CLOSE BROTHERS

VENTURE CAPITAL TRUST PLC

Interim Report and Accounts
for the six months to
30 September 2006

CONTENTS

DIRECTORS AND ADMINISTRATION

Directors	D J Watkins MBA (Harvard), Chairman R M Davidson J M B L Kerr ACMA J G T Thornton MBA, FCA
Investment manager	Close Ventures Limited 10 Crown Place London EC2A 4FT Tel: 020 7422 7830
Secretary and registered office	Close Ventures Limited 10 Crown Place London EC2A 4FT
Registrar	Capita Registrars PLC Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA Tel: 0870 162 3124
Independent reporting accountants	Deloitte & Touche LLP Chartered Accountants London
Company number	3142609

Close Brothers Venture Capital Trust is a member of the Association of Investment Companies.

FINANCIAL HIGHLIGHTS

	Six months ended 30 September 2006	Six months ended 30 September 2005
Dividends paid per ordinary share (pence)	5.00	4.50
Revenue return per ordinary share (pence)	2.38	2.80
Capital return per ordinary share (pence)	3.63	(1.10)
Net asset value per ordinary share (pence)	117.46	117.61

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

Shareholder value created per share since launch:	**Ordinary shares (Pence)**	**'C' shares (Pence)**
Gross revenue dividends paid during the year ended 31 March 1997	2.00	–
Gross revenue dividends paid during the year ended 31 March 1998	5.20	2.00
Gross interim dividends and net final dividend paid during the year ended 31 March 1999	11.05	8.75
Net revenue and capital dividends paid during the year ended 31 March 2000	3.00	2.70
Net revenue and capital dividends paid during the year ended 31 March 2001	8.55	4.80
Net revenue dividends paid during the year ended 31 March 2002	7.60	7.60
Net revenue and capital dividends paid during the year ended 31 March 2003	7.70	7.70
Net revenue and capital dividends paid during the year ended 31 March 2004	8.20	8.20
Net revenue and capital dividends paid during the year ended 31 March 2005	9.75	9.75
Net revenue and capital dividends paid during the year ended 31 March 2006	11.75	11.75
Net revenue and capital dividends paid during the period ended 30 September 2006	5.00	5.00
Total dividends paid to date	79.80	68.25
Net asset value	117.46	117.46
Total return to 30 September 2006	**197.26**	**185.71**

Note 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.
Note 2: The above table does not take into account the income tax relief of 20% nor the capital gains tax deferral relief of 40% upon subscription for shares in the Company.
Note 3: The C Shares were converted into Ordinary Shares in 2002.

CHAIRMAN'S STATEMENT

I am pleased to report that your Company has continued to make good progress for the six months to 30 September 2006, with a total return of 6 pence per share. This was driven in particular by pleasing uplifts in the values of our investments in the Express by Holiday Inn hotel at Stansted Airport and the Ramada hotel at the Mailbox in Birmingham. As detailed below, the board is proposing a second dividend of the year of 5 pence per share making a total of 10 pence per share paid during the year.

New investment during the period amounted to £3.5 million, £2 million of which had been previously reserved for investment in the Stansted hotel and the Crown Hotel in Harrogate. Other investments included £720,000 to purchase the Blue Boar pub with rooms near Stratford-on-Avon. In addition, further sums were invested in some of our other pub companies to fund small purchases, while a further £250,000 was invested in The Place Sandwich to finish the refurbishment. As reported in last year's annual report and accounts, our two care homes at Romford and Dover were sold in April for a profit of just over £1 million.

Overall, we are pleased with the progress of the portfolio. As mentioned above, our Stansted hotel has been performing particularly well, and a 71 room extension taking it up to 254 rooms is currently under construction. The turnaround process at our three star hotels continues and improvements are being seen at both The Place Sandwich and The Bear Hungerford. Looking forward, we are continuing to review a variety of opportunities, in particular in the health and fitness and care home sectors.

