	2,041	6,145
Total fixed asset investments	34,061	37,616	37,618
Current assets			
Debtors	360	292	700
Cash at bank and in hand	7,266	3,984	6,250
	7,626	4,276	6,950
Creditors: due within one year	(2,252)	(1,871)	(3,051)
Net current assets	5,374	2,405	3,899
Creditors: due greater than one year	(1,000)	–	–
Net assets	38,435	40,021	41,517
Represented by:			
Called up share capital	17,987	19,549	19,539
Special reserve	14,203	17,342	17,324
Capital redemption reserve	1,865	304	314
Capital reserve			
realised	1,821	176	27
unrealised	2,323	2,377	4,109
Revenue reserve	236	273	204
Total equity shareholders' funds	38,435	40,021	41,517
Net asset value per ordinary share	106.8p	102.4p	106.2p

This interim report was approved by the Board of Directors on 17 December 2002.

Signed on behalf of the Board of Directors by

David Watkins
Chairman

Unaudited Cash Flow Statement

for the six months to 30 September 2002

	Six months to 30 September 2002 £'000	Six months to 30 September 2001 £'000	Year to 31 March 2002 £'000
Operating activities			
Investment income received	2,027	1,496	3,102
Dividend income received	–	93	297
Deposit interest received	84	140	221
Other income received	–	–	250
Investment management fees paid	(369)	(373)	(767)
Management performance fee paid	(184)	–	–
Other cash payments	(170)	(92)	(175)
Net cash inflow from operating activities	1,388	1,264	2,928
Taxation			
UK corporation tax paid	(118)	(249)	(569)
Investing activities			
Purchase of investments	(2,528)	(3,785)	(4,646)
Disposals of investments	–	1,200	2,021
Disposals of non-qualifying investments	6,310	–	2,000
Net cash inflow/(outflow) from/(to) investing activities	3,782	(2,585)	(625)
Dividends paid			
Equity dividends paid on ordinary shares	(1,915)	(1,469)	(2,489)
Capital dividends paid on ordinary shares	–	(489)	(489)
Net cash inflow/(outflow) before financing	3,137	(3,528)	(1,244)
Financing			
Redemption of own shares	(3,121)	(65)	(83)
Loan drawdown	1,000	–	–
Increase/(decrease) in cash and cash equivalents	1,016	(3,593)	(1,327)

Notes to the interim results

1. Accounting Policies

True and fair override
The Company is no longer an investment company within the meaning of s266, Companies Act 1985. However, it conducts its affairs as a venture capital trust for taxation purposes under s842AA of the Income and Corporation Taxes Act 1988.

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (SORP). Ordinarily, the absence of Section 266 status would require the Company to adopt a different presentation of the accounts than that recommended by the Association of Investment Trust Companies. However, the Directors consider it appropriate to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the trust is presented in a statement of total return in which the revenue column is the profit and loss account of the Company. The revenue column excludes certain capital items, which, since the Company is no longer an investment company, the Companies Act 1985 would ordinarily require to be included in the profit and loss account: net profits on disposal of investments, calculated by reference to their previous carrying amount, impairment in value of investments, management expenses charged to capital, less tax relief thereon and the distribution of capital profits.

In the opinion of the Directors the presentation adopted enables the Company to report in a manner consistent with the sector within which it operates. The Directors therefore consider that these departures from the specific provisions of Schedule 4 of the Companies Act relating to the form and content of 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. The particular accounting policies adopted are described below.

Capital reserves
Realised reserves
The following are accounted for in this reserve:

- gains and losses on the realisation of investments
- the capital element of expenses and finance costs, together with the related taxation effect, and;
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Unrealised reserve
The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held, and;
- unrealised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Special reserve
This reserve is distributable and is primarily used for the cancellation of the Company's share capital.

Investments
Unquoted investments are stated at a valuation determined by the Directors as supported, where appropriate, by independent professional valuations prepared on an annual basis. The unrealised depreciation or appreciation on the valuation of investments is dealt with in the unrealised reserve and gains and losses arising on the disposal of investments are dealt with in the realised capital reserve.

It is not the Company's policy to exercise controlling or significant influence over investee companies. Therefore the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

Income and expenses
All income and expenses are treated on the accruals basis and dividend income (other than on non-equity shares) is included in revenue when the investment is quoted ex-dividend. The fixed returns on non-equity shares and on debt securities are recognised on a time apportionment basis. Income received is treated in accordance with Financial Reporting Standard No. 16.

Management expenses
50 per cent. of management expenses, representing the proportion of the investment management fee and other expenses attributable to the enhancement of the value of the investments of the Company, net of corporation tax, is charged to capital reserves. The balance is charged to the revenue account. The accrued management performance incentive fee has been charged to the revenue account to the extent that it relates to revenue dividends paid to shareholders, with the balance charged to capital reserves, net of corporation tax.

Taxation
The interim financial information has been prepared on the basis of accounting policies consistent with those applied in the 2001 financial statements. Taxation associated to capital expenses is applied in accordance with the SORP.

Deferred taxation is considered in accordance with FRS 19 on timing differences that result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

The specific nature regarding the taxation of VCTs means that it is unlikely any deferred tax will arise. The directors have considered the requirements of FRS 19 and do not believe any provision should be made.

2. Dividend

The interim revenue dividend of 2.8 pence per Ordinary Share, amounting to £1,007,292, (2001: £1,016,540) will be paid on 29 January 2003 to shareholders registered on 31 December 2002.

3. Return per share

Return per share has been calculated on 38,077,285 Ordinary Shares (2001: 39,169,498), being the weighted number of shares in issue for the period.

4. Other information

The information for the six months ended 30 September 2002 and 30 September 2001 does not constitute statutory accounts within the terms of section 240 of the Companies Act 1985, and is unaudited. The information for the year ended 31 March 2002 does not constitute statutory accounts within the terms of section 240 of the Companies Act 1985 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

5. Publication

This interim report is being sent to shareholders and copies will be made available to the public at the registered office of the Company.

Close Brothers Protected VCT PLC