

Close Technology & General VCT PLC



Interim Report and Accounts
for the six months to
30 June 2007



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COMPANY INFORMATION

Company number	04114310
Directors	Dr N E Cross, Chairman Lt. Gen. Sir Edmund Burton KBE M J Hart P H Reeve
Investment manager	Close Ventures Limited 10 Crown Place London, EC2A 4FT Tel: 020 7422 7830 Fax: 020 7422 7849 www.closeventures.co.uk enquiries@closeventures.co.uk
Secretary and registered office	Close Ventures Limited 10 Crown Place London, EC2A 4FT
Registrar	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield, HD8 0LA
Shareholder assistance	Tel: 0870 162 3124 Fax: 0870 162 3199 Email:shareholder.service@capitaregistrars.com



COMPANY INFORMATION (continued)

Independent reporting accountants	Deloitte & Touche LLP Hill House 1 Little New Street London, EC4A 3TR
Taxation adviser	Ernst & Young LLP 1 More London Place London, SE1 2AF
Custodian	RBSI Custody Bank Limited Liberty House 19-23 La Motte Street St Helier Jersey, JE4 5RL Capita Trust Company Limited 7 th floor, Phoenix House 18 King William Street London, EC4N 7HE
Lawyers	Berwin Leighton Paisner Adelaide House London Bridge London, EC4R 9HA

Close Technology & General VCT PLC is a member of the Association of Investment Companies.



FINANCIAL HIGHLIGHTS

	Ordinary Shares 30 June 2007	Ordinary Shares 30 June 2006	C Shares 30 June 2007	C Shares 30 June 2006
Net asset value per share (pence)	115.9	113.5	93.4	94.4 (i)

	Pence per Ordinary share (ii)	Pence per C share (ii)
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Shareholder value created per share since launch:

Total dividends paid during the year ended 31 December 2001 (iii)	1.00	–
Total dividends paid during the year ended 31 December 2002	2.00	–
Total dividends paid during the year ended 31 December 2003	1.50	–
Total dividends paid during the year ended 31 December 2004	7.50	–
Total dividends paid during the year ended 31 December 2005	9.00	–
Total dividends paid during the year ended 31 December 2006	8.00	0.50
Total dividends paid during the six months ended 30 June 2007	4.00	1.00
Total dividends paid to 30 June 2007	33.00	1.50
Net asset value at 30 June 2007	115.9	93.4
Total return to 30 June 2007	148.9	94.9

Notes

- (i) Compares to the opening net asset value per share of 94.5 pence (after costs) immediately following the closing of the Offer.
- (ii) Excludes tax benefits upon subscription.
- (iii) Based on subscription by the first closing on 16 January 2001. Investors subscribing thereafter, up to 30 June 2001 received 0.5 pence per share.

In addition to the dividends paid as detailed, the Directors have declared a second dividend of 4 pence per Ordinary Share (2 pence to be paid out of revenue profits and 2 pence out of capital profits) and 1.5 pence per C Share (out of revenue profits) to be paid on 2 November 2007 to shareholders on the register as at 5 October 2007.



CHAIRMAN'S STATEMENT

Investment progress

The period under review has been a positive one for our Company with maturing investments in the Ordinary Share portfolio leading to a strong return, while the C Share investment portfolio continues to be built up as set out in the prospectus.

The total return per Ordinary Share was 5.4 pence for the six months to 30 June 2007; part of this was due to the strengthening income stream from the investment portfolio, though the majority was through the successful realisation of investments. These comprised Careforce, which the VCT originally backed in 2002, and which, following its flotation on AIM in 2004, was taken over by Mears Group in April of this year. In addition, profits were realised on the sale of holdings in Intelligent Environments and Bond International, two companies within our residual AIM portfolio, and also on the portfolio of International Quoted Technologies, which was wound down during the period. Subsequent to the half year, The Bold Pub Company was also sold, realising a profit of £240,000.

The C Share portfolio, meanwhile, which is still at a relatively early stage of its development, recorded a negative return of 0.5 pence. This was principally caused by a partial write down in two of our investments, Premier Leisure (Suffolk) Limited and Helveta Limited. Overall, however, the C Share portfolio is being built up according to plan with a balance between lower risk, income producing businesses and a range of companies across the technology sector. Investments are allocated between the two classes of shares in the ratio of cash available for investment, with just under £1 million invested in the Ordinary Share portfolio, and £6.7 million invested in the C Share portfolio during the period.

