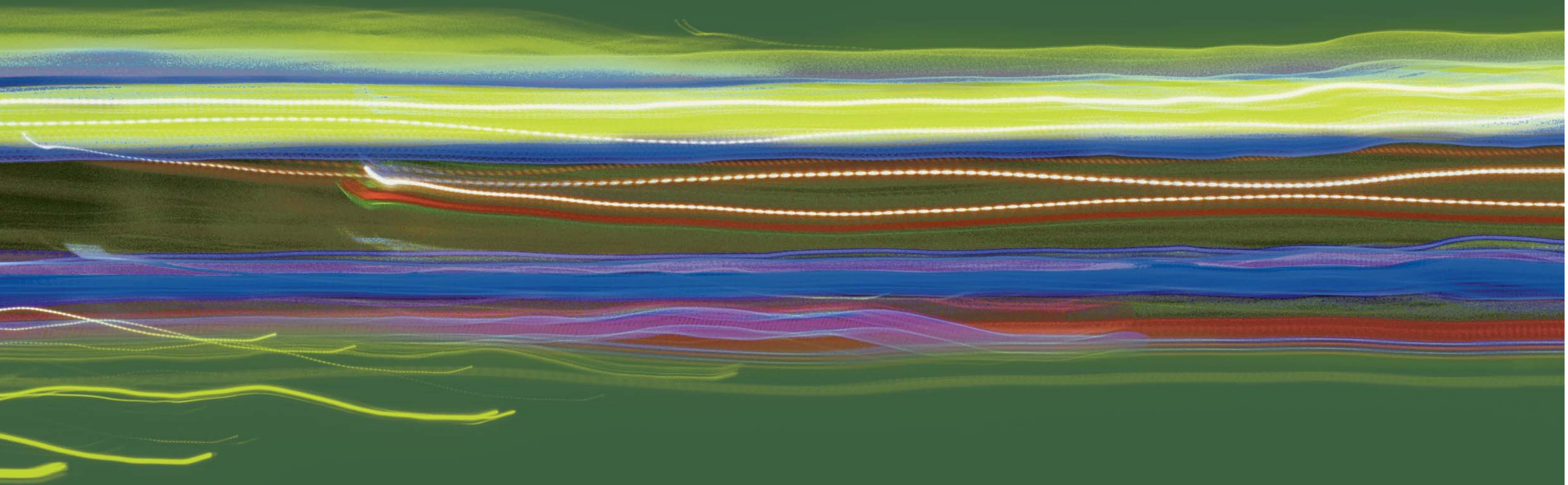
HgCapital Trust plc

Private equity investment trust of the year
Investment Week Awards 2005, 2006 and 2007

Half yearly report and accounts
30 June 2008



www.hgcapitaltrust.com

HgCapital

INVESTMENT OBJECTIVE

The objective of the Company is to provide shareholders with long-term capital appreciation in excess of the FTSE All-Share Index by investing in unquoted companies.

The Company provides investors with exposure to a diversified portfolio of private equity investments primarily in the UK and Continental Europe.

FINANCIAL HIGHLIGHTS

of the first six months of 2008

+11.6%	Strong growth in net assets (total return) continues
+12.8%	Share price and dividend (total return) versus a fall in the FTSE All-Share Index of 11.1%
+15.8%	Ten year total performance p.a. versus 3.5% p.a. from the FTSE All-Share Index
>4x	Ten year investment return for every £1 invested
£67m	A strong first half for proceeds from realisations
£16m	Invested selectively during a period of falling prices

CHAIRMAN'S STATEMENT

Performance

I am pleased to report that in the first six months of 2008 the Company continued to deliver growth in NAV against a background of continuing weakness in listed markets.

Net asset value (NAV) per share increased by 8.9% and total return to shareholders (NAV plus dividend) over the period was 11.6% compared with -11.1% for the FTSE All-Share Index and -14.9% for the FTSE Small-Cap Index. The Company's share price rose by 10.5% from 775p to 856.5p at 30 June.

During the period, and despite weakening market conditions, the Manager continued successfully to negotiate sales from the portfolio. In anticipation of lower prices in the months to come, the Manager made only one investment. As a result, the Company ended the period with liquid funds of £115 million, representing 44% of net assets.

Since the end of the period under review the Company's shares have remained broadly stable; this reflects the quality of its portfolio, a further successful realisation and the defensive value of the Company's high liquidity.

Directors have valued all the Company's investments at 30 June. Over one third of the investments in the portfolio are held at cost, as they are recent purchases and are performing in line with expectations. Most of the others are valued by applying a market multiple to historic earnings and deducting third-party debt; a discount of between 20% and 30% is then applied in accordance with the guidelines of the European Venture Capital Association. Overall, the portfolio appreciated in unrealised value by some £10 million.

Revenue return per share was 29.1p, compared with 12.4p in the same period last year, reflecting in part the receipt of income from Boosey & Hawkes not previously included in the net asset value. As explained in earlier reports to shareholders, the Company's revenue will vary from year to year in accordance with the structure of the underlying investments and the Company's holding of liquid funds awaiting reinvestment.

Realisations

The Company made ten full and four partial realisations, yielding proceeds of £66.5 million and contributing (excluding gross revenue) £16.8 million to the growth in NAV. Three investments were sold at prices well ahead of original cost and valuation at 31 December and another, which had previously been written down, was also sold at a price in excess of original cost; others, which had previously been written down or off, were sold in order to realise value and reduce ongoing commitments. The Board recognises that in a private equity portfolio some investments will fall short of expectations; however, in all these cases the Manager had worked hard to protect and rebuild value, and the Directors support the Manager's decision to sell these assets and free up resources for redeployment.

