Crown Place VCT PLC

Half yearly Financial Report
for the six months to 31 December 2007
(unaudited)

CONTENTS

COMPANY INFORMATION

Company number	3495287
Directors	Patrick Crosthwaite, Chairman Andrew Cubie Rachel Beagles Vikram Lall Geoffrey Vero
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: 0871 664 0300 Calls cost 10p per minute plus network extras Fax: 0871 664 0399 E-mail: ssd@capitaregistrars.com
Registered auditors	Deloitte & Touche LLP Hill House 1 Little New Street London EC4A 3TR
Taxation adviser	Ernst & Young LLP 1 More London Place London SE1 2AF

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 December 2007 (pence per share) (ii)	34.60	35.78	30.48
Net asset value (pence per share) as at 31 December 2007 (i)	31.01	37.07	43.56
	65.61	72.85	74.04

(i) The proforma shareholder value is based on the dividends per share paid to 31 December 2007, 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

The first dividend for the current financial year of 1.25 pence per share was paid to shareholders on 28 December 2007. The Directors have also declared a second dividend of 1.25 pence per Crown Place VCT PLC share (of which 0.25 pence is to be paid from revenue and 1.0 pence out of realised capital gains), 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.

Summary of returns since Close Ventures Limited was appointed investment manager

	(pence per share)
Net asset value as at 6 April 2005 (date that Close Ventures Limited was appointed investment manager)	43.40
Total dividends paid for the period from 6 April 2005 to 31 December 2007	5.55
Increase in net asset value from 6 April 2005 to 31 December 2007	0.16
Total return to shareholders since Close Ventures Limited was appointed investment manager	5.71
Annualised shareholder return percentage since 6 April 2005	4.9%
Annualised tax free* yield on share price of 40.5 pence as at 31 December 2007 (on the basis of the current dividend run rate of 2.5 pence per annum)	6.2%

* VCT dividends are not subject to income tax

INTERIM MANAGEMENT REPORT

Overview

The Group aims to provide shareholders with a regular and predictable dividend income together with protection of capital and the prospects of longer term capital growth. In the last annual report I indicated that, subject to the performance of the investment portfolio, the Board would aim to maintain an annualised dividend distribution of 2.5 pence per share. During the six month period to 31 December 2007, the Group paid a first dividend of 1.25 pence per share to shareholders and expects to pay a second dividend of 1.25 pence per share in May 2008, subject to HM Revenue & Customs approval.

At the end of the six month period and following the payment of the first dividend of 1.25 pence per share on 28 December 2007, the net asset value per share was 43.6 pence, compared to 44.8 pence as at 30 June 2007. The reduction in net asset value is as a result of the Board's cautious view of valuations in the light of the current economic environment. The total shareholder value created, representing the combined dividends paid and change in net asset value was 0.05 pence per share. Since Close Ventures took over the management of the Group in April 2005, the total return to shareholders has been 5.7 pence per share or 5% per annum on the opening net asset value.

Results

In the six months to 31 December 2007, the Group made a revenue profit after tax of £563,000 and a total loss after tax of £88,000 after allowing for provisions on certain investments. Investment income and deposit interest continued to grow as compared to the previous six months to just under £1 million, while total expenses were in line with budget and with the indications given at the time of the merger in January 2006.

Portfolio review

During the six month period the Group continued to make progress in realising its older unquoted investments and reinvesting the proceeds in investments that are more suited to the overall portfolio investment policy. Full or partial realisations were made from six unquoted investments, the proceeds of which were at or above book value. The total consideration received was £3.9 million. This included the sale of the Bold Pub Company Limited, a more recent asset-backed investment, realising a 38% profit on cost. Following the period end the Group realised a further £1.7 million from the sale of its investment in TLC (Tender Loving Childcare) Limited.

