COMPANY NUMBER: 03265074

CLOSE BROTHERS PROTECTED VCT PLC

Interim Report for the six months to 30 September 2003

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Directors and administration

Directors	D M Bralsford MSc, FCA, FCT, Chairman G W Pitman MA, FCA, ACMA C Holdsworth Hunt MSI J T Snook MA, ACA, MSI (resigned 7 October 2003) P H Reeve MA, ACA (appointed 7 October 2003)
Investment Manager	Close Venture Management 12 Appold Street London EC2A 2AW Tel: 020 7426 4000
Secretary and Registered Office	J M Gain 12 Appold Street London EC2A 2AW Tel: 020 7426 4000
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent, BR3 4TU
Independent Reporting Accountants	Deloitte & Touche LLP London
Taxation Adviser	Ernst & Young Rolls House 7 Rolls Buildings Fetter Lane London EC4A 1NH

INVESTMENT OBJECTIVES

Close Brothers Protected VCT PLC commenced trading in April 1997. Within the overall aim of maximising the considerable tax benefits available to shareholders in a venture capital trust, the Company's investment strategy was designed to meet the requirements of investors who seek to protect the capital value of their investment whilst still providing an attractive level of return. Following shareholder approval in 2002 to change the Company's investment policy, the investments made by Close Brothers Protected VCT PLC will in the medium term fall into the distinct categories as follows;

- Qualifying Loan Investments

  The Company originally invested approximately 50% of its funds by way of Qualifying Loans. As part of the arrangements, the performance of these loans were guaranteed by The Royal Bank of Scotland which agreed that any shortfall suffered by the Company in terms of capital and interest will be recoverable from it. The annual return to the Company from Qualifying Loans is at a floating interest rate of 2% below Base Rate with a minimum annual rate of 2%. These loans are now being replaced over time by asset based investments.

- Qualifying Asset Based Investments

  The Company intends to replace over time the loan portfolio guaranteed by The Royal Bank of Scotland with asset based investments principally in the hotel, care home, leisure and residential development sectors.

- Qualifying Equity Investments

  The Company invests up to 30% of its funds in new ordinary shares issued by companies quoted on AIM to provide a broadly based and diversified equity portfolio.

- Non Qualifying Investments

  The remaining funds will be invested in cash and floating rate notes with banks with a Moody's rating of A and above.

Summary of dividends and net asset value as at 30 September 2003

	Pence per share
Gross dividend for the year to 31 March 1998	4.00
Gross interim dividends and net final dividend for the year to 31 March 1999	4.00
Net dividend for the year to 31 March 2000	4.00
Net dividend for the year to 31 March 2001	3.25
Net dividend for the year to 31 March 2002	2.25
Net dividend for the year to 31 March 2003	1.00
Net dividend for the six months to 30 September 2003	0.75
	19.25
Net asset value at 30 September 2003	87.30
Total	106.55

Note 1: following the cessation of tax credits on 5 April 1999, dividends paid by VCTs no longer benefit from tax credits.

Note 2: the above table does not take into account the income tax relief of 20% or the capital gains tax deferral relief of 40% upon subscription for shares in the Company.

Chairman's Statement

Investment review

During the six months to 30 September 2003, I am pleased to say that the Company's net asset value per share increased by 11.8%, while the interim dividend per share grew by 50% from last year's depressed levels. The growth in net asset value was prompted by the strong performance of our AIM portfolio, which now accounts for 28% of the Company's assets, and which increased in value by almost 60%, compared to the growth of the AIM Index of 38.5% over the same period.

At the same time, the Company's interim dividend has increased to 0.75 pence per share from last year's 0.50 pence per share. This has been the result of the continuing progress in replacing the low-yielding portfolio of loans guaranteed by Royal Bank of Scotland PLC with a higher yielding portfolio of asset-based investments. New investments in this area include an initial £1 million (to be followed by up to a further £2 million) in Kew Green VCT (Stansted), a newly formed company which will build and operate a 183 room Express by Holiday Inn hotel in Stansted Airport. With continued progress in this area, as at the date of this statement, asset-based investments now account for £5.3 million of the investment portfolio, with a further £4.2 million reserved for investment. This underlies your Company's policy of supplementing the prospects of lower-risk capital growth with a reliable income yield.