Since the period end, the Company has sold its interest in Rolfe and Nolan. Completion of this transaction has added 0.8p per share to the Directors' valuation at 30 June.

Investments

Investment activity was lower than previously: the Manager anticipates that, given the adverse trends in economic and market conditions, good businesses will become available for purchase at more attractive prices. The Company has substantial liquid funds available to be deployed in this increasingly attractive environment for investment.

Since the period end, the Company has made one investment of £5.2 million in Achilles, a global leader in procurement services. Further information on this and all the Company's principal investments can be found on the Trust's website at www.hgcapitaltrust.com or in the Investment manager's review.

Outlook

This section of my statement sets out the Directors' views on the short and long term prospects of the Company and, as now required by the Disclosure and Transparency Rules, the principal risks and uncertainties facing the Company in the second half of the year.

Faced by a combination of worrying trends – falling growth expectations, wholesale and retail inflation, and reduced confidence in financial institutions – investors have retreated from equity markets, preferring cash or other low-risk asset classes. If these conditions worsen there is risk that the market multiples to be applied in valuing the portfolio will be affected. Market weakness has already affected the share prices of all private equity investment trusts and discounts to NAV have widened markedly. However, the Company has itself converted almost all of its mature investments into cash: it is therefore well placed to protect the value of shareholders' interests during a period of correction.

Credit markets remain tight, especially in the market for the syndication of debt in large, highly leveraged acquisitions and refinancings; however, the mid-market in which HgCapital specialises is less affected. The tightening of the credit markets may reduce the competition that has pushed up acquisition prices in recent years. At the same time, as the Company has disposed of virtually all its mature investments, reducing exposure to financial buyers.

The Company's current portfolio has mostly been acquired within the last two years and is generally performing according to expectations. Some businesses are more exposed to changing economic conditions than others and there is risk that this could affect their trading, and valuations, in the months to come. However, the Board believes that the mid-market businesses in which the Company invests may be less exposed to general downturns in markets than businesses with larger market share. The Manager is represented on the board of every investment, enabling it to identify adverse trends early, and to ensure that management takes appropriate action. The Board receives regular reports on each investment and its prospects. The portfolio is also well diversified by sector and geographically, with 37% by value in the UK and 59% in northern Europe, principally Germany.

The Company is ungeared and with its strong liquidity is in a good position to take advantage of a new environment for investment. To maintain its long-term record of performance it will be important for the Company to deploy its liquid funds efficiently. The Board is confident that the Manager's specialist sector teams are well-placed to identify a strong flow of opportunities. The Board believes that having substantial liquid funds at this point places the Company in a strong position to take advantage of improving conditions for investment as they arise, and thus to continue to reward long-term investment in the Company's shares.

Roger Mountford

Chairman
26 August 2008

INTRODUCTION AND RESPONSIBILITY STATEMENT

Interim management report

This Half yearly report is the first published by the Company under the Disclosure and Transparency Rules ("DTR"). The Company is required to make a number of new disclosures, including those on this page.

The important events that have occurred during the period under review are set out in the Chairman's statement and in the Investment manager's review, which also include the key factors influencing the financial statements.

The principle risks and uncertainties for the remaining six months of the financial year are reviewed in the Outlook section of the Chairman's statement.

HgCapital, as Investment manager of the Company, is considered to be a related party by virtue of its management contract with the Company. During the period, services with a total value of £1,939,000 (30 June 2007: £1,736,000; 31 December 2007: £3,595,000) were purchased by the Company from HgCapital. At 30 June 2008, the amount due to HgCapital, disclosed under creditors, was £988,000 (30 June 2007: £877,000; 31 December 2007: £858,000). Where applicable, amounts are inclusive of VAT.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with the Statement on Half Yearly Financial Reports issued by the UK Accounting Standards Board;
- The Interim management report includes a full review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Half yearly report was approved by the Board of Directors on 26 August 2008 and the above Responsibility statement was signed on its behalf by Roger Mountford, Chairman.

HgCapital Trust plc gives the investor access to a private equity portfolio run by an experienced and well-resourced Manager who makes investments
in fast growing companies over a number of geographies and sectors.

We believe our approach will continue to reward investors with superior performance, both relative to the public markets and its peers over the long term.

PERFORMANCE RECORD

FINANCIAL HIGHLIGHTS

Assets at:	30.6.08 (unaudited)	31.12.07 (audited)	% change
Net assets (£'000)	259,985	238,817	+8.9
Net assets per share	1,032.2p	948.2p	+8.9
Share price (mid-market)	856.5p	775.0p	+10.5

Revenue six months ended:	30.6.08 (unaudited)	30.06.07 (unaudited)	% change
Net revenue (£'000)	7,333	3,118	+135.2
Earnings per share	29.1p	12.4p	+135.2

