

Crown Place VCT PLC

Interim Report
Ten months ended 31 December 2006





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CROWN PLACE VCT PLC

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
Shareholder helpline	Tel: 0870 162 3124
Independent reporting accountants	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR
Taxation adviser	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.



CROWN PLACE VCT PLC

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 December 2006 (pence per share) (ii)	32.25	31.91	27.18
Net asset value (pence per share) as at 31 December 2006 (i)	31.49	37.65	44.25
	<u>63.74</u>	<u>69.56</u>	<u>71.43</u>

(i) The proforma shareholder value is based on the dividends paid to 31 December 2006 per 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 second dividend for the financial period to 30 June 2007 of 1.25 pence per Crown Place VCT PLC share (0.8 pence to be paid out of revenue profits and 0.45 pence out of realised capital gains) on 19 January 2007. The Directors have also declared a third dividend out of realised capital gains of 0.8 pence per Crown Place VCT PLC share, subject to approval from HM Revenue & Customs. The record date and payment date for this dividend will be announced on the London Stock Exchange RNS Service.



CHAIRMAN'S STATEMENT

Overview

This is the second interim report of the Company for the sixteen month period to 30 June 2007; this report reflects the results for the ten month period to 31 December 2006. During this period the Company's net asset value increased from 43.0 pence per share to 44.3 pence per share. The Company paid a dividend of 1.25p per share in September 2006 and therefore, the total shareholder value created in the period, including dividends paid was 2.55 pence per share. This represents a return on net asset value of 5.9% in the ten month period.

Looking at the performance in the four months since the interim report to 31 August 2006, the Company's net asset value increased by 0.3 pence per share to 44.3 pence per share. Together with the first dividend of 1.25 pence per share paid on 22 September 2006, shareholder value increased by 1.55p in the period, which the Board considers to be a reasonable result.

The sustainability of the underlying investment income, and thus revenue profits, continues to improve as older, underperforming investments have been sold, the health of the remaining older legacy investments has improved, and new income yielding investments have been made. This is in line with the Company's strategy to focus on income generating investments which support the payment of future dividends to shareholders. Following the period end, a second dividend of 1.25p was paid to shareholders on 19 January 2007, bringing the total dividend since 28 February 2006 to 2.5 pence per share.

As reported earlier the Company's accounting year end is 30 June and the next period end will be 30 June 2007.

Portfolio review

The value of the investment portfolio, taking into account the disposals made, has increased in the four month period since the interim report to 31 August 2006. The AIM quoted investments appreciated well and in particular, the price of Tanfield Group Plc performed strongly. The unquoted portfolio showed modest overall gains. House of Dorchester Limited continued to trade well and this is reflected in the valuation. The investment in Tower Bridge Health Clubs Limited also appreciated, as evidenced by an independent valuation report. Against this, we have reduced the valuation of ELE Advanced Technologies Limited, which has experienced some trading volatility.

New investments

During the four month period from 1 September 2006 to 31 December 2006 the Company made two new investments totalling £410,000. An investment of £210,000 was made 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). The company is trading in line with our expectations. An investment of £200,000 was made in Xceleron Limited, which provides services to the global drug development industry using the nanotechnology of its accelerator mass spectrometer (www.xceleron.co.uk). Other funds managed by Close Ventures Limited first invested in Xceleron Limited in April 2005 and this funding round will allow the company to step up its expansion. The company's trading performance continues to exceed original expectations.



CHAIRMAN'S STATEMENT (continued)

Following the period end Crown Place VCT PLC invested a total of £2,250,000 in four companies. Chichester Holdings Limited is a management buy-out of a well established drinks distribution business; West Kensington Health Clubs Limited is a new freehold health and fitness club development in Olympia, London; Premier Leisure Suffolk Limited is a freehold family entertainment centre in Ipswich; Rostima Limited is an early-stage enterprise software company providing labour management solutions to a range of industries (www.rostima.com). The investment pipeline continues to be strong.

Disposals

During the period from 1 September to 31 December 2006, the Company sold its investment in Heathcote Restaurants Limited, realising proceeds of £747,000. Inhoco 3426 Limited repaid £275,000 being the first tranche of deferred consideration following the sale of the company in 2005, while Clamonta Limited repaid the entire outstanding consideration of £160,000. The Company also reduced its holding in Tanfield Group Plc realising a profit of £102,000 on proceeds of £224,000.