Results and dividends

As at 30 June 2007, the net asset value of the Company's Ordinary Shares was 115.9 pence (30 June 2006: 113.5 pence) and the net asset value of the C Shares was 93.4 pence (30 June 2006: 94.4 pence). Revenue return before tax for the Ordinary Shares was £369,000 (30 June 2006: £324,000) and for the C Shares revenue return before tax was £690,000 (30 June 2006: £323,000).

The second dividend for the year will be 4 pence per Ordinary Share (comprising 2 pence from revenue profits and 2 pence from realised capital profits) and 1.5 pence per C Share (from revenue profits). This takes total dividends for 2007 to 8 pence per Ordinary Share and 2.5 pence per C Share. The dividends will be payable on 2 November 2007 to shareholders on the register on 5 October 2007.

Dr N E Cross
Chairman

26 September 2007



PORTFOLIO OF INVESTMENTS

Ordinary Share Portfolio

The following is a summary of the qualifying technology investments as at 30 June 2007.

	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽¹⁾ £'000	Total carrying/fair value £'000
Xceleron Limited	540	175	715
Pilat Media Global Plc*	168	252	420
Blackbay Group Limited	250	17	267
Peakdale Molecular Limited	427	(258)	169
Tepnel Life Sciences Plc*	328	(172)	156
Lowcosttravelgroup Limited	120	7	127
RFI Global Services Limited	180	(60)	120
Portrait Software Plc*	310	(194)	116
Bond International Plc*	18	67	85
Dexela Limited	65	–	65
Point 35 Limited	65	–	65
sparesFinder Limited	675	(612)	63
Rostima Limited	50	1	51
Process Systems Enterprise Limited	50	–	50
Helveta Limited	60	(20)	40
Palm Tree Technology plc	38	2	40
Red-M Group Limited	75	(48)	27
OneclickHR Plc*	58	(51)	7
Total technology investments	3,477	(894)	2,583

⁽¹⁾ Included in this movement is negative movement in fair value of equity instruments of £951,000 (2006: negative £856,000) and positive movement in carrying value of loans and receivables of £57,000 (2006: positive £36,000).

* Alternative Investment Market (AIM) quoted investments



PORTFOLIO OF INVESTMENTS (continued)

Ordinary Share Portfolio (continued)

The following is a summary of the qualifying non-technology investments as at 30 June 2007.

	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽¹⁾ £'000	Total carrying/fair value £'000
Evolutions Television Limited	1,530	27	1,557
The Q Garden Company Limited	2,068	(862)	1,206
Consolidated Communications Management Limited	1,000	(156)	844
The Bold Pub Company Limited	580	239	819
Grosvenor Health Limited	435	349	784
Peakdale Molecular Limited ⁽²⁾	533	246	779
The Weybridge Club Limited	530	46	576
Kensington Health Club Limited	250	3	253
Tower Bridge Health Clubs Limited	183	37	220
CS (Brixton) Limited	150	11	161
Churchill Taverns VCT Limited	148	10	158
Chichester Holdings Limited	150	3	153
GB Pub Company Limited	160	(31)	129
CS (Greenwich) Limited	110	(10)	100
Pelican Inn Limited	149	(50)	99
The Rutland Pub Company Limited	110	(12)	98
Bravo Inns Limited	98	–	98
The Dunedin Pub Company VCT Limited	120	(23)	97
Premier Leisure (Suffolk) Limited	110	(23)	87
Novello Limited	123	(39)	84
City Screen (Liverpool) Limited	50	30	80
CS (Exeter) Limited	60	5	65
River Bourne Limited	30	2	32
Total non-technology investments	8,677	(198)	8,479
Total qualifying investments	12,154	(1,092)	11,062

⁽¹⁾ Included in this movement is negative movement in fair value of equity instruments of £189,000 (2006: negative £58,000) and negative movement in carrying value of loans and receivables of £9,000 (2006: negative £160,000).

⁽²⁾ This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding.