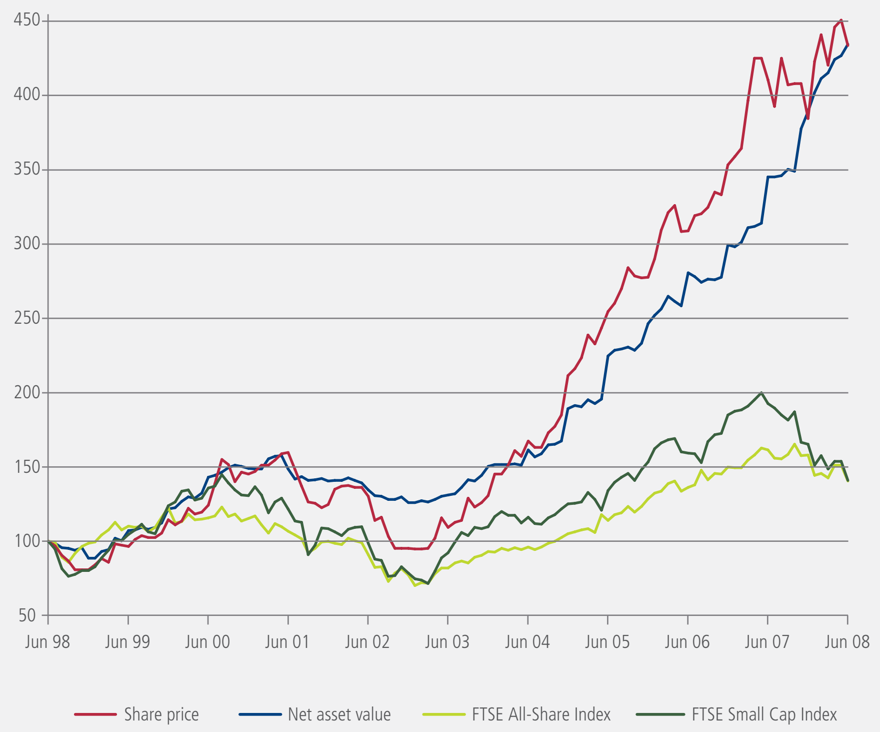
HISTORICAL TOTAL RETURN* PERFORMANCE

	One year % pa	Three years % pa	Five years % pa	Seven years % pa	Ten years % pa
Net asset value	25.9	24.6	27.0	16.6	15.8
Share price	5.6	19.4	31.7	15.3	15.8
FTSE All-Share Index	(13.0)	7.2	11.3	4.0	3.5
FTSE Small-Cap Index	(26.8)	1.6	8.8	2.1	3.5

Based on the Company's share price at 30 June 2008 and allowing for dividends to be reinvested, an investment of £1,000 ten years ago would now be worth £4,338. An equivalent FTSE All-Share Index return would be worth £1,405.

*Total return assumes all dividends have been reinvested. Source: Capital Economics

TEN YEAR TOTAL RETURN* PERFORMANCE



Total return performance record, rebased to 100 at 30 June 1998
*Total return assumes all dividends have been reinvested. Source: Capital Economics

INVESTMENT MANAGER'S REVIEW

Analysis of movements in net asset value for the six months ended 30 June 2008

Opening net asset value as at 1 January 2008	238,817
Gross revenue	11,136
Expenditure	(2,161)
Taxation	(2,601)
Dividends paid	(6,297)
Realised proceeds in excess of 31 December 2007 book value (excludes gross revenue)	16,786
Net unrealised appreciation of investments	10,100
Carried interest provision	(5,795)
Closing net asset value as at 30 June 2008	**259,985**

Portfolio

The Company invests alongside other clients of HgCapital. Typically, the Company's holding forms part of a much larger stake in predominantly buyout investments of between £50 million and £500 million enterprise value ("EV"), controlled by HgCapital. The Investment manager's EV generally refers to each transaction in its entirety, apart from the tables which detail the Company's participation, and where this review specifically states otherwise.

The Company's net asset value increased from £238.8 million to £260.0 million during the period under review. This arose from realised proceeds in excess of the book value of assets sold in the period of £16.8 million and unrealised movements on revaluation of £10.1 million, following continued strong earnings growth and cash generation by companies within the portfolio.

The Company realised proceeds during the period amounting to £66.5 million. These proceeds arose principally from the sale of The Sanctuary Spa Group, Clarion Events, Hofmann Menü and Boosey & Hawkes.

During the period, the Company invested a total of £15.9 million including participation in one new buyout investment. This new investment was made in Casa Reha (Germany, €327 million EV).

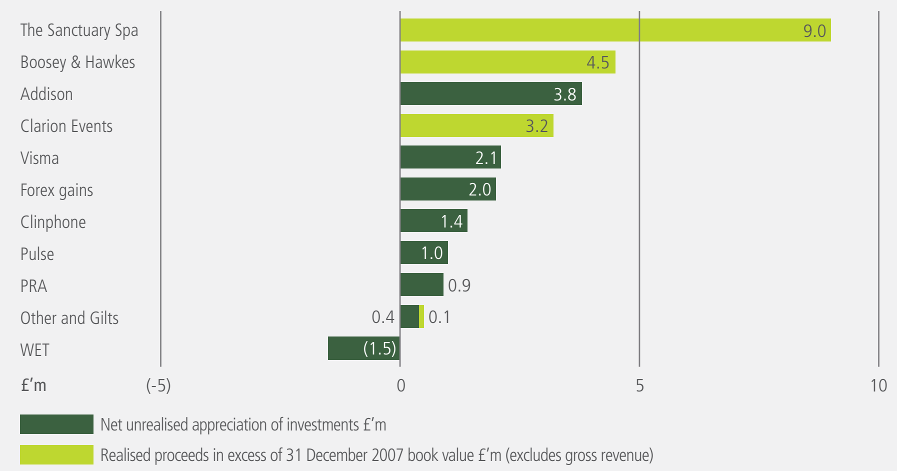
A small number of the Company's investments performed below expectations. WET has suffered from difficult market conditions, with continued pressure on margins in the car seat heating industry. The divestiture of non-core activities has been completed and a number of new initiatives are underway, including a profit improvement programme.