As at 30 September 2006 net asset value was £42.14 million or 117.5 pence per share, after the payment of the first dividend of the year of 5 pence per share (which compares with £42.19 million or 117.6 pence per share as at 30 September 2005, stated before the first interim dividend of 4.5 pence per share). Revenue return before taxation was £1.20 million for the period compared to £1.43 million for the six months to September 2005. The decline in net revenue reflects the lower returns on cash following the sale of the nursing homes earlier in the year. As already mentioned, the Board now declares a second dividend of 5 pence per share of which 2.5 pence will be paid out of realised capital reserves. This dividend will be paid on 5 January 2007 to shareholders on the share register on 15 December 2006.

David Watkins 6 December 2006
Chairman

PORTFOLIO OF INVESTMENTS

A summary of the Company's qualifying investments at 30 September 2006 is set out below.

	Investment at cost £'000	Cumulative movement in carrying/fair value[(i)] £'000	Total carrying/fair value £'000
Hotels			
Kew Green VCT (Stansted) Limited	5,000	2,751	7,751
Premier VCT (Mailbox) Limited	4,643	3,067	7,710
The Bear Hungerford Limited	2,088	(510)	1,578
The Crown Hotel Harrogate Limited	2,000	(301)	1,699
The Place Sandwich VCT Limited	1,250	(59)	1,191
The Rutland Pub Company (Hotels) Limited	1,138	(37)	1,101
Total investment in the hotel sector	**16,119**	**4,911**	**21,030**
Leisure			
Churchill Taverns VCT Limited	325	26	351
City Screen (Cambridge) Limited	1,210	279	1,489
City Screen (Liverpool) Limited	200	19	219
CS (Brixton) Limited	250	8	258
CS (Exeter) Limited	100	(4)	96
CS (Greenwich) Limited	900	(154)	746
GB Pub Company Limited	240	(11)	229
The Bold Pub Company Limited	1,390	210	1,600
The Dunedin Pub Company VCT Limited	115	–	115
The Independent Beer Company Limited	150	(30)	120
The Independent Pub Company (VCT) Limited	290	(87)	203
The Rutland Pub Company Limited	160	3	163
The Weybridge Club Limited	1,000	15	1,015
Tower Bridge Health Clubs Limited	344	–	344
Total investment in the leisure sector	**6,674**	**274**	**6,948**

(i) Included in this movement is capital appreciation of equity instruments of £4,923,000 and movement in carrying value of loans and receivables of £202,000.

PORTFOLIO OF INVESTMENTS (continued)

A summary of the Company's qualifying investments at 30 September 2006 is set out below.

	Investment at cost £'000	Cumulative movement in carrying/fair value[(i)] £'000	Total carrying/fair value £'000
Residential property development			
Chase Midland VCT Limited	1,600	(2)	1,598
Country and Metropolitan VCT Limited	3,000	(6)	2,994
Prime VCT Limited	2,200	(52)	2,148
Youngs VCT Limited	1,200	–	1,200
Total investment in the residential property development sector	**8,000**	**(60)**	**7,940**
Total qualifying investments	**30,793**	**5,125**	**35,918**

[(i)] Included in this movement is capital appreciation of equity instruments of £4,923,000 and movement in carrying value of loans and receivables of £202,000.

INDEPENDENT REVIEW REPORT

to Close Brothers Venture Capital Trust PLC

We have been instructed by the Company to review the financial information for the six months ended 30 September 2006 which comprises the income statement, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and related notes 1 to 9. 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 the preparation of 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 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 International Standards on Auditing (UK and Ireland) 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 2006.

Deloitte & Touche LLP
Chartered Accountants
London
6 December 2006

Neither an audit nor a review provides assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area.

INCOME STATEMENT

		Unaudited Six months to 30 September 2006			Unaudited Six months to 30 September 2005			Audited Year to 31 March 2006		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	**–**	**1,548**	**1,548**	–	(87)	(87)	–	939	939
Investment income		**1,433**	**–**	**1,433**	1,639	–	1,639	3,044	–	3,044
Investment management fees		**(117)**	**(351)**	**(468)**	(120)	(361)	(481)	(180)	(539)	(719)
Other expenses		**(116)**	**–**	**(116)**	(86)	–	(86)	(183)	–	(183)
Return/(loss) on ordinary activities before tax		**1,200**	**1,197**	**2,397**	1,433	(448)	985	2,681	400	3,081
Tax on ordinary activities		**(359)**	**105**	**(254)**	(437)	67	(370)	(544)	162	(382)
Return/(loss) attributable to equity holders		**841**	**1,302**	**2,143**	996	(381)	615	2,137	562	2,699
Basic and diluted return per share (pence)	5	**2.4**	**3.6**	**6.0**	2.8	(1.1)	1.7	5.9	1.6	7.5

The accompanying notes on pages 13 to 16 form an integral part of these interim accounts.