The majority of the portfolio continued to trade in line with expectations: PSCA International Limited, Chichester (Holdings) Limited and Xceleron Limited continued to trade particularly well, and this is reflected in the valuation of our investments in these companies. Against this, we have prudently reduced the valuations of our investments in ELE Advanced Technologies Limited, which is in the process of reorganising its business through a partial move of its manufacturing capabilities to Slovakia. Trading at Sanastro PLC and RFI Global Solutions Limited, was behind plan due to increased competition and therefore their respective valuations were reduced.

Overall, the unquoted portfolio now has 45 investments, which should ensure a broad diversification of risk. Some 57% of the portfolio, by value, is invested in asset backed businesses with no external debt, 30% in development capital investments and 13% in earlier stage, higher growth businesses. The high percentage of

INTERIM MANAGEMENT REPORT (continued)

asset backed investments should position the portfolio well in the current climate of economic uncertainty and is expected to continue to provide the Group with an attractive level of income.

Consistent with the policy of the Board, the AIM portfolio was reduced significantly as a result of successful realisations during the six month period, so that it represented only 3.8% of the total net assets of the Group as at 31 December 2007. Full realisations were made from the investments in Zetar PLC, Dobbies Garden Centres PLC and Synexus Clinical Research PLC and a partial realisation was made in Cello Group PLC. The total proceeds of these sales were £2.7 million and each one resulted in a realised profit for the Group. The FTSE AIM All Share index has declined by more than 20% since 30 June 2007 and it is the view of the Board that the AIM market will continue to underperform in the near term. Against this background, we are pleased to have made profitable realisations and scaled down the overall exposure to AIM quoted companies.

New investments

The Group made five new investments in the period for a total cost of £1.5 million. These include the £1 million investment in Sky Hotel (Heathrow) Limited, which owns and operates a hotel near Heathrow's new Terminal 5, a property with significant development potential. In addition, the Group made five follow-on investments for a total cost of £1 million. A full list of the investments in the unquoted portfolio is given on page 8.

The Group is one of a small number of venture capital trusts that are able to invest in hotels and care home companies, an area where the investment manager has developed significant expertise over the past 12 years. These two sectors, which provide a good fit with the portfolio investment strategy, are not permitted investments for venture capital trusts raised after 1997, thus differentiating the Group from other VCTs.

Cash and cash equivalents

Following the successful realisations listed above, the Group had cash and cash equivalents of £8.6 million as at 31 December 2007. In addition, the Group held Nationwide Building Society floating rate notes of £2.7 million. Combined, these represent 34% of the net asset value of the Group as at that date and will provide sufficient liquidity to allow the Group to capitalise on investment opportunities in the short to medium term.

Dividends

The Group's policy is to pay regular and predictable dividends to investors out of revenue income and realised capital gains. In the last annual report I indicated that, subject to the performance of the investment portfolio, the Board will aim to maintain an annualised dividend distribution of 2.5 pence per share. The first dividend for the current financial year of 1.25 pence per share was paid to shareholders on 28 December 2007. The Board has declared a second dividend of 1.25 pence per share (of which 0.25 pence is to be paid from revenue and 1.0 pence out of realised capital gains) which is expected to be paid in May 2008, subject to HM Revenue & Customs approval. These dividends are free of tax to shareholders.

INTERIM MANAGEMENT REPORT (continued)

Discount management and share buy backs

It is the Group's policy to continue to buy back shares in the market, subject to the overall constraint that such purchases are in the Group's interest, including the maintenance of sufficient resources for investment in existing and new investee companies. The Group bought back 1,456,436 shares for cancellation in the six month period under review at prices ranging from 39.0 pence per share to 40.5 pence per share. As at 31 December 2007, the Company held 7,260,410 Ordinary Shares in Treasury, representing 8.8% of the issued share capital. These shares may be re-issued at a future date.