Activity since the period end

Since the period end, the Company has completed the acquisition of Achilles, a global leader in services for sustainable procurement. HgCapital clients invested a total of £42 million.

The Company's investment in Rolfe & Nolan has been fully realised since the period end. An incremental £1.4 million was distributed to the Company in addition to the £6.2 million already realised and distributed from this investment. Overall, this investment achieved a 2.6x money multiple and a 41% IRR.

Realised and unrealised movements in net asset value during the period



Outlook

We have taken advantage of high pricing to secure our realisations at attractive prices and have sought to withdraw early from excessively price competitive new investment situations.

We believe that we are about to enter a prolonged cyclical downturn in the global economy and in capital markets. Capital is scarce and the profits and ratings of many businesses will fall. This will present a good buying opportunity for investors who are knowledgeable about the companies in the sectors they have selected for investment and, indeed, for companies whose strategy includes growth by acquisition.

The Company's portfolio is now compact and most companies are performing well and have strong teams at their helm. Accordingly they are well-placed to take advantage of any weaknesses in their competitors. In addition, the Company has liquid resources of £115 million, representing 44% of net assets, and will be able to exploit the weakness in pricing that we believe will arise over the next two years.

PORTFOLIO ANALYSIS

A diverse portfolio, invested along sector lines, with an increasing exposure to Continental Europe

At 30 June 2008 the Company's portfolio consisted of 42 investments, of which the 20 principal investments represented over 94% of the portfolio valuation.

The Company offers both sector and geographic diversification in a portfolio of fast-growing small cap stocks. The valuation of the Company's unrealised portfolio as at 30 June 2008 was £154.4 million, representing 52% of net assets, which reflects the strong stream of realisations made. The Portfolio is now relatively young, with 67% of investments acquired within the last two and a half years.

One substantial new investment was made during the period: the management buyout of Casa Reha, a leading care home operator in Germany.

Ten investments were fully realised and four partially realised, primarily through trade sales and sales to financial buyers. In aggregate, capital proceeds from these realisations produced a 60% uplift over the carrying value and a 108% uplift over cost.

Proceeds from realisations resulted in the Company ending the period with £115 million of liquid assets, of which over £5 million has been invested in Achilles since the period end.

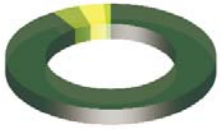
Having access to substantial liquidity positions the Company well to take advantage of changing market conditions and to exploit new investment opportunities as these arise.

Asset class †

Portfolio	
- Unquoted	52%
- Quoted	1%
Cash & other assets	47%

Deal type by value ††

Buyout	91%
Expansion	4%
Fund	4%
Venture	1%



Valuation basis ††

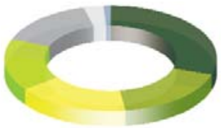
Earnings	45%
Cost	35%
Written down	7%
Third Party	6%
Net assets	4%
Quoted	2%
Other	1%

Geographic spread by value ††

UK	37%
Germany	28%
Nordic Region	17%
Benelux	11%
Rest of Europe	3%
North America	3%
Ireland	1%

Sector by value ††

TMT	30%
Healthcare	18%
Industrials	17%
Services	16%
Consumer & Leisure	15%
Renewable energy	3%
Fund	1%



Vintage by value ††

2008	7%
2007	29%
2006	31%
2005	23%
Pre 2005	10%

† Percentages are based on net assets   †† Percentages are based on fixed assets and are shown by value

INVESTMENTS

In the six months ended 30 June 2008 HgCapital invested £84 million on behalf of its clients, including £15.9 million on behalf of the Company

Company	Sector	Activity	Deal type	Cost £'000
Casa Reha	Healthcare	Care home operator	Buyout	8,140
Other				620
New investments				**8,760**
Pulse Staffing Limited	Healthcare	Flexible staffing services in the healthcare sector	Buyout	3,008
Portfolio purchase	Portfolio	Secondary purchase of private equity assets	Secondary	2,710
Other				1,423
Further investments				**7,141**
Total investment by the Company				**15,901**

Figures below refer to the total size of each acquisition, including debt raised from third parties, made by HgCapital on behalf of its clients, including the Company.

NEW INVESTMENTS

Casa Reha

In January 2008, HgCapital completed the €327 million buyout of Casa Reha. HgCapital clients invested a total of €65 million.

Casa Reha is one of the leading German providers of elderly care services by size, growth, and profitability. The company has a demonstrable track record of efficiently operating and opening care homes and of growth. Furthermore the management team has made one successful acquisition of a sizeable competitor, Sozialkonzept. Casa Reha's current portfolio numbers 49 homes, of which seven are new and accepting their initial residents. In addition, the company has five homes under construction. The group generated sales and EBITDA of €123.4 million and €16.1 million respectively in 2007. A portion of this investment was syndicated to co-investors in June 2008.

FURTHER INVESTMENTS

Pulse Staffing Limited

In May 2008 HgCapital bought an additional 42% share in Pulse Staffing Limited from Bridgepoint. HgCapital clients invested a total of £6.0 million.

