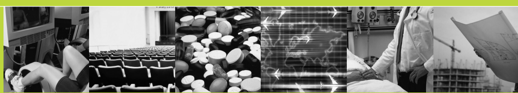
Crown Place VCT PLC

Interim Report
Six months ended 31 August 2006



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DIRECTORS AND ADMINISTRATION

Company number	3495287
Directors	Patrick Crosthwaite, Chairman Andrew Cubie Rachel Beagles Vikram Lall Geoffrey Vero
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 Shareholders helpline Tel: 0870 162 3124
Independent chartered accountants	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR
Taxation advisers	Ernst & Young LLP 1 More London Place London SE1 2AF
Lawyers	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS

Crown Place VCT PLC is a member of the Association of Investment Companies.

FINANCIAL HIGHLIGHTS

Shareholder value since launch

Previous holders of shares in:	**Proforma (i) Murray VCT PLC**	**Proforma (i) Murray VCT 2 PLC**	**Crown Place VCT PLC***
Dividends per share paid to 31 August 2006 (pence per share) (ii)	31.36	31.91	25.93
Net asset value (pence per share) as at 31 August 2006 (i)	31.32	37.44	44.00
	62.68	69.35	69.93

(i) The proforma shareholder value is based on the dividends paid to 31 August 2006 for a share, with a pro-rata net asset value per share based upon the proportion of shares received by Murray VCT PLC (now renamed CP1 VCT PLC) and Murray VCT 2 PLC (now renamed CP2 VCT PLC) shareholders at the time of the merger.

(ii) Prior to 6 April 1999, venture capital trusts were able to add 20% to dividends, and figures for the period up until 6 April 1999 are included at the gross equivalent rate actually paid to shareholders.

* Formerly Murray VCT 3 PLC

In addition to the dividends paid above, the Company paid a dividend of 1.25 pence per Crown Place VCT PLC share on 22 September 2006. The Directors have also declared a second dividend of 1.25 pence per Crown Place VCT PLC share, subject to approval from HM Revenue & Customs (comprising 0.8 pence per share from revenue and 0.45 pence per share paid out of realised capital gains). The record date and payment date of this dividend will be announced on the London Stock Exchange RNS Service.

CHAIRMAN'S STATEMENT

Overview

I am pleased to report an increase in the Company's net asset value to 44.0 pence per share as at 31 August 2006, compared to 43.0 pence per share reported as at 28 February 2006. The Company reports a revenue profit after tax for the six month period of £796,000 and a capital loss of £107,000 which combined represents the total profit for the period of £689,000 or 0.85 pence per share. The revenue profit reflects the Company's strategy of concentrating a substantial portion of the portfolio in investments which provide an income return to the Company and which should therefore improve the predictability of dividends to shareholders.

Shareholders should note that following the merger of CP1 VCT PLC (formerly Murray VCT PLC), CP2 VCT PLC (formerly Murray VCT 2 PLC) and Crown Place VCT PLC (formerly Murray VCT 3 PLC) on 13 January 2006, the accounts reflect the consolidated position of the merged entities, while the comparative figures for the six month period to 31 August 2005 relate to Murray VCT 3 PLC prior to the merger and renaming of the fund to Crown Place VCT PLC. The merger has resulted in a reduction in the running costs of the enlarged Company and will continue to have a positive effect on the results of future periods.

As announced in the annual report, the Board has decided to change the accounting year end from 28 February to 30 June. The next period end will be 30 June 2007 with a second interim report due for the four month period ending 31 December 2006.

Portfolio review

The value of the AIM portfolio increased in the period. In particular, the share prices of Tanfield Group PLC and Dobbies Garden Centres PLC had a strong increase.

In the unquoted portfolio, House of Dorchester Ltd has traded well in the period, securing strong sales for the Christmas trading season, while Lowcosttravelgroup Ltd, the provider of online travel services, has seen spectacular growth since our investment in September of last year. In addition, Citel PLC floated on AIM in July 2006.

The Company also benefited from strong income from interest and redemption premium receipts. Against this positive performance, disappointing trading at Unique Communications and J&S Marine has resulted in a reduction of the carrying value of these investments, and contributed to the slight decrease in the overall valuation of the unquoted investment portfolio.