Outlook

The Board and the Manager continue to take a cautious view on the outlook for the wider UK economy and our approach to valuations is in line with this view. Against this background, the Manager's conservative investment policy, fully endorsed by the Board, of building up a portfolio with a high proportion in asset backed businesses without external gearing, should provide a comforting degree of capital protection if economic conditions deteriorate. In addition, the Group has a very low exposure to the AIM market and holds approximately 34% of its net assets in cash and similar instruments. This will help protect the capital base of the Group in the short term, while in the medium term it will allow the Group to take advantage of attractive investment opportunities presented to it as a result of tighter credit conditions. Overall, the Board believes that VCTs should be seen as a long term savings product and in this context the directors consider that the Group is well positioned to deliver shareholder value.

Patrick Crosthwaite 28 February 2008
Chairman

RESPONSIBILITY STATEMENT

The Directors have chosen to prepare this Half-yearly Financial Report for the Group in accordance with International Financial Reporting Standards ("IFRS").

In preparing these summarised financial statements for the six month period to 31 December 2007, the Directors, confirm that to the best of their knowledge:

(a) the summarised set of financial statements has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

(c) the summarised set of financial statements give a true and fair view in accordance with IFRS of the assets, liabilities, financial position and of the profit and loss of the Group for the period and comply with IFRS and Companies Act 1985 and 2006 and;

(d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

This Half-yearly Financial Report has not been audited or reviewed by the auditors.

By order of the Board

Patrick Crosthwaite
Chairman
28 February 2008

PORTFOLIO OF INVESTMENTS
as at 31 December 2007

List of investments with a carrying/fair value as at 31 December 2007.

Investment name	Nature of business	At 31 December 2007 % of equity held	At 31 December 2007 Invested to date at cost £'000	At 31 December 2007 Total carrying/ fair value £'000	At 30 June 2007 Invested to date at cost £'000	At 30 June 2007 Total carrying/ fair value £'000
Unquoted investments Qualifying						
The Crown Hotel Harrogate Limited	Owner and operator of the Crown Hotel, Harrogate	15.0%	2,784	2,345	2,784	2,331
Kensington Health Clubs Limited	Operator of a fitness club in West London	8.3%	1,750	1,772	1,000	1,014
TLC (Tender Loving Childcare) Limited	Operator of daycare nurseries	24.3%	1,584	1,692	1,584	1,533
ELE Advanced Technologies Limited	Manufacturer of precision engineering components for the industrial gas turbine, aerospace and automotive markets	48.3%	1,050	1,172	1,050	1,822
House of Dorchester Limited	Chocolate manufacturer	23.3%	490	1,037	490	1,022
Kew Green VCT (Stansted) Limited	Owner and operator of the Express by Holiday Inn at Stansted airport	2.0%	1,000	1,115	1,000	1,123
Sky Hotel (Heathrow) Limited	Owner and operator of the Stanwell Hotel	16.7%	1,000	1,000	–	–
PSCA International Limited	Magazine publisher	6.7%	482	906	571	734
The Charnwood Pub Company (Hotels) Limited	Owner and manager of public houses and hotels	14.5%	945	753	945	801
Chichester (Holdings) Limited	Drinks distribution to the travel sector	9.1%	600	744	600	610
Tower Bridge Health Clubs Limited	Operator of health & fitness clubs in central London	9.5%	591	664	591	708
Sanastro PLC	B2B financial publishing	16.2%	832	484	832	575
Grosvenor Health Limited	Occupational health provider	1.4%	364	452	364	408
Blackbay Limited	Mobile data solutions for the logistics and field service sectors	3.8%	410	445	410	435
CS (Brixton) Limited	Cinema owner and operator	9.6%	375	395	375	401
The Dunedin Pub Company VCT Limited	Owner and operator of the Bridge Inn, Ratho	7.8%	390	372	390	326
Lowcosttravelgroup Limited	On-line travel business	3.5%	330	352	330	349
Churchill Taverns VCT Limited	Freehold pub owner and operator	3.3%	335	348	233	238
Premier Leisure (Suffolk) Limited	Owner and operator of a family entertainment centre	5.2%	420	323	420	333
Churchill Taverns (Hotels) Limited	Operator of one freehold hotel in Buckden, Cambridgeshire	9.0%	300	300	300	302
Xceleron Limited	Provides a range of drug development services to the life-science industries	3.3%	250	296	200	200
GB Pub Company VCT Limited	Freehold pub owner and operator	9.0%	373	268	365	290
Rostima Limited	Software company providing workforce management solutions	3.4%	230	236	230	232
Bravo Inns Limited	Owner and manager of five freehold pubs in the northwest of England	2.6%	230	231	230	231
Helveta Limited	Software solutions company, providing traceability and inventory analysis to the timber industry	4.1%	285	230	210	143
Booth Dispensers Limited	Manufacturer of vending machine components and beer pump coolers	24.3%	227	210	227	215