Pulse is a leading agency provider (the second largest in the UK) of temporary qualified healthcare staff to NHS hospitals. Around 75% of Pulse's business is with the NHS, although other social care and private sector contracts are increasing as a proportion of the business. Activity levels are currently rising, driven mainly by shortages of staff in some key specialist groups of nurses and doctors.

Portfolio purchase

The Trust took the opportunity to buy a portfolio of assets from another HgCapital client. The majority of these add to the Company's existing holdings.

REALISATIONS

In the six months ended 30 June 2008 HgCapital realised total proceeds of £283 million on behalf of its clients including £66.5 million for the Company

Company	Sector	Activity	Cost £'000	Proceeds † £'000	2008 return † £'000
The Sanctuary Spa	Consumer & Leisure	Trade sale	2,401	22,435	20,034
Clarion Events	TMT	Financial sale	4,965	12,614	7,649
Hofmann Menü	Industrials	Financial sale	4,747	11,413	6,666
Boosey & Hawkes	TMT	Financial sale	6,033	8,803	2,770
Other (6)			9,745	5,615	(4,130)
Full realisations			**27,891**	**60,880**	**32,989**
Fabory	Services	Syndication	3,812	4,171	359
Other			322	1,477	1,155
Partial realisations			**4,134**	**5,648**	**1,514**
Total realisations			**32,025**	**66,528**	**34,503**

† Includes gross revenue received during the period.

Figures below refer to the total value of each realisation, including, where appropriate, repayment of third party debt. Proceeds to clients including the Company are stated net of any such repayment.

FULL REALISATIONS

The Sanctuary Spa

The Sanctuary Spa operates the women's day spa 'The Sanctuary', based in Covent Garden, and also owns a range of beauty products distributed through the spa and Boots the Chemist.

In January 2008 the business was sold to PZ Cussons for £75 million, returning £50 million to clients, which represents 4.6x original cost and an IRR of 45%.

Clarion Events

Clarion Events is the largest independent exhibition and events business in the UK. The company has a portfolio of fifty business and consumer shows, including the 'Top Drawer' giftware trade shows, 'Fine Art and Antiques', 'Baby', 'Caravan & Outdoor' and 'House & Garden'.

In February 2008 the business was sold to a financial buyer, returning £74 million to clients, which represents 2.5x original cost and an IRR of 34%.

Hofmann Menü

Hofmann Menü is a market-leading provider of frozen food products as well as related on-site catering for small business canteens and social organisations such as care homes, hospitals and schools in Germany. Hofmann differentiates itself from its competition by focusing on quality and a wide choice of healthy, tasty menus.

In January 2008 the business was sold to a financial buyer, returning £58.4 million to clients, which represents 2.4x original cost and an IRR of 51%.

Boosey & Hawkes

Boosey & Hawkes is the world's leading classical music publisher. It owns, develops and exploits the largest catalogue of classical music copyrights in the world, including works by composers such as Britten, Prokofieff, Rachmaninoff, Ravel, Shostakovich and Stravinsky.

In April 2008 the business was sold to Imagem Music, returning £55.8 million to clients, which represents 1.5x original cost and an IRR of 11%.

Other

Other disposals included our quoted shares in Xyratex and PRA International. Azinger Ltd, Profiad Ltd and Burns e-Commerce Solutions were also realised. These had previously been written off. Axiom, which had been underperforming in recent years, was sold to a trade buyer in Finland.

PARTIAL REALISATIONS

Fabory

Fabory is a full-line wholesale distributor of industrial fasteners with a market-leading position in the Benelux markets. The initial investment completed in October 2007; a portion of this investment was syndicated to co-investors during February 2008.

Other

Other partial realisations included the release of escrow proceeds in respect of Schenck and PBR and the sale of the Company's interest in Biffa plc, which was tendered at the acquiring consortium's offer price.

REVIEW OF PRINCIPAL INVESTMENTS

1 VISMA

Sector: TMT | Location: Norway
Year of investment: 2006 | www.visma.com

In May 2006, HgCapital completed the £382 million buyout of Visma, the leading provider of business software in the Nordic region. HgCapital's clients hold a 57% stake in this business.

Headquartered in Oslo, with significant revenues throughout the Nordic region, the company provides its customer base of over 200,000 enterprises with accounting, resource planning and payroll software, outsourced book-keeping and payroll services in addition to debt collection and procurement.

2 Addison

Sector: TMT | Location: Germany
Year of investment: 2005 | www.addison.de

The €78 million buyout of Addison was completed in June 2005. HgCapital's clients have a 93% equity stake in the business.

Addison is a leading German applications software company that provides business-critical solutions for tax accountants and SMEs. It develops, licences and manages standard and sector-specific software for bookkeeping, accounts production, tax, cost accounting, payroll administration and corporate planning.

In December 2005, HgCapital made a further investment in Addison of €14 million to fund the acquisition of its competitor PBSG, and in November 2007 a recapitalisation of the business was completed, returning £28 million to clients. This recapitalisation included an acquisition facility to enable the company to pursue its growth strategy.

3 Voyage Group

Sector: Healthcare | Location: UK
Year of investment: 2006 | www.milburycare.com

In April 2006, HgCapital completed the £322 million buyout of Voyage Group (formally known as Paragon Healthcare). HgCapital's clients have a 52% stake in this business.