New investments

During the period the Company made 8 investments totalling £1.9 million, as described below. Shareholders requiring detailed information on the individual companies are advised to visit the Manager's website (www.closeventures.co.uk) and the individual portfolio company websites, where available. The investments made in the period were:

- A further investment of £625,000 in The Rutland Pub Company Limited to facilitate the acquisition of two further pubs (www.rutlandpubco.net);
- A further investment of £500,000 in The Crown Hotel Harrogate Limited;

CHAIRMAN'S STATEMENT
(continued)

- A £410,000 investment in Blackbay Limited, a provider of technology and services allowing mobile workers, such as delivery drivers and field engineers, to connect to their central IT systems in real time (www.blackbay.com);
- A further investment of £130,000 in Churchill Taverns Limited, a pub operator;
- An investment of £110,000 in Dexela Limited, a company developing accurate and sensitive 3-D breast imaging methods for the early detection of breast cancer (www.dexela.co.uk);
- A £50,000 investment in Evolutions Television Limited, a television post production business servicing a broad range of TV production companies and operating from its own freehold premises north of Oxford Street in London;
- A further investment of £41,000 in Tower Bridge Health Clubs Limited, a health and fitness club adjacent to Tower Bridge on London's South Bank, offering a gym, swimming pool, indoor golf centre, hair and beauty clinic and a medical centre (www.thirtysevendegrees.co.uk);
- A further investment of £34,250 in Palm Tree Technology PLC, which offers solutions in security, digital rights management, multimedia compression and identity theft protection (www.palmtreetechnology.com).

Following the period end the Company invested £210,000 in Helveta Limited, a company enabling sustainable forestry management of the world's tropical hardwood resources through the provision of seamless traceability, improved production efficiency and compliance checking across extended supply chains (www.helveta.com).

Disposals
During the period approximately £3.25 million of proceeds were received from the full exit of GW1016 Limited, Inhoco 3106 Limited and Sequoia Limited, and the partial exit of the following investments: Clamonta Limited, ELE Advanced Technologies Limited, Enterprise Foods Limited and First Line Limited. Following the period end, your Company sold its investment in Heathcote Restaurants Limited.

Bank guarantees
Following the period end, the bank guarantees provided by the Company to secure the bank facilities of two investee companies were called. The guarantees were given by the Company prior to the appointment of Close Ventures Limited and were fully provided for, as shown on the balance sheet as at 31 August 2006. The Company has not given any other bank guarantees or made similar commitments.

Dividends and dividend policy
In my last report, I announced the Board's intention to pay three dividends in the period 1 March 2006 to 30 June 2007. The first dividend of 1.25 pence per share was paid on 22 September 2006. A second dividend of 1.25 pence per share is expected to be paid to shareholders in January 2007. This comprises 0.8 pence per share revenue dividend and 0.45 pence per share paid out of realised capital gains. A third dividend, the amount of which is yet to be determined, is anticipated in the spring of 2007. All dividends are subject to HM Revenue & Customs approval, and the record date and dividend payment date will be announced on the London Stock Exchange RNS service as soon as clearance has been obtained from HM Revenue & Customs.

CHAIRMAN'S STATEMENT
(continued)

Buy back policy

It is the Company's policy to continue to buy back shares in the market, subject to the overall constraint of ensuring that such purchases are in the Company's interest, including the maintenance of sufficient resources for investment in existing and new investee companies. The Board believes that this policy improves liquidity in the shares and has the effect of reducing the discount between the market price and the net asset value, and thus is to the benefit of shareholders as a whole. During the period, approximately 1.7 million Ordinary Shares were bought back by the Company. These shares are held in Treasury and may be re-issued at a later date. The total number of Ordinary Shares held in Treasury at the period end was 6,472,653.

Outlook

The portfolio rationalisation since Close Ventures Limited was appointed Manager in April 2005 continues. The majority of investments made by Close Ventures Limited to date are performing in accordance with expectations and the Board remains positive about the future prospects of the Company.

Geoffrey Vero
Director

21 November 2006

PORTFOLIO OF INVESTMENTS
as at 31 August 2006

List of investments with a carrying/fair value as at 31 August 2006.