PORTFOLIO OF INVESTMENTS
as at 31 December 2007 (continued)

		At 31 December 2007			At 30 June 2007	
Investment name	**Nature of business**	**% of equity held**	**Invested to date at cost £'000**	**Total carrying/ fair value £'000**	**Invested to date at cost £'000**	**Total carrying/ fair value £'000**
Unquoted investments Qualifying						
The Weybridge Club Limited	Owns and operates a freehold health and fitness club in Weybridge, Surrey	1.2%	190	196	190	194
The Charnwood Pub Company Limited	Owner and manager of public houses	6.1%	235	180	235	211
Novello Pub Limited	Freehold pub owner and operator	9.1%	258	167	258	177
Oxsensis Limited	Development and production of industrial sensors for use in super-high temperature environments	1.6%	145	145	–	–
MiPay Limited	Provider of mobile payment services	2.0%	140	140	–	–
Point 35 Limited	Refurbisher of semiconductor fabrication equipment	1.7%	130	130	130	130
CS (Exeter) Limited	Cinema owner and operator	9.6%	145	126	145	159
Gardenswitch Limited	Provider of airport transfers	2.6%	125	125	–	–
Dexela Limited	Medical imaging technology for the early detection of breast cancer	2.5%	110	115	110	110
River Bourne Health Club Limited	Operates a health and fitness club in Chertsey, Surrey	5.5%	110	113	110	112
Palm Tree Technology PLC	Software company	0.6%	102	110	102	110
Process Systems Enterprise Limited	Process systems modelling	0.8%	100	100	100	100
RFI Global Solutions Limited	Conformance testing to the cellular, wireless and smart card industries	2.3%	310	93	310	207
CS (Norwich) Limited	Cinema owner and operator	3.8%	60	60	–	–
Red M Group Limited	Service and software providers	1.8%	211	53	211	75
Evolutions Television Limited	TV post production facilities	0.3%	50	49	50	46
Forward Media Limited	Radio broadcast services	5.2%	500	27	500	40
Investments exited in the period			–	–	2,176	2,935
			20,548	20,073	20,358	20,982
Other investments valued at nil			6,761	–	7,885	–
			27,309	**20,073**	**28,243**	**20,982**
AIM quoted investments Qualifying						
Avanti Communications Group plc	Supplier of satellite communications services	0.8%	538	498	538	506
Cello Group plc	Market research, brand advertising, direct marketing	1.1%	336	358	444	609
Augean PLC	Waste management	0.5%	590	350	590	455
Citel PLC	Global provider of unique IP telephony and converged communications solutions	0.7%	168	23	168	115
Avanti Screen Media Group plc	Supplier of retail television services	1.0%	80	14	80	26
Investments exited in the period			–	–	1,705	2,102
			1,712	**1,243**	**3,525**	**3,813**
Total qualifying investments			29,021	21,316	31,768	24,795

PORTFOLIO OF INVESTMENTS
as at 31 December 2007 (continued)