The following is a profile of the Company's investment portfolio by value following the decision to change its investment strategy:

Investments by value	**30 September 2003 £ 000's**	**31 March 2003 £ 000's**	**30 September 2002 £ 000's**	**31 March 2002 £ 000's**
Qualifying loan investments guaranteed by RBS	8,705	11,105	11,505	11,180
Qualifying AIM investments	5,951	3,729	4,952	6,594
Qualifying asset based investments	3,333	2,250	1,000	-
Cash and other non-qualifying investments	3,588	2,214	3,385	7,630
Total	**21,577**	**19,298**	**20,842**	**25,404**

As at 30 September 2003 the net assets of the Company were £21.4 million, or 87.3 pence per share compared with net assets at 31 March 2003 of £19.2 million, or 78.1 pence per share and net assets at 30 September 2002 of £20.7 million, or 83.3 pence per share. The rise in the AIM market led to a total capital profit for the period of £2.35 million (2002: £2.0 million loss). Net revenue income before taxation amounted to £205,000 in the six months against £135,000 in the comparable period last year, with the increase due to the build up of the high yielding portfolio of asset-based investments. The Board has therefore declared a net interim dividend of 0.75 pence per share (2002: 0.50 pence). The dividend will be paid on 7 January 2004 to shareholders on the register on 12 December 2003.

Martin Bralsford

Martin Bralsford
Chairman
2 December 2003

Independent review report by the auditors on the interim information to Close Brothers Protected VCT PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2003 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.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

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 polices and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the 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 2003.

Deloitte & Touche LLP.

Deloitte & Touche LLP
Chartered Accountants
London
2 December 2003

Unaudited Statement of Total Return
(incorporating the profit and loss account)
for the six months to 30 September 2003

	Six months to 30 September 2003			Six months to 30 September 2002			Year to 31 March 2003		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains/(losses) on investments	-	23	23	-	(239)	(239)	-	(553)	(553)
Unrealised gains/(losses) on investments	-	2,327	2,327	-	(1,712)	(1,712)	-	(2,633)	(2,633)
Income	305	-	305	259	-	259	536	-	536
Investment management fees (note 1)	(48)	(78)	(126)	(45)	(66)	(111)	(91)	(126)	(217)
Other expenses	(52)	(25)	(77)	(79)	(39)	(118)	(144)	(71)	(215)
Return on ordinary activities before tax	205	2,247	2,452	135	(2,056)	(1,921)	301	(3,383)	(3,082)
Tax on ordinary activities	(26)	13	(13)	(6)	5	(1)	(24)	16	(8)
Return attributable to Shareholders	179	2,260	2,439	129	(2,051)	(1,922)	277	(3,367)	(3,090)
Dividends (note 2)	(184)	-	(184)	(124)	-	(124)	(245)	-	(245)
Transfer to/(from) reserves	(5)	2,260	(2,255)	5	(2,051)	(2,046)	32	(3,367)	(3,335)
Return per ordinary share (note 3)	0.7p	9.2p	9.9p	0.5p	(7.6)p	(7.1)p	1.1p	(13.0)p	(11.9)p

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

There were no recognised gains or losses other than those disclosed above.

Unaudited Summary Balance Sheet
At 30 September 2003

	30 September 2003 £'000	30 September 2002 £'000	31 March 2003 £'000
Fixed asset investments			
Qualifying investments	17,989	17,457	17,084
Non-qualifying investments	4	2,005	3
Total fixed asset investments	17,993	19,462	17,087
Current assets			
Debtors	143	101	97
Cash at bank and in hand	3,584	1,380	2,211
	3,727	1,481	2,308
Creditors: due within one year	(314)	(225)	(244)
Net current assets	3,413	1,256	2,064
Net assets	21,406	20,718	19,151
Represented by:			
Called up share capital	12,260	12,445	12,260
Special reserve	9,706	9,984	9,706
Capital redemption reserve	1,678	1,493	1,678
Capital reserve			
realised	(789)	(328)	(722)
unrealised	(1,512)	(2,917)	(3,839)
Revenue reserve	63	41	68
Total equity shareholders' funds	21,406	20,718	19,151
Net asset value per ordinary share	87.3 pence	83.3 pence	78.1 pence