Investment Name	Nature of business	Invested to date at cost £'000	Total carrying/ fair value as at 31 August 2006 £'000
Unquoted Investments			
ELE Advanced Technologies Limited	Manufacturer of precision engineering components for the industrial gas turbine, aerospace and automotive markets	1,609	2,315
The Crown Hotel Harrogate Limited	Owner and operator of the Crown Hotel Harrogate	2,400	2,121
RMS Europe Group Limited	Port operator	1,292	1,569
TLC (Tender Loving Childcare) Limited	Operator of daycare nurseries	1,584	1,500
The Rutland Pub Company (Hotels) Limited	Owner and manager of public houses and hotels	945	930
Palgrave Brown (Holdings) Limited	Manufacturer and distributor of specialist timber products including roof trusses, for the building industry	752	897
Heathcote Restaurants Limited	Operator of restaurants in Northern England	1,636	750
PSCA International Limited	Magazine publisher	571	637
House of Dorchester Limited	Chocolate manufacturer	490	574
Tower Bridge Health Clubs Limited	Operator of health & fitness clubs in central London	591	571
Inhoco 3426 Limited	Provider of translation services	551	482
Lowcosttravelgroup Limited	On-line travel business	330	457
Blackbay Limited	Mobile data solutions for the logistics and field service sectors	410	420
CS (Brixton) Limited	Cinema owner and operator	375	387
GB Pub Company VCT Limited	Freehold pub owner and operator	365	346
J&S Marine Limited	Equipment for defence and oil exploration industries	428	331
RFI Global Services Limited	Provider of conformance testing to cellular, wireless & smart card industries	310	319
Unique Communications Group Limited	Communications media consultancy business and TV production company	1,494	309
Sanastro PLC	B2B financial publishing	832	302
Grosvenor Healthcare Limited	Occupational health provider	254	264
Driver Hire Investments Limited	Supplier of temporary drivers	436	261
The Rutland Pub Company Limited	Owner and manager of public houses	235	242
Churchill Taverns VCT Limited	Freehold pub owner and operator	230	228
Booth Dispensers Limited	Manufacturer of vending machine components and beer pump coolers	227	223

PORTFOLIO OF INVESTMENTS
as at 31 August 2006
(continued)

Investment Name	Nature of business	Invested to date at cost £'000	Total carrying/ fair value as at 31 August 2006 £'000
Unquoted Investments (continued)			
The Dunedin Pub Company VCT Limited	Owner and operator of the Bridge Inn, Ratho	220	220
The Bold Pub Company Limited	Freehold and long leasehold pub owner and operator	180	212
Red M Group Limited	Service and software providers	211	176
The Independent Beer Company Limited	Freehold pub owner and operator	210	168
Clamonta Limited	Manufacturer of aircraft engine components	184	162
CS (Exeter) Limited	Cinema owner and operator	145	142
Dexela Limited	Medical imaging technology for the early detection of breast cancer	110	110
Enterprise Foods Limited	Supply chain management for the food industry	90	108
Palm Tree Technology PLC	Software company	97	107
Carmichael Limited	Valuation represents expected recovery from receivership	417	81
Forward Media Limited	Radio broadcast services	500	64
Evolutions Television Limited	TV post production facilities	50	44
		20,761	18,029
Other investments valued at nil		10,023	–
		30,784	**18,029**
AIM Quoted Investments			
Synexus Clinical Research plc	Patient recruitment for clinical trials	1,455	2,229
Tanfield Group Plc	Supplier of engineering services and electric vehicles	713	1,332
Cello Group plc	Market research, brand advertising, direct marketing	861	972
Avanti Screen Media Group plc	Supplier of retail television services and satellite broadcasting	621	709
Augean PLC	Waste management	593	534
Dobbies Garden Centres plc	Garden centres operator	270	494
Careforce Group plc	Provider of homecare services to the elderly, principally on behalf of local authorities	462	367
Citel PLC	Global provider of unique IP telephony and converged communications solutions	168	230
Zetar PLC	Confectionery and snack food manufacturer	143	222
		5,286	**7,089**

PORTFOLIO OF INVESTMENTS
as at 31 August 2006
(continued)

Investment Name	Nature of business	Invested to date at cost £'000	Total carrying/ fair value as at 31 August 2006 £'000
Listed Fixed Income Investments			
Treasury 7.5% 2006		2,209	2,114
Treasury 4.5% 2007		1,731	1,697
		3,940	**3,811**
Total Investments		**40,010**	**28,929**

INDEPENDENT REVIEW REPORT TO CROWN PLACE VCT PLC

We have been instructed by the Company to review the financial information for the six months ended 31 August 2006 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 8. 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 guidance contained in 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 and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent individual company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The directors are also 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 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 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 group 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 31 August 2006.