Investment name	Nature of business	At 31 December 2007			At 30 June 2007	
		% of equity held	Invested to date at cost £'000	Total carrying/ fair value £'000	Invested to date at cost £'000	Total carrying/ fair value £'000
Unquoted investments Non-Qualifying						
Palgrave Brown (Holdings) Limited	Manufacturer and distributor of specialist timber products including roof trusses, for the building industry	5.6%	77	225	752	875
Driver Hire Investments Limited	Supplier of temporary drivers		436	152	436	240
Investments exited in the period			–	–	276	278
Other investments valued at nil			1,404	–	2,154	–
			1,917	**377**	**3,618**	**1,393**
AIM quoted investments Non-qualifying						
Avanti Communications Group plc	Supplier of satellite communications services	0.8%	4	4	4	4
Cello Group plc	Market research, brand advertising, direct marketing	1.1%	3	3	3	3
Augean PLC	Waste management	0.5%	3	1	3	1
Avanti Screen Media Group plc	Supplier of retail television services	1.0%	1	–	1	–
Investments exited in the period			–	–	38	41
			11	**8**	**49**	**49**
Floating rate note Non-qualifying						
Nationwide Building Society	Maturity date 7 July 2009		2,718	2,713	–	–
Total non-qualifying investments			4,646	3,098	3,667	1,442
Total investments			33,667	24,414	35,435	26,237

SUMMARY CONSOLIDATED INCOME STATEMENT

		Unaudited Six months to 31 December 2007			Audited Sixteen months to 30 June 2007			Unaudited Ten months to 31 December 2006		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment income and deposit interest	3	986	–	986	2,519	–	2,519	1,644	–	1,644
Investment management fees		(87)	(260)	(347)	(291)	(872)	(1,163)	(150)	(450)	(600)
Other expenses		(160)	–	(160)	(509)	23	(486)	(355)	23	(332)
Non-recurring operating expenses		–	–	–	(4)	–	(4)	(4)	–	(4)
Operating profit/(loss)		739	(260)	479	1,715	(849)	866	1,135	(427)	708
(Losses)/gains on investments	2	–	(476)	(476)	–	2,932	2,932	–	1,158	1,158
Profit/(loss) before taxation		739	(736)	3	1,715	2,083	3,798	1,135	731	1,866
Taxation	4	(176)	85	(91)	(294)	273	(21)	(135)	135	–
Profit/(loss) for the period		563	(651)	(88)	1,421	2,356	3,777	1,000	866	1,866
Basic and diluted return per Ordinary share (pence) (excluding treasury shares)	6			(0.12)			4.76			2.32

The accompanying notes are an integral part of this Half-yearly Financial Report.

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 Trust Companies.

The consolidated income statements include the results of the subsidiaries CP1 VCT PLC and CP2 VCT PLC.

Comparative figures have been extracted from the interim accounts for the ten month period ended 31 December 2006 and the statutory accounts for the sixteen month period ended 30 June 2007.

SUMMARY CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 31 December 2007 £'000	Audited 30 June 2007 £'000
Non-current assets			
Investments	**7**	24,414	26,237
Current assets			
Trade and other receivables		105	322
Cash and cash equivalents		8,629	8,367
		8,734	8,689
Total assets		33,148	34,926
Current liabilities			
Trade and other payables		(387)	(552)
Total assets less current liabilities		32,761	34,374
Equity attributable to equityholders			
Ordinary share capital	**8**	8,246	8,392
Share premium		14,422	14,422
Capital redemption reserve		614	468
Own shares held		(2,849)	(2,849)
Retained earnings		12,328	13,941
Total shareholders' funds		32,761	34,374
Net asset value per Ordinary share (excluding treasury shares) (pence)		**43.6**	44.8

The consolidated balance sheets include the balance sheets of the subsidiaries CP1 VCT PLC and CP2 VCT PLC.

Comparative figures have been extracted from the statutory accounts for the period ended 30 June 2007.