Dividends

The first dividend of 1.25p was paid on 22 September 2006. A second dividend of 1.25p was paid to shareholders on 19 January 2007. A third dividend of 0.8 pence per share will, subject to HM Revenue & Customs approval, be paid in the spring of 2007, bringing the total dividend for the period ending 30 June 2007 to 3.3 pence per share. The record date and payment date of this dividend will be announced on the London Stock Exchange RNS service.

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. This policy provides liquidity for the shares and enables the share price discount to net asset value to be narrowed, and thus is to the benefit of shareholders as a whole. During the period from 1 September 2006 to 31 December 2006 the Company bought back 787,757 Ordinary shares at an average price of 39 pence per share. 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 7,260,410, representing 8.4% of issued share capital.

Outlook

The investment portfolio continues to perform in line with expectations. The number of investments which provide an income return to the Company is increasing, which bodes well for the future ability of the Company to consistently pay dividends to shareholders. Overall, the Board continues to be positive about the future prospects of the Company.

Patrick Crosthwaite
Chairman

29 March 2007



CROWN PLACE VCT PLC

PORTFOLIO OF INVESTMENTS as at 31 December 2006

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

Investment name	Nature of business	Invested to date at cost £'000	Total carrying/fair value as at 31 December 2006 £'000
Unquoted investments			
The Crown Hotel Harrogate Limited	Owner and operator of the Crown Hotel Harrogate	2,400	2,074
ELE Advanced Technologies Limited	Manufacturer of precision engineering components for the industrial gas turbine, aerospace and automotive markets	1,609	1,911
RMS Europe Group Limited	Port operator	1,292	1,609
TLC (Tender Loving Childcare) Limited	Operator of daycare nurseries	1,584	1,513
The Rutland Pub Company (Hotels) Limited	Owner and manager of public houses and hotels	945	1,023
House of Dorchester Limited	Chocolate manufacturer	490	901
Palgrave Brown (Holdings) Limited	Manufacturer and distributor of specialist timber products including roof trusses, for the building industry	752	841
Tower Bridge Health Clubs Limited	Operator of health & fitness clubs in central London	591	701
PSCA International Limited	Magazine publisher	571	679
Lowcosttravelgroup Limited	On-line travel business	330	464
Blackbay Limited	Mobile data solutions for the logistics and field service sectors	410	426
CS (Brixton) Limited	Cinema owner and operator	375	388
Sanastro PLC	B2B financial publishing	832	376
GB Pub Company VCT Limited	Freehold pub owner and operator	365	349
Unique Communications Group Limited	Communications media consultancy business and TV production company	1,494	322
The Rutland Pub Company Limited	Owner and manager of public houses	235	307
RFI Global Services Limited	Provider of conformance testing to cellular, wireless & smart card industries	310	287
J & S Marine Limited	Equipment for defence and oil exploration industries	428	278
Grosvenor Healthcare Limited	Occupational health provider	254	265
Driver Hire Investments Limited	Supplier of temporary drivers	436	248



CROWN PLACE VCT PLC

PORTFOLIO OF INVESTMENTS as at 31 December 2006 (continued)

Investment name	Nature of business	Invested to date at cost £'000	Total carrying/fair value as at 31 December 2006 £'000
Unquoted investments (continued)			
Churchill Taverns VCT Limited	Freehold pub owner and operator	230	231
Booth Dispensers Limited	Manufacturer of vending machine components and beer pump coolers	227	216
Helveta Limited	Software solutions company, providing traceability and inventory analysis to the timber industry	210	212
The Bold Pub Company Limited	Freehold and long leasehold pub owner and operator	180	212
Inhoco 3426 Limited	Provider of translation services	551	207
Xceleron Limited	Provides a range of drug development services to the life-science industries	200	200
The Dunedin Pub Company VCT Limited	Owner and operator of the Bridge Inn, Ratho	220	198
Clamonta Limited	Manufacturer of aircraft engine components	184	155
CS (Exeter) Limited	Cinema owner and operator	145	142
Enterprise Foods Limited	Supply chain management for the food industry	90	135
Novello Pub Limited	Freehold pub owner and operator	210	120
Red M Group Limited	Service and software providers	211	114
Dexela Limited	Medical imaging technology for the early detection of breast cancer	110	110
Palm Tree Technology PLC	Software company	97	109
Carmichael Limited	Valuation represents expected recovery from receivership	417	81
Forward Media Limited	Radio broadcast services	500	55
Evolutions Television Limited	TV post production facilities	50	44
		19,535	17,503
Other investments valued at nil		10,026	–
		29,561	17,503