Deloitte & Touche LLP
Chartered Accountants
London

21 November 2006

Neither an audit nor a review provides assurance on the maintainance 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 the area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other juristictions.

CONSOLIDATED INCOME STATEMENT
for the six months ended 31 August 2006

	Six months to 31 August 2006 (unaudited)			Six months to 31 August 2005 (unaudited)			Year ended 28 February 2006 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income and deposit interest	1,168	–	1,168	658	–	658	1,073	–	1,073
Investment management fees	(90)	(272)	(362)	(30)	(90)	(120)	(160)	(481)	(641)
Other expenses	(193)	24	(169)	(156)	–	(156)	(351)	(955)	(1,306)
Non–recurring operating expenses	(4)	–	(4)	(1,468)	–	(1,468)	(749)	–	(749)
Operating profit/(loss)	881	(248)	633	(996)	(90)	(1,086)	(187)	(1,436)	(1,623)
Profit on investments (note 2)	–	56	56	–	500	500	–	2,504	2,504
Profit/(loss) before taxation	881	(192)	689	(996)	410	(586)	(187)	1,068	881
Taxation	(85)	85	–	–	–	–	42	–	42
Profit/(loss) for the period	796	(107)	689	(996)	410	(586)	(145)	1,068	923
Basic and diluted return per Ordinary share (pence) (note 4)			**0.85**			(1.50)			2.03

The total column of this statement represents the Group's income statement, prepared in accordance with International Financial Reporting Standards ('IFRS'). The supplementary revenue and capital reserve columns are prepared under guidance published by the Association of Investment Companies.

The consolidated income statement includes the results of the subsidiaries CP1 VCT PLC and CP2 VCT PLC following the merger.

The profit/(loss) for the six months to 31 August 2005 was for the Company, prior to the merger with CP1 VCT PLC and CP2 VCT PLC. The profit/(loss) for the year ended 28 February 2006 includes results from the subsidiaries CP1 VCT PLC and CP2 VCT PLC from the date of merger on 13 January 2006.

CONSOLIDATED BALANCE SHEET
as at 31 August 2006

	31 August 2006 (unaudited) £'000	31 August 2005 (unaudited) £'000	28 February 2006 (audited) £'000
Non-current assets			
Investments (note 5)	28,929	13,053	30,969
Current assets			
Trade and other receivables	1,548	403	1,496
Cash and cash equivalents	6,522	3,812	4,846
	8,070	4,215	6,342
Total assets	36,999	17,268	37,311
Current liabilities			
Trade and other payables	(325)	(353)	(694)
Total assets less current liabilities	36,674	16,915	36,617
Non-current liabilities			
Provision for bank guarantees	(1,662)	(171)	(1,662)
Total liabilities	(1,987)	(524)	(2,356)
Net assets	35,012	16,744	34,955
Equity attributable to equity holders			
Ordinary share capital	8,610	3,995	8,610
Share premium	14,422	–	14,422
Capital redemption reserve	250	250	250
Own shares held	(2,540)	–	(1,908)
Retained earnings	14,270	12,499	13,581
Total equity	35,012	16,744	34,955
Net asset value per Ordinary share (excluding treasury shares)	44.0p	41.9p	43.0p

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The consolidated balance sheets as at 31 August 2006 and 28 February 2006 include the results of the subsidiaries CP1 VCT PLC and CP2 VCT PLC from the date of the merger on 13 January 2006.

The balance sheet as at 31 August 2005 was for the Company prior to the merger with CP1 VCT PLC and CP2 VCT PLC.

These financial statements were approved by the Board of Directors, and authorised for issue on 21 November 2006 and were signed on its behalf by

Geoffrey Vero
Director

COMPANY BALANCE SHEET
as at 31 August 2006

	31 August 2006 (unaudited) £'000	31 August 2005 (unaudited) £'000	28 February 2006 (audited) £'000
Fixed assets			
Fixed asset investments (note 5)	28,929	13,053	30,969
Investments in subsidiary undertakings	17,851	–	17,506
	46,780	13,053	48,475
Current assets			
Debtors	667	403	806
Cash at bank	3,155	3,812	1,327
	3,822	4,215	2,133
Total assets	50,602	17,268	50,608
Creditors: amounts falling due within one year	(15,003)	(353)	(15,066)
Total assets less current liabilities	35,599	16,915	35,542
Provision for bank guarantees	(587)	(171)	(587)
Total liabilities	(15,590)	(524)	(15,653)
Net assets	35,012	16,744	34,955
Capital and reserves			
Called up share capital	8,610	3,995	8,610
Share premium	14,422	–	14,422
Capital redemption reserve	250	250	250
Own shares held	(2,540)	–	(1,908)
Retained earnings	14,270	12,499	13,581
Equity shareholders' funds	35,012	16,744	34,955
Net asset value per Ordinary share (excluding treasury shares)	44.0p	41.9p	43.0p

This Company balance sheet has been prepared in accordance with UK GAAP.