PORTFOLIO OF INVESTMENTS (continued)

Ordinary Share Portfolio (continued)

The following is a summary of the non-qualifying investments as at 30 June 2007.

	Investment at cost £'000	Cumulative movement in carrying/fair value⁽¹⁾ £'000	Total carrying/fair value £'000
Unquoted non-qualifying investments:			
Smiles Pub Company Limited	456	11	467
Smiles Brewing Company Limited	72	(72)	–
Total unquoted non-qualifying investments	528	(61)	467
Portfolio of non-qualifying quoted technology investments	140	(125)	15
Total non-qualifying investments	668	(186)	482

⁽¹⁾ Included in this movement is negative movement in fair value of equity instruments of £135,000 (2006: negative £43,000) and negative movement in carrying value of loans and receivables of £51,000 (2006: negative £17,000).



PORTFOLIO OF INVESTMENTS (continued)

C Share Portfolio

The following is a summary of qualifying investments as at 30 June 2007.

	Investment at cost £'000	Cumulative movement in carrying/fair value ⁽¹⁾ £'000	Total carrying/fair value £'000
Qualifying technology investments			
Point 35 Limited	676	–	676
Blackbay Group Limited	600	37	637
Rostima Limited	600	6	606
Xceleron Limited	530	–	530
Process Systems Enterprise Limited	520	–	520
Dexela Limited	440	–	440
Helveta Limited	530	(168)	362
RFI Global Services Limited	100	(30)	70
	<hr/>	<hr/>	<hr/>
Total technology investments	3,996	(155)	3,841
	<hr/>	<hr/>	<hr/>
Qualifying non-technology investments			
Bravo Inns Limited	902	3	905
Chichester Holdings Limited	850	14	864
Kensington Health Club Limited	750	10	760
Premier Leisure (Suffolk) Limited	890	(185)	705
The Weybridge Club Limited	550	12	562
The Dunedin Pub Company VCT Limited	400	–	400
Churchill Taverns VCT Limited	355	23	378
The Rutland Pub Company Limited	370	(49)	321
River Bourne Limited	310	7	317
Grosvenor Health Limited	276	18	294
Evolutions Television Limited	70	(6)	64
	<hr/>	<hr/>	<hr/>
Total non-technology investments	5,723	(153)	5,570
	<hr/>	<hr/>	<hr/>
Total qualifying investments	9,719	(308)	9,411
	<hr/>	<hr/>	<hr/>

⁽¹⁾ Included in this movement is negative movement in fair value of equity instruments of £500,000 (2006: negative £4,000) and positive movement in carrying value of loans and receivables of £192,000 (2006: positive £22,000).



PORTFOLIO OF INVESTMENTS (continued)

C Share Portfolio (continued)

The following is a summary of the non-qualifying investments as at 30 June 2007.

	Investment at cost £'000	Cumulative movement in fair value⁽¹⁾ £'000	Total carrying/fair value £'000
Non-qualifying investments			
The Royal Bank of Scotland FRN	5,003	(2)	5,001
Abbey National FRN	5,001	(1)	5,000
Alliance & Leicester FRN	4,999	–	4,999
Rabobank FRN	5,000	(3)	4,997
	<hr/>	<hr/>	<hr/>
Total non-qualifying investments	20,003	(6)	19,997

⁽¹⁾ This movement is made up of negative movement in fair value of equity instruments of £6,000 (2006: negative £7,000).



INDEPENDENT REVIEW REPORT to Close Technology & General VCT PLC

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the income statement, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and related notes 1 to 10. 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 company 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 June 2007.

Deloitte & Touche LLP
Chartered Accountants
London
26 September 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 this area. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.



INCOME STATEMENT

Ordinary Shares

	Notes	Unaudited Six months to 30 June 2007			Unaudited Six months to 30 June 2006			Audited Year to 31 December 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	–	575	575	–	(545)	(545)	–	(3)	(3)
Investment income		472	–	472	414	–	414	832	–	832
Investment management fees		(58)	(173)	(231)	(60)	(179)	(239)	(117)	(351)	(468)
Other expenses		(45)	–	(45)	(30)	–	(30)	(57)	–	(57)
Return/(loss) on ordinary activities before tax		369	402	771	324	(724)	(400)	658	(354)	304
Tax on ordinary activities		(99)	57	(42)	(122)	63	(59)	(219)	114	(105)
Return/(loss) attributable to equity holders		270	459	729	202	(661)	(459)	439	(240)	199
Basic and diluted return/(loss) per share (pence)	5	2.0	3.4	5.4	1.5	(4.9)	(3.4)	3.2	(1.8)	1.4

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the year ended 31 December 2006.