CROWN PLACE VCT PLC

PORTFOLIO OF INVESTMENTS as at 31 December 2006 (continued)

Investment name	Nature of business	Invested to date at cost £'000	Total carrying/fair value as at 31 December 2006 £'000
AIM quoted investments			
Synexus Clinical Research plc	Patient recruitment for clinical trials	1,455	2,351
Tanfield Group Plc	Supplier of engineering services and electric vehicles	632	2,129
Cello Group plc	Market research, brand advertising, direct marketing	861	956
Avanti Screen Media Group plc	Supplier of retail television services and satellite broadcasting	621	819
Dobbies Garden Centres plc	Garden centres operator	270	610
Augean PLC	Waste management	593	474
Careforce Group plc	Provider of homecare services to the elderly, principally on behalf of local authorities	462	382
Zetar PLC	Confectionery and snack food manufacturer	143	249
Citel PLC	Global provider of unique IP telephony and converged communications solutions	168	164
		5,205	8,134
Listed fixed income investments			
Treasury 4.5% 2007		1,731	1,698
Total investments		36,497	27,335



**INDEPENDENT REVIEW REPORT
to Crown Place VCT PLC**

We have been instructed by the Company to review the financial information for the ten months ended 31 December 2006 which comprise 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 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 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 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 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 ten months ended 31 December 2006.

Deloitte & Touche LLP
Chartered Accountants
London
29 March 2007

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 the area.

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



CROWN PLACE VCT PLC

CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Ten months to 31 December 2006			Audited Year to 28 February 2006			Unaudited Ten months to 31 December 2005 *		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment income and deposit interest		1,644	–	1,644	1,073	–	1,073	1,119	–	1,119
Investment management fees		(150)	(450)	(600)	(160)	(481)	(641)	(69)	(207)	(276)
Other expenses		(355)	23	(332)	(351)	(955)	(1,306)	(316)	–	(316)
Non-recurring operating expenses		(4)	–	(4)	(749)	–	(749)	(1,562)	–	(1,562)
Operating profit/(loss)		1,135	(427)	708	(187)	(1,436)	(1,623)	(828)	(207)	(1,035)
Profit on investments	2	–	1,158	1,158	–	2,504	2,504	–	926	926
Profit/(loss) before taxation		1,135	731	1,866	(187)	1,068	881	(828)	719	(109)
Taxation		(135)	135	–	42	–	42	–	–	–
Profit/(loss) for the period		1,000	866	1,866	(145)	1,068	923	(828)	719	(109)
Basic and diluted return/(loss) per Ordinary share (pence) (excluding treasury shares)	4			2.32			2.03			(0.27)

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 acquisition.

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



CONSOLIDATED BALANCE SHEET

		Unaudited 31 December 2006 £'000	Audited 28 February 2006 £'000
	Notes		
Non-current assets			
Investments	5	27,335	30,969
Current Assets			
Trade and other receivables		86	1,496
Cash and cash equivalents		8,102	4,846
		8,188	6,342
Total assets		35,523	37,311
Current liabilities			
Trade and other payables		(381)	(694)
Total assets less current liabilities		35,142	36,617
Non-current liabilities			
Provision for bank guarantees		(256)	(1,662)
Total liabilities		(637)	(2,356)
Net assets		34,886	34,955
Equity attributable to equityholders			
Ordinary share capital		8,610	8,610
Share premium		14,422	14,422
Capital redemption reserve		250	250
Own shares held		(2,848)	(1,908)
Retained earnings		14,452	13,581
Total shareholders' funds		34,886	34,955
Net asset value per Ordinary share (excluding treasury shares) (pence)		44.3	43.0

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

These financial statements were agreed by the Board of Directors, and authorised for issue on 29 March 2007 and were signed on its behalf by