These financial statements were approved by the Board of Directors, and authorised for issue on 21 November 2006 and were signed on its behalf by

Geoffrey Vero
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 August 2006 (unaudited)

	Ordinary share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Own shares held £'000	Retained earnings £'000	Total £'000
As at 28 February 2006	8,610	14,422	–	250	(1,908)	13,581	34,955
Net profit for the period	–	–	–	–	–	689	689
Costs of treasury shares repurchased	–	–	–	–	(632)	–	(632)
As at 31 August 2006	**8,610**	**14,422**	**–**	**250**	**(2,540)**	**14,270**	**35,012**
As at 28 February 2005 (restated)	3,995	–	(15,287)	250	–	28,389	17,347
Adjustment in respect of IAS 39	–	–	–	–	–	(17)	(17)
Reclassification of revaluation reserve	–	–	15,287	–	–	(15,287)	–
As at 1 March 2005 (restated and adjusted)	3,995	–	–	250	–	13,085	17,330
Net loss for the period	–	–	–	–	–	(586)	(586)
As at 31 August 2005	**3,995**	**–**	**–**	**250**	**–**	**12,499**	**16,744**
As at 28 February 2005 (restated)	3,995	–	(15,287)	250	–	28,389	17,347
Adjustment in respect of IAS 39	–	–	–	–	–	(17)	(17)
Revised adjustment in respect of IAS 39	–	–	–	–	–	(27)	(27)
Reclassification of revaluation reserve	–	–	15,287	–	–	(15,287)	–
As at 1 March 2005 (restated and adjusted)	3,995	–	–	250	–	13,058	17,303
Net profit for the year	–	–	–	–	–	923	923
Costs of treasury shares repurchased	–	–	–	–	(1,908)	–	(1,908)
Shares issued in year	4,615	14,422	–	–	–	–	19,037
Dividends paid in year	–	–	–	–	–	(400)	(400)
As at 28 February 2006	**8,610**	**14,422**	**–**	**250**	**(1,908)**	**13,581**	**34,955**

These consolidated financial statements have been prepared under International Financial Reporting Standards ('IFRS').

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 31 August 2006

	Six months to 31 August 2006 (unaudited) £'000	Six months to 31 August 2005 (unaudited) £'000	Year ended 28 February 2006 (audited) £'000
Cash flows from operating activities			
Investment income received	1,162	535	1,087
Deposit interest received	115	14	30
Investment management fees paid	(646)	(107)	(694)
Secretarial fees paid	(36)	(20)	(91)
Other cash payments	(320)	(765)	(1,324)
Cash generated/(expended) from operations	275	(343)	(992)
Tax recovered	1,431	78	90
Net cash flows from/(used in) operating activities	**1,706**	**(265)**	**(902)**
Cash flows from investing activities			
Purchases of investments	(2,094)	(605)	(2,169)
Sales of investments	4,122	4,608	6,349
Payment to solicitors re loan guarantee	(1,406)	–	–
Net cash flows from investing activities	**622**	**4,003**	**4,180**
Cash flows from financing activities			
Equity dividends paid	–	–	(400)
Cash acquired from subsidiaries at date of merger	–	–	3,791
Repurchase of Ordinary Shares	–	(140)	(140)
Purchase of Ordinary shares for treasury	(652)	–	(1,897)
Net cash flows (used in)/from financing activities	**(652)**	**(140)**	**1,354**
Increase in cash and cash equivalents	**1,676**	**3,598**	**4,632**
Cash and cash equivalents at start of period	**4,846**	**214**	**214**
Cash and cash equivalents at end of period	**6,522**	**3,812**	**4,846**

These consolidated financial statements have been prepared under International Financial Reporting Standards ('IFRS').