These financial statements were agreed by the Board of Directors, and authorised for issue on 28 February 2008 and were signed on its behalf by

Patrick Crosthwaite
Chairman

SUMMARY COMPANY BALANCE SHEET

	Notes	Unaudited 31 December 2007 £'000	Audited 30 June 2007 £'000
Fixed assets			
Fixed asset investments	**7**	24,414	26,237
Investment in subsidiary undertakings		18,088	17,978
		42,502	44,215
Current assets			
Debtors		94	313
Cash at bank		3,088	3,900
		3,182	4,213
Total assets		45,684	48,428
Creditors: amounts falling due within one year		(12,923)	(14,054)
Total assets less current liabilities		32,761	34,374
Capital and reserves			
Ordinary share capital	**8**	8,246	8,392
Share premium		14,422	14,422
Capital redemption reserve		614	468
Own shares held		(2,849)	(2,849)
Retained earnings		12,328	13,941
Total shareholders' funds		32,761	34,374
Net asset value per Ordinary share (excluding treasury shares) (pence)		**43.6**	44.8

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

Comparative figures have been extracted from the statutory accounts for the period ended 30 June 2007.

These financial statements were approved by the Board of Directors, and authorised for issue on 28 February 2008 and were signed on its behalf by

Patrick Crosthwaite
Chairman

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Retained earnings £'000	Total £'000
As at 30 June 2007	8,392	14,422	468	(2,849)	13,941	34,374
Net profit for the period	–	–	–	–	(88)	(88)
Purchase of own shares for cancellation (including costs)	(146)	–	146	–	(581)	(581)
Dividends paid in period	–	–	–	–	(944)	(944)
As at 31 December 2007	8,246	14,422	614	(2,849)	12,328	32,761
As at 28 February 2006	8,610	14,422	250	(1,908)	13,581	34,955
Net profit for the period	–	–	–	–	3,777	3,777
Purchase of own shares for cancellation (including costs)	(218)	–	218	–	(816)	(816)
Cost of ordinary shares purchased for Treasury (including dealing costs)	–	–	–	(941)	–	(941)
Dividends paid in period	–	–	–	–	(2,601)	(2,601)
As at 30 June 2007	8,392	14,422	468	(2,849)	13,941	34,374
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 for Treasury (including dealing costs)	–	–	–	(940)	–	(940)
Dividends paid in period	–	–	–	–	(995)	(995)
As at 31 December 2006	8,610	14,422	250	(2,848)	14,452	34,886

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Six months to 31 December 2007 £'000	Audited Sixteen months to 30 June 2007 £'000	Unaudited Ten months to 31 December 2006 £'000
Cash flows from operating activities				
Investment income received		599	2,549	1,472
Deposit interest received		213	347	167
Secretarial fees paid		(29)	(85)	(51)
Investment management fees paid		(565)	(1,242)	(825)
Other cash payments		(89)	(634)	(469)
Cash generated from operations		129	935	294
Tax (paid)/recovered		(52)	1,431	1,431
Net cash flows from operating activities	9	77	2,366	1,725
Cash flows from investing activities				
Purchases of Investments		(4,949)	(7,773)	(2,507)
Disposals of Investments		6,690	14,949	7,413
Payment re loan guarantee		–	(1,662)	(1,406)
Net cash flows from investing activities		1,741	5,514	3,500
Cash flows from financing activities				
Equity dividends paid		(944)	(2,601)	(995)
Repurchase of Ordinary shares for cancellation		(612)	(817)	–
Purchase of Ordinary shares for treasury		–	(941)	(974)
Net cash flows used in financing activities		(1,556)	(4,359)	(1,969)
Increase in cash and cash equivalents		262	3,521	3,256
Cash and cash equivalents at start of period		8,367	4,846	4,846
Cash and cash equivalents at end of period	10	8,629	8,367	8,102

The consolidated cash flow statements include the transactions of the subsidiaries CP1 VCT PLC and CP2 VCT PLC.