The accompanying notes on pages 24 to 28 form an integral part of these interim results.

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

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.



INCOME STATEMENT (continued)

C Shares

	Notes	Unaudited Six months to 30 June 2007			Unaudited Six months to 30 June 2006			Audited Year to 31 December 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	–	(434)	(434)	–	(11)	(11)	–	202	202
Investment income		911	–	911	515	–	515	1,322	–	1,322
Investment management fees		(119)	(358)	(477)	(122)	(367)	(489)	(246)	(738)	(984)
Other expenses		(102)	–	(102)	(70)	–	(70)	(129)	–	(129)
Return/(loss) on ordinary activities before tax		690	(792)	(102)	323	(378)	(55)	947	(536)	411
Tax on ordinary activities		(205)	117	(88)	(97)	110	13	(284)	221	(63)
Return/(loss) attributable to equity holders		485	(675)	(190)	226	(268)	(42)	663	(315)	348
Basic and diluted return/(loss) per share (pence)	5	1.4	(1.9)	(0.5)	1.0	(1.2)	(0.2)	2.3	(1.1)	1.2

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the year ended 31 December 2006.

The accompanying notes on pages 24 to 28 form an integral part of these interim results.

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

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.



INCOME STATEMENT (continued)

Combined

	Notes	Unaudited Six months to 30 June 2007			Unaudited Six months to 30 June 2006			Audited Year to 31 December 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	–	141	141	–	(556)	(556)	–	199	199
Investment income		1,383	–	1,383	929	–	929	2,154	–	2,154
Investment management fees		(177)	(531)	(708)	(182)	(546)	(728)	(363)	(1,089)	(1,452)
Other expenses		(147)	–	(147)	(100)	–	(100)	(186)	–	(186)
Return/(loss) on ordinary activities before tax		1,059	(390)	669	647	(1,102)	(455)	1,605	(890)	715
Tax on ordinary activities		(304)	174	(130)	(219)	173	(46)	(503)	335	(168)
Return/(loss) attributable to equity holders		755	(216)	539	428	(929)	(501)	1,102	(555)	547
Basic and diluted return/(loss) per share (pence)	5	3.4	1.5	4.9	2.5	(6.1)	(3.6)	5.5	(2.9)	2.6

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the year ended 31 December 2006.

The accompanying notes on pages 24 to 28 form an integral part of these interim results.

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

Ordinary Shares

		Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
	Notes			
Fixed asset investments				
Qualifying		11,062	10,947	10,965
Non-qualifying		482	1,757	2,332
Total fixed asset investments	6	<u>11,544</u>	<u>12,704</u>	<u>13,297</u>
Current Assets				
Debtors		255	43	23
Cash at bank		4,038	3,113	2,486
		<u>4,293</u>	<u>3,156</u>	<u>2,509</u>
Creditors: amounts falling due within one year		<u>(330)</u>	<u>(435)</u>	<u>(321)</u>
Net current assets		<u>3,963</u>	<u>2,721</u>	<u>2,188</u>
Net assets		<u>15,507</u>	<u>15,425</u>	<u>15,485</u>
Capital and reserves				
Called up share capital		6,795	6,795	6,795
Share premium		165	165	165
Special reserve		5,554	5,555	5,554
Capital redemption reserve		400	400	400
Own treasury shares reserve		(223)	–	(56)
Realised capital reserve		4,184	3,751	3,432
Unrealised capital reserve		(1,906)	(1,678)	(1,276)
Revenue reserve		538	437	471
Total shareholders' funds		<u>15,507</u>	<u>15,425</u>	<u>15,485</u>
Net asset value per share (pence) (excluding treasury shares)		<u>115.9</u>	<u>113.5</u>	<u>114.4</u>

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the year ended 31 December 2006.

The accompanying notes on pages 24 to 28 form an integral part of these interim results.