Patrick Crosthwaite
Chairman



CROWN PLACE VCT PLC

COMPANY BALANCE SHEET

		Unaudited 31 December 2006 £'000	Audited 28 February 2006 £'000
	Notes		
Fixed assets			
Fixed asset investments	5	27,335	30,969
Investment in subsidiary undertakings		17,883	17,506
		<u>45,218</u>	<u>48,475</u>
Current assets			
Debtors		72	806
Cash at bank		3,327	1,327
		<u>3,399</u>	<u>2,133</u>
Total assets		<u>48,617</u>	<u>50,608</u>
Creditors: amounts falling due within one year		(13,675)	(15,066)
Total assets less current liabilities		<u>34,942</u>	<u>35,542</u>
Provision for bank guarantees		(56)	(587)
Total liabilities		<u>(13,731)</u>	<u>(15,653)</u>
Net assets		<u>34,886</u>	<u>34,955</u>
Capital and reserves			
Called up share capital		8,610	8,610
Share premium		14,422	14,422
Capital redemption reserve		250	250
Own shares held		(2,848)	(1,908)
Retained earnings		14,452	13,581
Total shareholders' funds		<u>34,886</u>	<u>34,955</u>
Net asset value per Ordinary share (excluding treasury shares) (pence)		<u>44.3</u>	<u>43.0</u>

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 29 March 2007 and were signed on its behalf by

Patrick Crosthwaite
Chairman



CROWN PLACE VCT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	—	—	—	—	—	1,866	1,866
Cost of ordinary shares purchased	—	—	—	—	(940)	—	(940)
Dividends paid in period	—	—	—	—	—	(995)	(995)
As at 31 December 2006	8,610	14,422	—	250	(2,848)	14,452	34,886
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)	—
	3,995	—	—	250	—	13,085	17,330
Net profit for the period	—	—	—	—	—	(109)	(109)
Dividends paid in period	—	—	—	—	—	(400)	(400)
As at 31 December 2005	3,995	—	—	250	—	12,576	16,821
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
Cost of ordinary shares purchased	—	—	—	—	(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



CROWN PLACE VCT PLC

CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Ten months to 31 December 2006 £'000	Audited Year to 28 February 2006 £'000	Unaudited Ten months to 31 December 2005 £'000
Cash flows from operating activities				
Investment income received		1,472	1,087	814
Deposit interest received		167	30	21
Secretarial fees paid		(51)	(91)	(58)
Investment management fees paid		(825)	(694)	(334)
Other cash payments		(469)	(1,324)	(1,223)
Cash generated/(expended) from operations		294	(992)	(780)
Tax recovered		1,431	90	78
Net cash flows from/(used in) operating activities	6	1,725	(902)	(702)
Cash flows from investing activities				
Purchases of investments		(2,507)	(2,169)	(1,739)
Disposals of investments		7,413	6,349	6,555
Payment re loan guarantee		(1,406)	–	–
Net cash flows from investing activities		3,500	4,180	4,816
Cash flows from financing activities				
Equity dividends paid		(995)	(400)	(400)
Cash acquired from subsidiaries at date of acquisition		–	3,791	–
Repurchase of Ordinary shares		–	(140)	(140)
Purchase of Ordinary shares for treasury		(974)	(1,897)	–
Net cash flows (used in)/from financing activities		(1,969)	1,354	(540)
Increase in cash and cash equivalents		3,256	4,632	3,574
Cash and cash equivalents at start of period		4,846	214	214
Cash and cash equivalents at end of period		8,102	4,846	3,788

The consolidated cash flow statements for the ten months ended 31 December 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 acquisition on 13 January 2006.

The cash flow statement for the ten months ended 31 December 2005 was for the Company prior to the acquisition of CP1 VCT PLC and CP2 VCT PLC.



NOTES TO THE FINANCIAL STATEMENTS for the ten months ended 31 December 2006 (unaudited)

1. Accounting policies

Group accounting policies

Basis of accounting

The Interim Report and Accounts have been prepared using accounting policies consistent with International Financial Reporting Standards ('IFRS') 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 information in this document does not include all of the disclosures required by IFRS and SORP in full annual financial statements, and it should be read in conjunction with the consolidated financial statements of the Group for the year ended 28 February 2006. This interim financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 28 February 2006.

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 December 2006.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies 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 £1,716,000 (2005: loss £109,000).

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.

Estimates

The preparation of the Group's Interim Report and Accounts requires estimates, assumptions and judgements to be made, which affect the reported results and balances. Actual outcomes may differ from these estimates, with a consequent impact on the results of future periods. The significant estimates, assumptions and judgements made in preparing the Group's Interim Financial report were the same as those applied in the preparation of the Group's consolidated financial statements for the year ended 28 February 2006.



NOTES TO THE FINANCIAL STATEMENTS for the ten months ended 31 December 2006 (unaudited)

1. Accounting policies (continued)

Group accounting policies (continued)

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.

Unquoted loan stock is classified as loans and receivables in accordance with IAS 39 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 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 means 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.