Voyage owns and operates small community-based homes for adults with learning disabilities and associated physical disabilities, autistic spectrum disorders, complex needs and acquired brain injury.

The company currently operates 1,750 places in 242 homes across England and Scotland.

4 Casa Reha

Sector: Healthcare | Location: Germany
Year of investment: 2008 | www.casa-reha.de

In January 2008, HgCapital completed the €327 million buyout of Casa Reha. HgCapital's clients have a 36.9% stake in the business.

Casa Reha is one of the leading German providers of elderly care services by size, growth, and profitability. The company has a demonstrable track record of efficiently operating and opening care homes. It has also successfully acquired a sizeable competitor, Sozialkonzept. Casa Reha's current portfolio numbers 49 homes, of which seven are new and accepting their initial residents. In addition, the company has five homes under construction. The group generated sales and EBITDA of €123.4 million and €16.1 million respectively in 2007. In June 2008 a portion of this investment was syndicated to co-investors.

5 Atlas

Sector: Services | Location: UK
Year of investment: 2007 | www.atlasinteractive.co.uk

In November 2007, HgCapital completed the £25 million acquisition of Petrolearn Limited, also known as Atlas Interactive. HgCapital's clients have a 57% stake in the business.

Atlas interactive is a global business providing Health, Safety and Environmental and other regulatory and technical compliance services to the global energy sector. Based in Aberdeen, it is the largest player in the North Sea region with more than 30% market share and its global operations extend to South America, Africa, the Middle East and the Caspian region. It benefits from deep-rooted customer relationships with all of the major oil and gas companies, which subscribe to Atlas's suite of intellectual property-protected e-learning content and training services. Atlas is currently responsible for ensuring that approximately 250,000 oil and gas workers stay up to date with safety-critical best practice and technical knowledge, ensuring that they are fit for offshore work.

6 Fabory

Sector: Services | Location: Benelux
Year of investment: 2007 | www.fabory.com

In October 2007, HgCapital acquired Fabory from AAC Capital Partners for a consideration of €345 million. HgCapital's clients hold a 52% stake in this business.

Fabory is a full-line wholesale distributor of industrial fasteners with a market-leading position in the Benelux markets. Key features of Fabory's business model are its well-invested infrastructure and very high service and availability levels, enabling it to charge premium prices to a relatively price-insensitive customer base. Fabory delivers fasteners direct to customers or through its B2B retail concept ('Fabory Centres'). The company plans to roll out the Fabory Centre concept in the high growth economies of Central & Eastern Europe.

In February 2008 a portion of this investment was syndicated to co-investors.

7 Mondo Minerals

Sector: Industrials | Location: Nordic region
Year of investment: 2007 | www.mondominerals.com

In November 2007, HgCapital completed the €230 million acquisition of Mondo Minerals OY. HgCapital's clients have a 91% stake in the business.

Mondo is the world number two in talc mining and processing with 2007 revenues of €134 million. The core markets for Mondo are the paper and paint industries, where it holds a market share of 65% and 40% respectively in Europe. Mondo supplies the majority of the talc demand for paper producers in Finland, a highly regional market. Talc is a base chemical with multiple proven applications and Mondo has secure raw material reserves representing more than 40 years' production.

8 Sporting Index

Sector: Consumer & Leisure | Location: UK
Year of investment: 2005 | www.sportingindex.com

The £75.8 million buyout of Sporting Index was completed in November 2005. HgCapital's clients acquired a 70% equity stake in the business.

Founded in 1992, Sporting Index is the recognised leader in sports spread betting, with a market share of approximately 70% in the UK. It offers a greater variety of bets (approximately 23,000) and more choice than any other sports spread betting company. It is also the only sports spread betting company to offer continuous 24-hour betting and sports spread betting on Sky TV. It is regulated by the FSA and does not have a US presence.

REVIEW OF PRINCIPAL INVESTMENTS CONTINUED

9 SLV

Sector: Industrials   Location: Germany
Year of investment: 2007   www.slv.de

In August 2007, HgCapital completed the €320 million acquisition of SLV Group. HgCapital's clients have a 67% stake in the business.

SLV is a fast-growing and highly profitable German provider of innovative lighting systems. Since 2000, the company has established a unique business model focused on B2B. SLV has a competitive advantage in the areas of product development and design, production, warehousing, and logistics and distribution. The company is positioned at the lower end of the premium market, providing superior quality at attractive prices. Today SLV generates 45% of sales abroad. Manufacturing is outsourced predominately to China, providing a considerable cost advantage. The company also benefits from long-established relationships with suppliers.

10 SHL

Sector: Services   Location: UK
Year of investment: 2006   www.shl.com

In November 2006, HgCapital completed the £100 million buyout of SHL. HgCapital's clients have a 72% stake in the business.

SHL is the UK market leader in objective psychometric testing and has a global presence, with a network of offices spanning 25 countries. The core business consists of the development and sale of 300 psychometric tests to corporate clients, covering areas such as numerical ability, verbal reasoning and personality fit. In excess of 50% of sales are online and on-demand, the ease and practicality of which is transforming the psychometric testing market. SHL also provides psychologists for the administration and interpretation of tests.