BALANCE SHEET (continued)

C Shares

		Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
	Notes			
Fixed asset investments				
Qualifying		9,411	1,938	3,116
Non-qualifying		19,997	25,309	28,430
Total fixed asset investments	6	29,408	27,247	31,546
Current Assets				
Debtors		1,405	414	332
Cash at bank		2,793	6,131	2,145
		4,198	6,545	2,477
Creditors: amounts falling due within one year		(472)	(306)	(344)
Net current assets		3,726	6,239	2,133
Net assets		33,134	33,486	33,679
Capital and reserves				
Called up share capital		17,740	17,740	17,740
Special reserve		15,768	15,788	15,768
Realised capital reserve		(484)	(257)	(505)
Unrealised capital reserve		(506)	(11)	190
Revenue reserve		616	226	486
Total shareholders' funds		33,134	33,486	33,679
Net asset value per share (pence)		93.4	94.4	94.9

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the year ended 31 December 2006.

The accompanying notes on pages 24 to 28 form an integral part of these interim results.



BALANCE SHEET (continued)

Combined

		Unaudited 30 June 2007 £'000	Unaudited 30 June 2006 £'000	Audited 31 December 2006 £'000
	Notes			
Fixed asset investments				
Qualifying		20,473	12,885	14,081
Non-qualifying		20,479	27,066	30,762
Total fixed asset investments	6	40,952	39,951	44,843
Current Assets				
Debtors		1,660	457	355
Cash at bank		6,831	9,244	4,631
		8,491	9,701	4,986
Creditors: amounts falling due within one year		(802)	(741)	(665)
Net current assets		7,689	8,960	4,321
Net assets		48,641	48,911	49,164
Capital and reserves				
Called up share capital		24,535	24,535	24,535
Share premium		165	165	165
Special reserve		21,322	21,343	21,322
Capital redemption reserve		400	400	400
Own treasury shares reserve		(223)	–	(56)
Realised capital reserve		3,700	3,494	2,927
Unrealised capital reserve		(2,412)	(1,689)	(1,086)
Revenue reserve		1,154	663	957
Total shareholders' funds		48,641	48,911	49,164

Comparative figures have been extracted from the accounts for the period ended 30 June 2006 and the statutory accounts for the year ended 31 December 2006.

The accompanying notes on pages 24 to 28 form an integral part of these interim results.

The interim information on pages 12 to 28 was approved by the Board of Directors and authorised for issue on 26 September 2007.

Signed on behalf of the Board of Directors by

Dr N E Cross
Chairman



RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS

Ordinary Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Own treasury shares reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 January 2006	6,908	165	5,785	287	–	4,311	(1,027)	235	16,664
Share redemptions	(113)	–	(230)	113	–	–	–	–	(230)
Net realised gains on investments in the year	–	–	–	–	–	106	–	–	106
Capitalised investment management and performance fees	–	–	–	–	–	(179)	–	–	(179)
Tax relief on costs charged to capital	–	–	–	–	–	63	–	–	63
Movement in unrealised appreciation	–	–	–	–	–	–	(651)	–	(651)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	202	202
Dividends	–	–	–	–	–	(550)	–	–	(550)
As at 1 July 2006	6,795	165	5,554	400	–	3,751	(1,678)	437	15,424
Net realised gains on investments in the year	–	–	–	–	–	140	–	–	140
Capitalised investment management and performance fees	–	–	–	–	–	(172)	–	–	(172)
Treasury shares purchased	–	–	–	–	(56)	–	–	–	(56)
Tax relief on costs charged to capital	–	–	–	–	–	51	–	–	51
Movement in unrealised appreciation	–	–	–	–	–	–	402	–	402
Revenue return attributable to shareholders	–	–	–	–	–	–	–	237	237
Dividends	–	–	–	–	–	(338)	–	(203)	(541)
As at 31 December 2006	6,795	165	5,554	400	(56)	3,432	(1,276)	471	15,485
Net realised gains on investments in the year	–	–	–	–	–	1,205	–	–	1,205
Capitalised investment management and performance fees	–	–	–	–	–	(173)	–	–	(173)
Tax relief on costs charged to capital	–	–	–	–	–	57	–	–	57
Treasury shares purchased	–	–	–	–	(167)	–	–	–	(167)
Movement in unrealised appreciation	–	–	–	–	–	–	(630)	–	(630)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	270	270
Dividends	–	–	–	–	–	(338)	–	(203)	(541)
As at 30 June 2007	6,795	165	5,554	400	(223)	4,184	(1,906)	538	15,507