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

All of the Company's activities derive from continuing operations.

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.

BALANCE SHEET

	Note	Unaudited 30 September 2006 £'000	Unaudited 30 September 2005 £'000	Audited 31 March 2006 £'000
Fixed asset investments				
Qualifying investments	6	**35,918**	32,960	36,022
Non-qualifying investments		**2**	2	262
Total fixed asset investments		**35,920**	32,962	36,284
Current Assets				
Debtors		**138**	33	18
Cash at bank		**6,601**	10,061	5,842
		6,739	10,094	5,860
Creditors: amounts falling due within one year		**(515)**	(860)	(349)
Net current assets		**6,224**	9,234	5,511
Total assets less current liabilities		**42,144**	42,196	41,795
Capital and reserves				
Called up share capital		**17,939**	17,939	17,939
Special reserve		**14,110**	14,110	14,110
Capital redemption reserve		**1,914**	1,914	1,914
Realised capital reserve		**2,135**	3,184	2,204
Unrealised capital reserve		**4,923**	3,423	4,449
Revenue reserve		**1,123**	1,626	1,179
Total equity shareholders' funds		**42,144**	42,196	41,795
Net asset value per share (pence)		**117.5**	117.6	116.5

The interim information on pages 8 to 16 was approved by the Board of Directors on 6 December 2006. Signed on behalf of the Board of Directors by

David Watkins
Chairman

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
Six months ended 30 September 2006							
As at 31 March 2006	17,939	14,110	1,914	2,204	4,449	1,179	41,795
Net realised gains on investments in the period	–	–	–	1,074	–	–	1,074
Capitalised investment management and performance fees	–	–	–	(351)	–	–	(351)
Tax relief on costs charged to capital	–	–	–	105	–	–	105
Movement in unrealised appreciation	–	–	–	–	474	–	474
Revenue return attributable to shareholders	–	–	–	–	–	841	841
Dividends	–	–	–	(897)	–	(897)	(1,794)
As at 30 September 2006	**17,939**	**14,110**	**1,914**	**2,135**	**4,923**	**1,123**	**42,144**
Six months ended 30 September 2005							
As at 31 March 2005 as restated	17,939	14,110	1,914	4,124	3,510	1,688	43,285
Capitalised investment management and performance fees	–	–	–	(361)	–	–	(361)
Tax relief on costs charged to capital	–	–	–	67	–	–	67
Movement in unrealised appreciation	–	–	–	–	(87)	–	(87)
Revenue return attributable to shareholders	–	–	–	–	–	996	996
Dividends	–	–	–	(646)	–	(1,059)	(1,705)
As at 30 September 2005	**17,939**	**14,110**	**1,914**	**3,184**	**3,423**	**1,626**	**42,196**

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (continued)

	Called up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
Year ended 31 March 2006							
As at 31 March 2005, as restated	17,939	14,110	1,914	4,124	3,510	1,688	43,285
Adjustment as required by adoption of FRS 26	–	–	–	–	–	27	27
Capitalised investment management and performance fees	–	–	–	(539)	–	–	(539)
Tax relief on costs charged to capital	–	–	–	162	–	–	162
Movement in unrealised appreciation	–	–	–	–	939	–	939
Revenue return attributable to shareholders	–	–	–	–	–	2,137	2,137
Dividends	–	–	–	(1,543)	–	(2,673)	(4,216)
As at 31 March 2006	**17,939**	**14,110**	**1,914**	**2,204**	**4,449**	**1,179**	**41,795**

