Company Registration No. 3142609

CLOSE BROTHERS VENTURE CAPITAL TRUST PLC

Interim accounts for the six months ended

30 September 1998

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

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CLOSE BROTHERS VENTURE CAPITAL TRUST PLC

REPORT AND INTERIM ACCOUNTS 1998

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CLOSE BROTHERS VENTURE CAPITAL TRUST PLC

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DIRECTORS

David Jones Watkins MBA (Harvard), Chairman (US citizen)
Roderick Macdonald Davidson MSI
John Michael Bryan Leslie Kerr ACMA
Jonathan George Trevelyan Thornton MBA, FCA, MSI

SECRETARY

William Edward Davis FCA

REGISTERED OFFICE

12 Appold Street
London EC2A 2AA

INVESTMENT MANAGER

Close Brothers Investment Limited
12 Appold Street
London EC2A 2AA
0171 - 426 4000

REGISTRAR

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Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ
0181 - 478 8241

AUDITORS

Deloitte & Touche
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

TAXATION ADVISER

Ernst & Young
Rolls House
7 Rolls Building
Fetter Lane
London EC4A 1NH

CLOSE BROTHERS VENTURE CAPITAL TRUST PLC

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare interim accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those interim accounts, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the interim accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

The directors confirm that the interim accounts for the six months to 30 September 1998 set out on pages 4 to 9 have been properly prepared within the meaning of section 272 of the Companies Act 1985. The directors confirm that the accounts give a true and fair view of the balance sheet at 30 September 1998 and of the profit and loss for the six month period then ended.

David J Watkins

D J Watkins
Chairman
8 December 1998

Unaudited statement of total return

(incorporating the profit and loss account)
for the six months to 30 September, 1998

Current Year

	Ordinary Shares Six months to 30 September, 1998			*"C" Shares Six months to 30 September, 1998*			*Total Six months to 30 September, 1998*		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains (losses) on investments	-	218	218	-	(127)	(127)	-	91	91
Income	1,015	-	1,015	678	-	678	1,693	-	1,693
Investment management fees	(83)	(83)	(166)	(37)	(37)	(74)	(120)	(120)	(240)
Other expenses	(27)	(27)	(54)	(18)	(18)	(36)	(45)	(45)	(90)
Return on ordinary activities before tax	905	108	1,103	623	(182)	441	1,528	(74)	1,454
Tax on ordinary activities	(260)	32	(228)	(189)	17	(172)	(449)	49	(400)
Return attributable to shareholders	645	140	785	434	(165)	269	1,079	(25)	1,054
Dividends (note 4)	(532)	-	(532)	(310)	-	(310)	(842)	-	(842)
Transfer to reserves	113	140	253	124	(165)	(41)	237	(25)	212
Return per share	2.6p	0.6p	3.2p	2.8p	(1.1) p	1.7 p			

All revenue and capital items in the above statement derive from continuing operations.

CLOSE BROTHERS VENTURE CAPITAL TRUST PLC

REPORT AND INTERIM ACCOUNTS 1998

Unaudited statement of total return

(incorporating the profit and loss account)
for the six months to 30 September, 1998

Previous Year

	Ordinary Shares Six months to 30 September, 1997			*"C" Shares Period to 30 September, 1997*			*Total Six months to 30 September, 1997*		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	-	407	407	-	35	35	-	442	442
Income	936	-	936	450	-	450	1,386	-	1,386
Investment management fees	(60)	(60)	(120)	(14)	(14)	(28)	(74)	(74)	(148)
Other expenses	(26)	(26)	(52)	(16)	(16)	(32)	(42)	(42)	(84)
Return on ordinary activities before tax	850	321	1,171	420	5	425	1,270	326	1,596
Tax on ordinary activities	(241)	27	(214)	(127)	9	(118)	(368)	36	(332)
Return attributable to shareholders	609	348	957	293	14	307	902	362	1,264
Dividends (note 4)	(426)	-	(426)	(232)	-	(232)	(658)	-	(658)
Transfer to (from) reserves	183	348	531	61	14	75	244	362	606
Return per share	2.5p	1.4p	3.9p	2.0p	0.1p	2.1p			

All revenue and capital items in the above statement derive from continuing operations.