**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS (continued)**

C Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 January 2006	–	–	–	–	–	–	–	–
Capitalised investment management and performance fees	–	–	–	–	(367)	–	–	(367)
Tax relief on costs charged to capital	–	–	–	–	110	–	–	110
Issue of share capital	17,740	17,740	–	–	–	–	–	35,480
Issue costs	–	(1,952)	–	–	–	–	–	(1,952)
Cancellation of share premium account	–	(15,788)	15,788	–	–	–	–	–
Movement in unrealised appreciation	–	–	–	–	–	(11)	–	(11)
Revenue return attributable to shareholders	–	–	–	–	–	–	226	226
As at 1 July 2006	17,740	–	15,788	–	(257)	(11)	226	33,486
Net realised gains on investments in the year	–	–	–	–	12	–	–	12
Capitalised investment management and performance fees	–	–	–	–	(371)	–	–	(371)
Tax relief on costs charged to capital	–	–	–	–	111	–	–	111
Movement in unrealised appreciation	–	–	–	–	–	201	–	201
Cost of cancellation of share premium	–	–	(20)	–	–	–	–	(20)
Revenue return attributable to shareholders	–	–	–	–	–	–	437	437
Dividends	–	–	–	–	–	–	(177)	(177)
As at 31 December 2006	17,740	–	15,768	–	(505)	190	486	33,679
Net realised gains on investments in the year	–	–	–	–	262	–	–	262
Capitalised investment management and performance fees	–	–	–	–	(358)	–	–	(358)
Tax relief on costs charged to capital	–	–	–	–	117	–	–	117
Movement in unrealised appreciation	–	–	–	–	–	(696)	–	(696)
Revenue return attributable to shareholders	–	–	–	–	–	–	485	485
Dividends	–	–	–	–	–	–	(355)	(355)
As at 30 June 2007	17,740	–	15,768	–	(484)	(506)	616	33,134



**RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS (continued)**

Combined

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Own treasury shares reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 1 January 2006	6,908	165	5,785	287	–	4,311	(1,027)	235	16,664
Issue of share capital	17,740	17,740	–	–	–	–	–	–	35,480
Issue costs	–	(1,952)	–	–	–	–	–	–	(1,952)
Share redemptions	(113)	–	(230)	113	–	–	–	–	(230)
Cancellation of share premium reserve	–	(15,788)	15,788	–	–	–	–	–	–
Net realised gains on investments in the year	–	–	–	–	–	106	–	–	106
Capitalised investment management and performance fees	–	–	–	–	–	(546)	–	–	(546)
Tax relief on costs charged to capital	–	–	–	–	–	173	–	–	173
Movement in unrealised appreciation	–	–	–	–	–	–	(662)	–	(662)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	428	428
Dividends	–	–	–	–	–	(550)	–	–	(550)
As at 1 July 2006	24,535	165	21,342	400	–	3,494	(1,689)	663	48,910
Net realised gains on investments in the year	–	–	–	–	–	152	–	–	152
Cost of cancellation of share premium	–	–	(20)	–	–	–	–	–	(20)
Capitalised investment management and performance fees	–	–	–	–	–	(543)	–	–	(543)
Treasury shares purchased	–	–	–	–	(56)	–	–	–	(56)
Tax relief on costs charged to capital	–	–	–	–	–	162	–	–	162
Movement in unrealised appreciation	–	–	–	–	–	–	603	–	603
Revenue return attributable to shareholders	–	–	–	–	–	–	–	674	674
Dividends	–	–	–	–	–	(338)	–	(380)	(718)
As at 31 December 2006	24,535	165	21,322	400	(56)	2,927	(1,086)	957	49,164
Net realised gains on investments in the year	–	–	–	–	–	1,467	–	–	1,467
Capitalised investment management and performance fees	–	–	–	–	–	(531)	–	–	(531)
Tax relief on costs charged to capital	–	–	–	–	–	174	–	–	174
Treasury shares purchased	–	–	–	–	(167)	–	–	–	(167)
Movement in unrealised appreciation	–	–	–	–	–	–	(1,326)	–	(1,326)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	754	754
Dividends	–	–	–	–	–	(338)	–	(558)	(896)
As at 30 June 2007	24,535	165	21,322	400	(223)	3,700	(2,412)	1,154	48,641