This interim report was approved by the Board of Directors on 2 December 2003

Signed on behalf of the Board of Directors by

D M Bralsford
Chairman

Unaudited Cashflow Statement
for the six months to 30 September 2003

	Six months to 30 September 2003 £'000	Six months to 30 September 2002 £'000	Year to 31 March 2003 £'000
Operating activities			
Investment income received	324	278	524
Deposit interest received	18	89	117
Other income received	-	1	-
Investment management fees paid	(109)	(118)	(226)
Other cash payments	(87)	(150)	(226)
Net cash inflow from operating activities	146	100	189
Taxation			
UK corporation tax refund	12	-	-
Investing activities			
Purchase of investments	(1,227)	(2,635)	(3,935)
Disposals of investments	2,583	3,087	5,529
Net cash inflow from investing activities	1,356	452	1,594
Equity dividends paid			
Dividends paid on ordinary shares	(123)	(414)	(537)
Net cash inflow before financing	1,391	138	1,246
Financing			
Purchase of shares net of expenses	-	(2,382)	(2,659)
Capital restructuring expenses	(18)	-	-
	(18)	(2,382)	(2,659)
Increase/(decrease) in cash and cash equivalents	1,373	(2,244)	(1,413)

Notes to the interim results
for the six months to 30 September 2003

1. Accounting Policies

The principal activity of the Company is that of a Venture Capital Trust. It was approved by the Inland Revenue as a Venture Capital Trust in accordance with Section 842AA of the Income and Corporation Taxes Act and subsequently conducts its affairs so as to enable it to continue to retain such status. The company is not a close company for taxation purposes. A review of the Company's business during the period is contained in the Chairman's Statement.

The Company is not an investment company as defined in Section 266 of the Companies Act 1985.

The financial statements are prepared in accordance with applicable 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 of permanent diminution in value of investments, management expenses charged to capital less tax relief thereon and the distribution of capital profits.

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;
- 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 non-monetary exchange differences of a capital nature.

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

Investments

Listed investments and companies quoted on AIM are stated at market value based upon middle market prices at the end of the accounting period. Unquoted investments are stated at a valuation determined by the directors as supported, where appropriate, by independent professional valuations and in accordance with the British Venture Capital Association (BVCA) guidelines. 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 influences over investee companies. Therefore the results of these companies are not incorporated into the revenue account except to the extent of any income received or accrued.

Notes to the financial statements for the six months to 30 September 2003 (continued)

Income and expenses

All income and expenses are treated on the accruals basis and dividend income is included in revenue when the investment is quoted ex-dividend. Income received is treated in accordance with Financial Reporting Standard No. 16.

Management expenses

100 per cent. of management fees relating to AIM investments, 50% of management fees relating to new asset based investments and 33 per cent. of all other expenses, representing the proportion of the investment management expenses attributable to the enhancement of the value of the investments of the Company, have been 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 2003 financial statements.

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 0.75 pence per Ordinary Share, amounting to £183,893 will be paid on 7 January 2004 to shareholders registered on 12 December 2003.

3. **Return per share**

Return per share has been calculated on 24,519,063 Ordinary Shares (2002: 25,858,642), being the weighted number of shares in issue throughout the period.

4. **Other information**

The information for the six months ended 30 September 2003 and 30 September 2002 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 2003 does not constitute statutory accounts within the terms of section 240 of the Companies Act 1985 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

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.

From: "Mary Waters" <Mary.Waters@bevanashford.co.uk>
To: <will@closeventures.co.uk>
Date: 12/1/03 12:57pm
Subject: Brunel - Property

Will

I understand from Geoff that you require some input on the structural survey which you commissioned.

I have not reviewed the complete survey but my comments on the conclusions are as follows:

1. Smiles only own the cellar of 2 Upper Maudlin Street (which is referred to at paragraph 603 of the conclusion). The first floor level room is comprised within another title number and is owned separately;

2. The title deeds do not show who is responsible for the maintenance of Colston Yard.

3. The deeds and documents which relate to the rear warehouse premises do not show who is . responsible for the future maintenance of the wall;

4. There is on site plant for dealing with water which is discharged into the Water Authority's main sewers after treatment;

5. Smiles do not believe that a fire certificate is necessary. I have requested a copy of the justices' on-licence to see whether or not it has any conditions in this regard.

If you have any further queries please contact me.

Regards

Mary

35 Colston Avenue, Bristol, BS1 4TT, England Tel +44(0)117 9230111 Fax +44(0)117 9291865

1 Chancery Lane, London, WC2A 1LF, England Tel +44(0)20 7822 7822 Fax +44(0)20 7822 7800

Alpha Tower, Queensway, Birmingham, B1 1TT, England Tel +44(0)121 634 5000 Fax +44(0)121 634 5001

CC: "Geoff Perry" <Geoff.Perry@bevanashford.co.uk>, <r.gibbs@the-chambers.com>