THE COMPANY'S TOP 20 INVESTMENTS BY VALUE

Company	Sector	Residual cost £'000	Valuation £'000	Year of investment	Portfolio value %	Cum. value %
1 VISMA Holdings	TMT	13,326	16,015	2006	11.7%	11.7%
2 Addison Luxembourg SA	TMT	2,296	11,312	2005	8.3%	20.0%
3 Voyage Group Ltd	Healthcare	8,755	8,755	2006	6.4%	26.4%
4 Casa Reha SARL	Healthcare	8,140	8,659	2008	6.3%	32.7%
5 Atlas Energy Group Ltd	Services	8,153	8,153	2007	6.0%	38.7%
6 BMFCO UA (t/a Fabory)	Services	7,059	7,998	2007	5.8%	44.5%
7 Mondo Minerals Co-op	Industrials	7,004	7,931	2007	5.8%	50.3%
8 Sporting Index Group Ltd	Consumer & Leisure	7,186	7,186	2005	5.3%	55.6%
9 SLV Electronik SARL	Industrials	5,962	6,939	2007	5.1%	60.7%
10 SHL Group Holdings 1 Ltd	Services	6,489	6,889	2006	5.0%	65.7%
11 Elite Holding SA (t/a Sitel Semiconductor)	TMT	5,749	6,162	2005	4.5%	70.2%
12 Schleich Luxembourg SA	Consumer & Leisure	4,634	5,452	2006	4.0%	74.2%
13 Americana International Holdings Ltd	Consumer & Leisure	4,619	4,618	2007	3.4%	77.6%
14 Pulse Staffing Ltd	Healthcare	3,457	4,285	1999	3.1%	80.7%
15 Cornish Bakehouse Investments Ltd	Consumer & Leisure	4,200	4,200	2007	3.1%	83.8%
16 W.E.T Holding Luxembourg SA	Industrials	7,590	3,892	2005	2.8%	86.6%
17 Hg Renewable Power Partners LP	Renewable energy	4,409	3,811	2006	2.8%	89.4%
18 Software (Cayman), LP – re IRIS	TMT	530	2,511	2006	1.8%	91.2%
19 Clinphone Plc*	Healthcare	315	2,224	1996	1.6%	92.8%
20 FTSA Holdings Ltd	Industrials	6,813	1,962	2004	1.4%	94.2%
Total (Top 20 Investments)		**116,686**	**128,954**		**94.2%**	**94.2%**
Other investments (22)		15,732	7,889		5.8%	100.0%
Total All investments (42)		**132,418**	**136,843**		**100.0%**	**100.0%**

*Listed on the London Stock Exchange

INCOME STATEMENT

for the six months ended 30 June 2008

	Note	Revenue return Six months ended 30.6.08 £'000 (unaudited)	Revenue return Six months ended 30.6.07 £'000 (unaudited)	Revenue return Year ended 31.12.07 £'000 (audited)	Capital return Six months ended 30.6.08 £'000 (unaudited)	Capital return Six months ended 30.6.07 £'000 (unaudited)	Capital return Year ended 31.12.07 £'000 (audited)	Total return Six months ended 30.6.08 £'000 (unaudited)	Total return Six months ended 30.6.07 £'000 (unaudited)	Total return Year ended 31.12.07 £'000 (audited)
Gains on investments and government securities		–	–	–	26,886	31,046	55,714	26,886	31,046	55,714
Carried interest provision		–	–	–	(5,795)	(5,252)	(6,189)	(5,795)	(5,252)	(6,189)
Income	5	11,136	5,195	12,129	–	–	–	11,136	5,195	12,129
Investment management fee	6	(450)	(407)	(840)	(1,350)	(1,222)	(2,519)	(1,800)	(1,629)	(3,359)
Other expenses	7(a)	(361)	(352)	(669)	–	–	–	(361)	(352)	(669)
Net return on ordinary activities before taxation		10,325	4,436	10,620	19,741	24,572	47,006	30,066	29,008	57,626
Taxation on ordinary activities		(2,992)	(1,318)	(3,174)	391	367	756	(2,601)	(951)	(2,418)
Transfer to reserves		7,333	3,118	7,446	20,132	24,939	47,762	27,465	28,057	55,208
Return per ordinary share		29.11p	12.4p	29.56p	79.93p	99.0p	189.63p	109.04p	111.4p	219.19p

The total column of this statement represents the Company's income statement. The supplementary revenue and capital return columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All recognised gains and losses are disclosed in the revenue and capital columns of the income statement and as a consequence no statement of total recognised gains and losses has been presented.

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

Final dividend for the year ended 31 December 2007 of 25.00p (£6,297,000) declared on 13 March 2008 and paid on 12 May 2008.
Final dividend for the year ended 31 December 2006 of 14.00p (£3,526,000) declared on 13 March 2007 and paid on 1 May 2007.

BALANCE SHEET

as at 30 June 2008

	30.6.08 £'000 (unaudited)	30.6.07 £'000 (unaudited)	31.12.07 £'000 (audited)
Fixed assets			
Investments held at fair value			
Quoted at market valuation	2,224	7,321	6,482
Unquoted at Directors' valuation	134,619	146,918	147,885
	136,843	154,239	154,367
Current assets			
Debtors	17,655	12,684	13,906
Government securities	112,203	50,203	79,723
Cash	2,742	4,098	117
	132,600	66,985	93,746
Creditors – amounts falling due within one year	(9,458)	(9,558)	(9,296)
Net current assets	123,142	57,427	84,450
Net assets	259,985	211,666	238,817
Capital and reserves			
Called up share capital	6,296	6,296	6,296
Share premium account	14,123	14,123	14,123
Capital redemption reserve	1,248	1,248	1,248
Capital reserve – realised	219,922	164,354	197,852
Capital reserve – unrealised	3,744	16,357	5,682
Revenue reserve	14,652	9,288	13,616
Total equity shareholders' funds	259,985	211,666	238,817
Net asset value per ordinary share	1,032.2p	840.4p	948.2p