CASH FLOW STATEMENT

Ordinary Shares

	Unaudited Six months to 30 June 2007 £'000	Unaudited Six months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
Operating activities			
Investment income received	348	243	621
Deposit interest received	53	52	102
Other cash received	6	112	–
Investment management fees paid	(229)	(130)	(534)
Other cash payments	(55)	(69)	(259)
Net cash inflow/(outflow) from operating activities	123	208	(70)
Taxation			
UK corporation tax paid	3	2	(46)
Capital expenditure and financial investments			
Purchase of investments	(1,431)	(1,404)	(2,073)
Disposal of investments	3,605	332	1,185
Net cash inflow/(outflow) from investing activities	2,174	(1,072)	(888)
Equity dividends paid			
Dividends paid on ordinary shares	(541)	(550)	(1,091)
Net cash inflow/(outflow) before financing	1,759	(1,412)	(2,095)
Financing			
Purchase of own shares	(167)	–	(287)
Intercompany account movement	(40)	–	114
Cancellation of share capital	–	(229)	–
Net cash outflow from financing	(207)	(229)	(173)
Cash inflow/(outflow) in the period	1,552	(1,641)	(2,268)



CASH FLOW STATEMENT (continued)

C Shares

	Unaudited Six months to 30 June 2007 £'000	Unaudited Six months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
Operating activities			
Investment income received	721	6	750
Deposit interest received	74	150	314
Investment management fees paid	(496)	(421)	(735)
Other cash payments	(143)	(165)	(109)
Net cash inflow/(outflow) from operating activities	156	(430)	220
Taxation			
UK corporation tax paid	–	–	–
Capital expenditure and financial investments			
Purchase of investments	(8,133)	(26,980)	(31,594)
Disposals of investments	8,940	–	297
Net cash inflow/(outflow) from investing activities	807	(26,980)	(31,297)
Equity dividends paid			
Dividends paid on C shares	(355)	–	(177)
Net cash inflow/(outflow) before financing	608	(27,410)	(31,254)
Financing			
Intercompany account movement	40	–	(114)
Issue of share capital (net of costs)	–	33,541	33,513
Net cash inflow from financing	40	33,541	33,399
Cash inflow in the period	648	6,131	2,145



CASH FLOW STATEMENT (continued)

Combined

	Unaudited Six months to 30 June 2007 £'000	Unaudited Six months to 30 June 2006 £'000	Audited Year to 31 December 2006 £'000
Operating activities			
Investment income received	1,069	249	1,371
Deposit interest received	127	202	416
Other cash received	6	112	–
Investment management fees paid	(725)	(551)	(1,269)
Other cash payments	(198)	(234)	(368)
Net cash inflow/(outflow) from operating activities	279	(222)	150
Taxation			
UK corporation tax paid	3	2	(46)
Capital expenditure and financial investments			
Purchase of investments	(9,564)	(28,384)	(33,667)
Disposals of investments	12,545	332	1,482
Net cash inflow/(outflow) from investing activities	2,981	(28,052)	(32,185)
Equity dividends paid			
Dividends paid	(896)	(550)	(1,268)
Net cash inflow/(outflow) before financing	2,367	(28,822)	(33,349)
Financing			
Purchase of own shares	(167)	–	(287)
Issue of share capital (net of costs)	–	33,541	33,513
Cancellation of share capital	–	(229)	–
Net cash (outflow)/inflow from financing	(167)	33,312	33,226
Cash inflow/(outflow) in the period	2,200	4,490	(123)



NOTES TO THE INTERIM ACCOUNTS

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. Accounting policies have been applied consistently in the current and prior period.

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 the 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. 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 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)

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, 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 means 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; and
- (iii) realised exchange differences of a capital nature.

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)

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase of the Company's own shares.