Comparative figures have been extracted from the interim accounts for the ten month period ended 31 December 2006 and the statutory accounts for the sixteen month period ended 30 June 2007.

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

1. Accounting policies

Group accounting policies

Basis of accounting
The Half yearly Financial Report has been prepared using International Accounting Standard (IAS) 34 "Interim Financial Reporting", and other accounting policies consistent with International Financial Reporting Standards ('IFRS') adopted for use in the European Union and therefore complies with the 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, in so far as this does not conflict with IFRS. 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 sixteen month period ended 30 June 2007. 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 sixteen month period ended 30 June 2007.

Accounting policies

Basis of consolidation
The summarised financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries), for the six month period ended 31 December 2007.

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 loss before taxation for the six month period to 31 December 2007 dealt with in the accounts of the Group is £107,000 (sixteen months to 30 June 2007: profit £3,554,000; ten months to 31 December 2006: profit £1,716,000).

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 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.

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

1. **Accounting policies (continued)**

Group accounting policies (continued)

Estimates

The preparation of the Group's Half yearly Financial Report 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 Half yearly Financial Report were the same as those applied in the preparation of the Group's consolidated financial statements for the sixteen month period ended 30 June 2007.

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 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 Group 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

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

1. Accounting policies (continued)

Group accounting policies (continued)

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.

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 Half yearly Financial Report has 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 sixteen month period ended 30 June 2007. 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 sixteen month period ended 30 June 2007 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.

Investments in subsidiaries
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 plus any costs directly attributable to the business combination. The assets and liabilities of the

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

1. Accounting policies (continued)

Company accounting policies (continued)

subsidiaries have subsequently been measured at their fair value as at the balance sheet date. The investments in subsidiaries are carried at fair value determined by Directors based on the net assets method.

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.

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

1. Accounting policies (continued)

Company accounting policies (continued)

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

Debtors and creditors

- Debtors are non-interest bearing, 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.
- Current liabilities are non-interest bearing and are stated at their nominal value. The Directors consider that the carrying amount of current liabilities approximates their fair value.

Reserves

Capital redemption reserve

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

Own shares held reserve

This reserve accounts for amounts paid on buying Treasury shares.

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

2. (Losses)/gains on investments

	Six months to 31 December 2007 £'000	Sixteen months to 30 June 2007 £'000	Ten months to 31 December 2006 £'000
Net realised gains/(losses)	258	853	(1,234)
Unrealised (losses)/gains	(734)	2,079	2,392
	(476)	2,932	1,158

3. Investment income and deposit interest

	Six months to 31 December 2007 £'000	Sixteen months to 30 June 2007 £'000	Ten months to 31 December 2006 £'000
Loan stock interest income	653	1,839	1,172
Dividend income	60	148	140
Floating rate note income	63	199	185
Other income	–	48	32
Bank deposit income	210	285	115
	986	2,519	1,644

4. Taxation

The tax charge for the six months to 31 December 2007 is £91,158 (sixteen months to 30 June 2007: £21,009; ten months to 31 December 2006: £nil). The tax charge is calculated on return on ordinary activities excluding any (losses)/gains on investments. The tax charge is based on a tax rate of 30% less marginal relief. Additionally, the tax charges of the subsidiaries are reduced to £nil as a result of trading losses.

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

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

	Six months to 31 December 2007			Sixteen months to 30 June 2007			Ten months to 31 December 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
First dividend paid on 28 December 2007 - 1.25p per share	604	340	944	–	–	–	–	–	–
First dividend paid on 22 September 2006 - 1.25p per share	–	–	–	–	997	997	–	997	997
Second dividend paid on 19 January 2007 - 1.25p per share	–	–	–	443	542	985	–	–	–
Third dividend paid on 15 June 2007 - 0.8p per share	–	–	–	–	619	619	–	–	–
	604	340	944	443	2,158	2,601	–	997	997

The Board has declared a second dividend of 1.25 pence per share (of which 0.25 pence is to be paid from revenue and 1.0 pence out of realised capital gains), subject to approval from HM Revenue & Customs. The record date and payment date of this dividend will be announced on the London Stock Exchange RNS service.