CLOSE BROTHERS VENTURE CAPITAL TRUST PLC

REPORT AND INTERIM ACCOUNTS 1998

Unaudited summary balance sheet
at 30 September, 1998

	30 September 1998			30 September 1997			30 March 1998		
	Ordinary Shares £'000	'C' Shares £'000	Total £'000	Ordinary Shares £'000	'C' Shares £'000	Total £'000	Ordinary Shares £'000	'C' Shares £'000	Total £'000
Fixed Asset Investments									
Qualifying:									
Scheduled for investment	17,529	7,979	25,508	12,330	3,670	16,000	15,811	6,064	21,875
less: uninvested	(3,650)	(3,200)	(6,850)	(4,230)	(1,890)	(6,120)	(4,997)	(2,753)	(7,750)
Net investments to date	13,879	4,779	18,658	8,100	1,780	9,880	10,814	3,311	14,125
Non-qualifying:	7,002	7,981	14,983	11,730	8,185	19,915	12,431	10,953	23,384
Total fixed asset investments (note 5)	20,881	12,760	33,641	19,830	9,965	29,795	23,245	14,264	37,509
Current Assets									
Debtors	452	190	642	450	223	673	646	287	933
Short term money market deposits	3,954	2,628	6,582	4,095	5,062	9,157	1,185	1,123	2,308
	4,406	2,818	7,224	4,545	5,285	9,830	1,831	1,410	3,241
Creditors: due within one year	(1,070)	(705)	(1,775)	(901)	(448)	(1,349)	(1,112)	(760)	(1,872)
Net current assets	3,336	2,113	5,449	3,644	4,837	8,481	719	650	1,369
Net assets	24,217	14,873	39,090	23,474	14,802	38,276	23,964	14,914	38,878
Represented by:									
Called up share capital	12,080	7,751	19,831	12,090	7,751	19,841	12,080	7,751	19,831
Share premium account	10,866	6,976	17,842	10,876	6,976	17,852	10,866	6,976	17,842
Capital redemption reserve	20		20	-	-	-	20		20
Capital reserve	1,014	(53)	961	282	14	296	874	112	986
Profit and Loss account	237	199	436	226	61	287	124	75	199
Total Shareholders' funds	24,217	14,873	39,090	23,474	14,802	38,276	23,964	14,914	38,878
Net asset value per share	100.2p	95.9p		97.1p	95.5p		99.2p	96.2p	

These interim accounts were approved by the Board of Directors on 8 December, 1998

Signed on behalf of the Board of Directors

David Watkins

David Watkins
Chairman

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NOTES TO THE ACCOUNTS
Period ended 30 September 1998

1. ACCOUNTING POLICIES
The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain investments.

Investments

Quoted investments are stated at market value based upon middle market prices at the accounting period end. Unquoted investments are stated at a valuation determined by the directors. The unrealised depreciation or appreciation on the valuation of investment and gains and losses arising on the disposal of investments are dealt with in the capital reserve.

Income and expenses

All income and expenses are treated on the accruals basis and dividend income is included in revenue when all investment is quoted ex-dividend. Dividends received as scrip dividends are taken to the revenue account. The fixed returns on non-equity shares and on debt securities are recognised on a time apportionment basis so as to reflect the effective yield of the shares and debt securities respectively.

Management charge

50 per cent of management expenses are charged to the revenue account and the balance is charged to non-distributable capital reserves net of corporation tax relief, and inclusive of any related irrecoverable value added tax.

Deferred taxation

Deferred taxation is provided by the liability method on timing differences, except where there is reasonable probability that such liability will not arise in the foreseeable future.

2. PRINCIPAL ACTIVITY
The principal activity of the Company is that of a venture capital trust.

3. INCOME

	1998 Ordinary Shares £	*1998* 'C' Shares £	*1998* Total £	*1997* Ordinary Shares £	*1997* 'C' Shares £	*1997* Total £
Dividends	21	64	85	207	24	231
Income from UK fixed and floating interest securities	852	553	1,405	438	111	549
Bank interest	142	61	203	291	315	606
	1,015	678	1,693	936	450	1,386

4. DIVIDEND
The interim dividends of 2.2 pence per ordinary share and 2.0 pence per "C" share will absorb £531,523 and £310,031 respectively. They will be paid on 14 January 1999 to shareholders registered on 18 December 1998.

5. FIXED ASSET INVESTMENTS

Ordinary Shares	*Qualifying unlisted*	*Non-Qualifying unlisted*	*Listed*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Beginning of period: at valuation	10,814	14	12,417	23,245
Purchases at cost	2,915	-	-	2,915
Sales - proceeds	-	-	(5,497)	(5,497)
realised profit on sales	-	-	77	77
Increased/(decreased) in unrealised appreciation	150	(6)	(3)	141
Closing valuation: 30 September 1998	13,879	8	6,994	20,881
Closing book cost	13,729	265	7,004	20,998

'C' Shares	*Qualifying unlisted*	*Non-Qualifying unlisted*	*Listed*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Beginning of period: at valuation	3,311	24	10,929	14,264
Purchases at cost	1,585	-	-	1,585
Sales - proceeds	-	-	(2,962)	(2,962)
realised profit on sales	-	-	18	18
Decreased in unrealised appreciation	(117)	(11)	(17)	(145)
Closing valuation: 30 September 1998	4,779	13	7,968	12,760
Closing book cost	4,662	107	7,985	12,754

6. MOVEMENT IN RESERVES AND SHARE CAPITAL

	Share capital £'000	*Share premium account* £'000	*Capital reserve* £'000	*Revenue reserve* £'000	*Capital redemption reserve* £'000
Ordinary Shares					
Beginning of period	12,080	10,866	874	124	20
Purchase of own shares	-	-	-	-	-
Net gain on realisation of investments	-	-	77	-	-
Increase in unrealised appreciation	-	-	141	-	-
Costs charged to capital net of tax	-	-	(78)	-	-
Retained net revenue for the year	-	-	-	113	-
End of period	12,080	10,866	1,014	237	20

	Share capital £'000	*Share premium account* £'000	*Capital reserve* £'000	*Revenue reserve* £'000
'C' Shares				
Beginning of period	7,751	6,976	112	75
Purchase of own shares	-	-	-	-
Net gain on realisation of investments	-	-	18	-
Decrease in unrealised appreciation	-	-	(145)	-
Costs charged to capital net of tax	-	-	(38)	-
Retained net revenue for the year	-	-	-	124
End of period	7,751	6,976	(53)	199