NOTES TO THE FINANCIAL STATEMENTS for the ten months ended 31 December 2006 (unaudited)

1. Accounting policies (continued)

Group accounting policies (continued)

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.

Company accounting policies

Accounting convention

The Interim Report and Accounts have been prepared using accounting policies consistent with Financial Reporting Standards (‘FRS’). The information in this document does not include all of the disclosures required by FRS and SORP in full annual financial statements, and it should be read in conjunction with the consolidated financial statements of the Company for the year ended 28 February 2006. This interim financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company’s published consolidated financial statements for the year ended 28 February 2006 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 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.

Estimates

The preparation of the Company’s Interim Report and Accounts requires estimates, assumptions and judgements to be made, which affect the reported results and balances. Actual outcomes may differ from these estimates, with a consequent impact on the results of future periods. The significant estimates, assumptions and judgements made in preparing the Company’s Interim Report and Accounts were the same as those applied in the preparation of the Company’s consolidated financial statements for the year ended 28 February 2006.



NOTES TO THE FINANCIAL STATEMENTS for the ten months ended 31 December 2006 (unaudited)

1. Accounting policies (continued)

Company accounting policies (continued)

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.

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.



CROWN PLACE VCT PLC

NOTES TO THE FINANCIAL STATEMENTS for the ten months ended 31 December 2006 (unaudited)

1. Accounting policies (continued)

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% of the Company's investment returns will be in the form of capital gains.

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.

2. Profit on investments

	Ten months to 31 December 2006 £'000	Year to 28 February 2006 £'000	Ten months to 31 December 2005 £'000
Net realised losses	(1,234)	(2,052)	(1,081)
Unrealised gains	2,392	4,556	2,007
	<u>1,158</u>	<u>2,504</u>	<u>926</u>

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

The Board declared a first dividend payable out of realised capital profits of 1.25p per share, which was paid on 22 September 2006 (£995,000).

The Board declared a second dividend of 1.25p per share of which 0.8p was paid from revenue and 0.45p was paid from realised capital gains on 19 January 2007.

The Board has declared a third dividend of 0.8 pence per share to be paid from realised capital gains. This will be paid subject to HM Revenue & Customs approval. The record date and payment date of this dividend will be announced on the London Stock Exchange RNS service.



CROWN PLACE VCT PLC

NOTES TO THE FINANCIAL STATEMENTS for the ten months ended 31 December 2006 (unaudited)

4. Basic and diluted return per share

Return per share has been calculated on 80,268,569 (28 February 2006: 45,425,778, 31 December 2005: 39,952,670) Ordinary Shares being the weighted average 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.

Treasury shares

During the period to 31 December 2006 the Company purchased 2,504,826 (28 February 2006: 4,755,584) of its own Ordinary Shares to be held in treasury at a cost of £939,317 representing 2.9% of the share capital as at 1 March 2006. The shares purchased for treasury were funded from the Own shares held reserve. The total number of shares held in treasury as at 31 December 2006 was 7,260,410 representing 8.4% of the share capital.

5. Consolidated fixed asset investments

	31 December 2006 £'000
Investments held at 'fair value through profit or loss'	14,459
Investments held at amortised cost	12,876
Total	<u>27,335</u>

6. Consolidated reconciliation of net return on ordinary activities before taxation to net cash inflow from operating activities

	Ten months to 31 December 2006 Ordinary Shares £'000	Year ended 28 February 2006 Ordinary Shares £'000	Ten months to 31 December 2005 Ordinary Shares £'000
Operating profit/(loss)	1,135	(187)	(828)
Capitalised expenses	(427)	(1,436)	(207)
Decrease/(increase) in debtors	1,353	134	(206)
Increase/(decrease) in creditors	<u>(336)</u>	<u>587</u>	<u>539</u>
Net cash inflow/(outflow) from operating activities	<u>1,725</u>	<u>(902)</u>	<u>(702)</u>



**NOTES TO THE FINANCIAL STATEMENTS
for the ten months ended 31 December 2006 (unaudited)**

7. Contingencies, guarantees and financial commitments

The Company did not have any contingencies or guarantees as at 31 December 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 £255,000, which had already been provided for in full at the period end.

8. Other information

The information set out in the Interim Report and Accounts does not constitute the Group's statutory accounts for the period ended 31 December 2006 or 31 December 2005. The financial information for the year ended 28 February 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under s237 (2) or (3) of the Companies Act 1985.

9. Publication

This Interim Report and Accounts 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. The interim report will also be made available to the public via the FSA viewing facility.