6. Basic and diluted return per share

Return per share has been calculated on 76,215,222 (30 June 2007: 79,277,922; 31 December 2006: 80,268,569) Ordinary Shares being the weighted average number of shares in issue for the six month 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.

7. Consolidated fixed asset investments

	31 December 2007 £'000	30 June 2007 £'000
Investments held at 'fair value through profit or loss'	11,775	12,587
Investments held at amortised cost	12,639	13,650
	24,414	26,237

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

8. Ordinary share capital

	31 December 2007 £'000	30 June 2007 £'000
Authorised		
140,000,000 Ordinary shares of 10p each	14,000	14,000
Allotted		
82,463,998 Ordinary shares of 10p each (30 June 2007: 83,920,434)	8,246	8,392
Allotted excluding treasury shares		
75,203,588 Ordinary shares of 10p each (30 June 2007: 76,660,024)	7,520	7,666

The Company purchased 1,456,436 Ordinary shares for cancellation during the six month period to 31 December 2007 (June 2007: 2,179,439) at a cost of £581,000 (30 June 2007: £818,000). This represented approximately 1.7% of the share capital as at 1 July 2007. The shares purchased for cancellation were funded from the retained earnings reserve.

Treasury shares

During the six month period to 31 December 2007 the Company purchased none (30 June 2007: 2,504,826) of its own Ordinary Shares to be held in treasury. The total number of shares held in treasury as at 31 December 2007 was 7,260,410 representing 8.8% of the share capital.

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

	Six months to 31 December 2007 £'000	Sixteen months to 30 June 2007 £'000	Ten months to 31 December 2006 £'000
Revenue operating profit	739	1,715	1,135
Capitalised expenses	(260)	(849)	(427)
(Increase)/decrease in debtors	(269)	1,642	1,353
(Decrease)/increase in creditors	(133)	(142)	(336)
Net cash inflow from operating activities	77	2,366	1,725

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

10. Analysis of changes in cash during the period

	Six months to 31 December 2007 £'000	Sixteen months to 30 June 2007 £'000	Ten months to 31 December 2006 £'000
Opening cash balances	8,367	4,846	4,846
Net cash inflow	262	3,521	3,256
	8,629	8,367	8,102

11. Contingencies, guarantees and financial commitments

The Company did not have any contingencies or guarantees as at 31 December 2007.

12. Post Balance Sheet Events

The following transactions have completed since 31 December 2007:

- Partial redemption from PSCA International Limited for £37,000
- Divestment of TLC (Tender Loving Childcare) Limited for £1.7 million
- Investment of £150,000 in Opta Limited

13. Related Party Transactions

The Manager, Close Ventures Limited, is considered to be a related party by virtue of the fact that it is party to a management contract from the Group. During the period, services of a total value of £347,000 (sixteen months to June 2007: £1,163,000; ten months to December 2006: £600,000) were provided to the Group. At 31 December 2007, the amount due to Close Ventures Limited, disclosed as accruals, was £167,000 (30 June 2007: £397,000).

Buy-backs of Ordinary shares during the six month period to 31 December 2007 were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc, the ultimate parent company of Close Ventures Limited. A total of 1,456,436 shares were purchased for cancellation at an average price of 40 pence per share.

14. Other information

The information set out in the Half yearly Financial Report does not constitute the Group's statutory accounts for the six month period ended 31 December 2007 or the ten month period ended 31 December 2006. The financial information for the sixteen month period ended 30 June 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that period 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.

NOTES TO THE SUMMARISED SET OF FINANCIAL STATEMENTS
for the six months ended 31 December 2007 (unaudited)

15. Publication

This Half-yearly Financial 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. The Half yearly Financial Report will also be made available to the public via the FSA viewing facility.

Perivan Financial Print 211638