Own treasury shares reserve

This reserve accounts for amounts paid on buying treasury shares.

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.

Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature respectively, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in the capital reserve.

3. Gains/(losses) on investments

	Six months to 30 June 2007			Six months to 30 June 2006		
	Ordinary	C	Combined	Ordinary	C	Combined
	Shares £'000	Shares £'000		Shares £'000	Shares £'000	
Realised gains	1,227	274	1,501	141	–	141
Unrealised losses	(630)	(696)	(1,326)	(651)	(11)	(662)
Movement on foreign exchange	(14)	–	(14)	(28)	–	(28)
Commission on purchase and disposal	(8)	(12)	(20)	(7)	–	(7)
	<u>575</u>	<u>(434)</u>	<u>141</u>	<u>(545)</u>	<u>(11)</u>	<u>(556)</u>

4. Dividends paid to equityholders in the period

	Ordinary shares 30 June 2007			Ordinary shares 30 June 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend of 4 pence per Ordinary share paid on 25 May 2007 (2006: 4p per Ordinary share)	<u>203</u>	<u>338</u>	<u>541</u>	<u>–</u>	<u>550</u>	<u>550</u>



NOTES TO THE INTERIM ACCOUNTS
(continued)

4. Dividends paid to equityholders in the period (continued)

	C shares 30 June 2007			C shares 30 June 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend of 1 penny per C share paid on 25 May 2007 (2006: nil per C share)	355	–	355	–	–	–

In addition to the dividend described above, the Board has declared a second dividend of 4 pence per share for the Ordinary shareholders (2 pence revenue and 2 pence capital) and of 1.5 pence per share revenue dividend for the C shareholders, which will be paid on 2 November 2007 to members on the register as at 5 October 2007.

5. Basic and diluted return/loss per share

Return per share has been calculated on 13,509,404 Ordinary Shares excluding treasury shares (2006: 13,771,468) and 35,479,122 C Shares (2006: 21,611,995) 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 Technology & General VCT 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.

Treasury shares

During the period to 30 June 2007 the Company purchased 159,551 (31 December 2006: 56,611) of its Ordinary shares to be held in treasury at a cost of £166,733 representing 1.2% of its share capital as at 1 January 2007. The shares purchased for treasury were funded from the Own shares held reserve. The total number of shares held in treasury as at 30 June 2007 was 216,162 representing 1.6% of the share capital.

6. Investments

Investments held at fair value through profit or loss account total £3,987,000 for the Ordinary Shares and £24,191,000 for the C Shares. Investments held at amortised cost total £7,557,000 for the Ordinary Shares and £5,217,000 for the C Shares.



NOTES TO THE INTERIM ACCOUNTS
(continued)

7. Reconciliation of net return on ordinary activities before taxation to net cash inflow from operating activities

	Six months to 30 June 2007			Six months to 30 June 2006		
	Ordinary	C	Combined	Ordinary	C	Combined
	Shares £'000	Shares £'000		Shares £'000	Shares £'000	
Revenue return on ordinary activities before taxation	369	690	1,059	324	323	647
Investment management fee charged to capital	(173)	(358)	(531)	(179)	(367)	(546)
Movement in accrued amortised loan stock interest	37	105	142	46	(278)	(232)
Decrease/(increase) in debtors	1	(71)	(70)	2	(414)	(412)
(Decrease)/increase in creditors	(111)	(210)	(321)	15	306	321
Net cash inflow/(outflow) from operating activities	123	156	279	208	(430)	(222)

8. Contingencies, guarantees and financial commitments

The Company has given a number of guarantees to the Royal Bank of Scotland plc in respect of the borrowing of investee companies. As at 30 June 2007 the maximum exposure under these guarantees was £2.58m. These guarantees are secured by various third party charges of deposit granted to the Royal Bank of Scotland plc over specific bank accounts with balances of £2.58m.

9. Other information

The information set out in the Interim Report does not constitute the Company's statutory accounts within the terms of section 240 of the Companies Act 1985 for the periods ended 30 June 2007 and 30 June 2006, and is unaudited. The information for the period ended 31 December 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 the financial year, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237 (2) or (3) of the Companies Act 1985.

10. 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, Companies House, via the FSA viewing facility, and at www.closeventures.co.uk.