CASH FLOW STATEMENT

	Unaudited Six months to 30 September 2006 £'000	Unaudited Six months to 30 September 2005 £'000	Audited Year ended 31 March 2006 £'000
Operating activities			
Investment income	**1,079**	1,359	2,706
Dividend income	**4**	12	21
Deposit interest	**167**	260	427
Other income	**–**	2	2
Investment management fees paid	**(399)**	(627)	(1,006)
Administrative expenses paid	**(155)**	(138)	(216)
Net cash inflow from operating activities	**696**	868	1,934
Taxation			
UK corporation tax paid	**(170)**	(115)	(517)
VAT (paid)/repaid	**(4)**	5	22
Capital expenditure and financial investment			
Purchase of investments	**(3,255)**	(3,785)	(6,173)
Disposal of investments	**5,285**	55	55
Net cash inflow/(outflow) from investing activities	**2,030**	(3,730)	(6,118)
Equity dividends paid			
Dividends paid on ordinary shares	**(1,793)**	(1,704)	(4,216)
Increase/(decrease) in cash	**759**	(4,676)	(8,895)

NOTES TO THE INTERIM ACCOUNTS
for the six months to 30 September 2006

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.

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 s842AA of the Income and Corporation Taxes Act 1988.

The absence of Section 266 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 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

In accordance with FRS 26 "Financial Instruments Measurement", equity investments are designated as fair value through profit or loss ("FVTPL"). The total column of the Income Statement represents the Company's profit and loss account. Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income Statement in accordance with the AITC SORP.

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"). Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income Statement and movements in respect of capital provisions are reflected in the capital column of the Income Statement. 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.

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.

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.

NOTES TO THE INTERIM ACCOUNTS
(continued)

2. Accounting policies (continued)

Investment income

Dividends receivable on equity investments are taken to revenue on an ex-dividend basis. Fixed returns on debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument.

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 and performance fees, net of corporation tax is 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.

Debtors and creditors

- Debtors do not carry any interest and are short term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Directors consider that the carrying amount of debtors approximates their fair value.
- Taxation and creditors are non-interest bearing and are stated at their nominal value. The Directors consider that the carrying amount of creditors approximates their fair value.

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 mean 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.

Reserves

Realised capital reserves

The following are disclosed in this reserve:

(i) gains and losses on the realisation of investments;
(ii) expenses, together with the related taxation effect, charged in accordance with the above policies.

Unrealised capital reserves

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

Special reserve

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

NOTES TO THE INTERIM ACCOUNTS
(continued)

2. Accounting policies (continued)

Dividends

In accordance with FRS 21 "Events after the balance sheet date", interim dividends are not accounted for until paid, and final dividends are accounted for when approved by shareholders at an annual general meeting.

3. Gains on investments

	Six months to 30 September 2006 £'000	Six months to 30 September 2005 £' 000
Realised gains	1,074	–
Unrealised gains/(losses)	474	(87)
Total	1,548	(87)

4. Amounts recognised as distributions to equity shareholders in the period

	Six months to 30 September 2006			Six months to 30 September 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend of 5 pence per share paid on 4 August 2006	897	897	1,794	–	–	–
Dividend of 4.75 pence per share paid on 14 July 2005	–	–	–	1,059	646	1,705
	897	897	1,794	1,059	646	1,705

The Board has approved the second dividend of 5 pence per Ordinary Share (2.5 pence revenue and 2.5 pence capital), amounting to £1,793,911 which will be paid on 5 January 2007 to shareholders registered on 15 December 2006.

5. Return per share

Return per share has been calculated on 35,878,228 Ordinary Shares (2005: 35,878,228), being the weighted number of shares in issue for the period. There are no convertible instruments, derivatives or contingent share agreements in issue for Close Brothers Venture Capital Trust 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.

6. Investments

As at 30 September 2006, investments held at fair value through profit or loss account total £14,418,000 and investments held at amortised cost total £21,503,000.

7. Contingencies, guarantees and financial commitments

As at 30 September 2006, the Company had granted a £500,000 guarantee to National Westminster Bank plc relating to a loan facility by the bank to an investee company. There is a third party charge of deposit dated 13 April 2006 granted to the bank.

NOTES TO THE INTERIM ACCOUNTS
(continued)

8. Other information

The information for the six months ended 30 September 2006 and 30 September 2005 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 2006 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.

9. 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.

Perivan Financial Print 208303

Close Brothers Venture Capital Trust PLC