The consolidated cash flow statements for the six months ended 31 August 2006 and the year ended 28 February 2006 include the transactions of the subsidiaries CP1 VCT PLC and CP2 VCT PLC from the date of the merger on 13 January 2006.

The cash flow statement for the six months ended 31 August 2005 was for the Company prior to the merger with CP1 VCT PLC and CP2 VCT PLC.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 August 2006 (unaudited)

1. Accounting policies

Group accounting policies

Basis of accounting
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the European Union and therefore comply with Articles of the EU IAS Regulation 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. The financial statements are presented in Sterling to the nearest thousand.

Accounting policies

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries), for the period ended 31 August 2006.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The amount of the Company's profit for the period dealt with in the accounts of the Group is £570,000 (2005: £586,000 loss).

Segmental reporting
The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The Group invests in smaller companies principally based in the UK.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiaries, plus any costs directly attributable to the business combination. The subsidiary's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair value at the acquisition date.

Investments
In accordance with IAS 39, 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. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 August 2006 (unaudited)

1. Accounting policies (continued)

Group accounting policies (continued)

Unquoted loan stock is classified as loans and receivables in accordance with IAS 39 and carried at amortised cost using the Effective Interest Rate ('EIR') method. 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 Group's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under IAS 27 "Consolidated and separate financial statements", those undertakings in which the Company holds more than 20% of the equity are not regarded as associated undertakings.

Issue costs
Issue costs associated with the allotment of share capital have been deducted from the share premium account in accordance with IAS 32.

Taxation
Taxation is applied on a current basis in accordance with IAS 12 "Income taxes". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with IAS 12, 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 IAS 12 and do not believe that any provision should be made.

Dividends
In accordance with IAS 10, "Events after the Balance Sheet Date", dividends are accounted for by the Group in the period in which the dividend has been paid, or approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 August 2006 (unaudited)

1. Accounting policies (continued)

Company accounting policies

Accounting convention

The Company's 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 SORP issued by the 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 SORP and furthermore the Directors consider it appropriate to continue to present the accounts in accordance with the SORP.

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 return or balance sheet.

Investments

In accordance with FRS 26, equity investments are designated as FVTPL. 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 EIR method. 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 listed on recognised exchanges are valued at the closing bid prices at the end of the accounting 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.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 August 2006 (unaudited)

1. Accounting policies (continued)

Company accounting policies (continued)

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.

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.

Dividends
In accordance with FRS 21, "Events after the Balance Sheet date", dividends are accounted for in the period in which the dividend has been paid, or approved by shareholders.

Issue costs
Issue costs associated with the allotment of share capital have been deducted from the share premium account in accordance with FRS 25.

Group and Company accounting policies

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, performance incentive fees and other expenses
All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue account of the income statement, except for management fees and performance incentive fees. These are allocated in part 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 per cent of the Company's investment returns will be in the form of capital gains.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 August 2006 (unaudited)

1. Accounting policies (continued)

Group and Company accounting policies (continued)

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.
- 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.

2. Profit on investments

	Six months to 31 August 2006 £'000	**Six months to 31 August 2005 £'000**
Net realised gains	286	238
Unrealised (losses)/gains	(230)	262
	56	500

3. Dividends paid in year

The Board declared a first dividend payable out of realised capital profits of 1.25p per share, which was paid on 22 September 2006.

The Board has declared a second dividend of 1.25p per share of which 0.8 pence will be paid from revenue and 0.45 pence will be paid from realised capital gains. This will be paid subject to HM Revenue & Customs approval.

4. Basic and diluted return per share

Return per share has been calculated on 80,824,690 Ordinary shares (2005: 39,952,670) being the weighted number of shares in issue for the period (excluding Treasury shares).

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

5. Fixed asset investments

Investments held at fair value through profit or loss total £16,905,000 for Ordinary Shares. Investments held at amortised cost total £12,024,000.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 August 2006 (unaudited)

6. Contingencies, guarantees and financial commitments

The Company did not have any contingencies or guarantees as at 31 August 2006 other than the bank guarantees shown on the balance sheet. After the period end, the Company met its obligations to make payments under bank guarantees to the value of £1.4 million which had already been provided for in full at the previous year end.

7. Other information

The information set out in the interim report does not constitute the Group's statutory accounts for the periods ended 31 August 2006 and 31 August 2005. The financial information for the year ended 28 February 2006 is derived from the statutory accounts 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.

8. 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 and at Companies House.

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