CASH FLOW STATEMENT

for the six months ended 30 June 2008

	Note	Six months ended 30.6.08 £'000 (unaudited)	Six months ended 30.6.07 £'000 (unaudited)	Year ended 31.12.07 £'000 (audited)
Net cash inflow (outflow) from operating activities	7(b)	18	(5,387)	(2,259)
Taxation paid		(3,026)	(8)	(2,137)
Capital expenditure and financial investment				
Purchase of fixed asset investments		(15,901)	–	(50,757)
Proceeds from the sale of fixed asset investments		61,340	38,390	103,283
Net cash inflow from capital expenditure and financial investment		45,439	27,309	52,526
Equity dividends paid		(6,297)	(3,526)	(3,526)
Net cash inflow before management of liquid resources		36,134	18,388	44,604
Management of liquid resources		(33,509)	(16,558)	(46,755)
Increase in cash in the period		2,625	1,830	(2,151)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 30 June 2008

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 December 2007		6,296	14,123	1,248	203,534	13,616	238,817
Net return from ordinary activities[1]		–	–	–	20,132	7,333	27,465
Dividends paid[2]	3	–	–	–	–	(6,297)	(6,297)
At 30 June 2008		**6,296**	**14,123**	**1,248**	**223,666**	**14,652**	**259,985**
At 31 December 2006		6,296	14,123	1,248	155,772	9,696	187,135
Net return from ordinary activities		–	–	–	47,762	7,446	55,208
Dividends paid[3]	3	–	–	–	–	(3,526)	(3,526)
At 31 December 2007		**6,296**	**14,123**	**1,248**	**203,534**	**13,616**	**238,817**

[1] Unaudited.
[2] Final dividend for the year ended 31 December 2007 of 25.00p (£6,297,000) declared on 13 March 2008 and paid on 12 May 2008.
[3] Final dividend for the year ended 31 December 2006 of 14.00p (£3,526,000) declared on 13 March 2007 and paid on 1 May 2007.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal activity

The principal activity of the Company is that of an investment company within the meaning of section 833 of the Companies Act 2006.

2. Basis of preparation

The accounts have been prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP), dated January 2003 and revised in December 2005. All of the Company's operations are of a continuing nature. The same accounting policies used for the year ended 31 December 2007 have been applied.

3. Dividends

It is intended that dividends will be declared and paid annually in respect of each accounting period. A dividend of 25.00p per share, declared on 13 March 2008 as a final dividend, was paid on 12 May 2008 in respect of the year ended 31 December 2007 (year ended 31 December 2006: 14.00p per share, declared on 13 March 2007 and paid on 1 May 2007).

4. Issued share capital

There were 25,186,755 ordinary shares in issue for the six months ended 30 June 2008 and 30 June 2007; and the year ended 31 December 2007.

5. Income

	Six months ended 30.6.08 £'000 (unaudited)	Six months ended 30.6.07 £'000 (unaudited)	Year ended 31.12.07 £'000 (audited)
Income from investments			
UK and overseas unquoted investment income	8,765	3,567	8,305
UK dividends from unquoted investments	6	42	41
	8,771	3,609	8,346
Other income			
Gilt interest	2,271	1,539	3,650
Deposit interest	94	47	133
	2,365	1,586	3,783
Total income	11,136	5,195	12,129

6. Investment management fee

	Revenue return			Capital return		
	Six months ended 30.6.08 £'000 (unaudited)	Six months ended 30.6.07 £'000 (unaudited)	Year ended 31.12.07 £'000 (audited)	Six months ended 30.6.08 £'000 (unaudited)	Six months ended 30.6.07 £'000 (unaudited)	Year ended 31.12.07 £'000 (audited)
Investment management fee	450	347	745	1,350	1,040	2,235
Irrecoverable VAT thereon	–	60	95	–	182	284
	450	407	840	1,350	1,222	2,519

The investment management fee is levied quarterly in arrears. Investment management fees are charged 75% to capital and 25% to revenue. VAT on the Investment manager's fees in prior years is subject to a claim but the outcome is uncertain and no revenue arising from this claim has been recognised at this stage.

7. Other expenses

(a) Operating expenses

	Six months ended 30.6.08 £'000 (unaudited)	Six months ended 30.6.07 £'000 (unaudited)	Year ended 31.12.07 £'000 (audited)
Custodian and administration fees	146	111	249
Other administration costs	215	241	420
	361	352	669

(b) Reconciliation of net revenue return before taxation to net cash flow from operation activities

	Six months ended 30.6.08 £'000 (unaudited)	Six months ended 30.6.07 £'000 (unaudited)	Year ended 31.12.07 £'000 (audited)
Net return before taxation	30,066	29,008	57,626
Gains on investments held at fair value	(26,886)	(31,046)	(55,714)
Carried interest provision	(394)	515	1,452
Increase in accrued income	(3,754)	(4,000)	(5,237)
Decrease in debtors	5	–	15
Increase/(Decrease) in creditors	981	139	(397)
Tax on investment income included within gross income	–	(3)	(4)
Net cash inflow/(outflow) from operating activities	18	(5,387)	(2,259)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Capital commitments

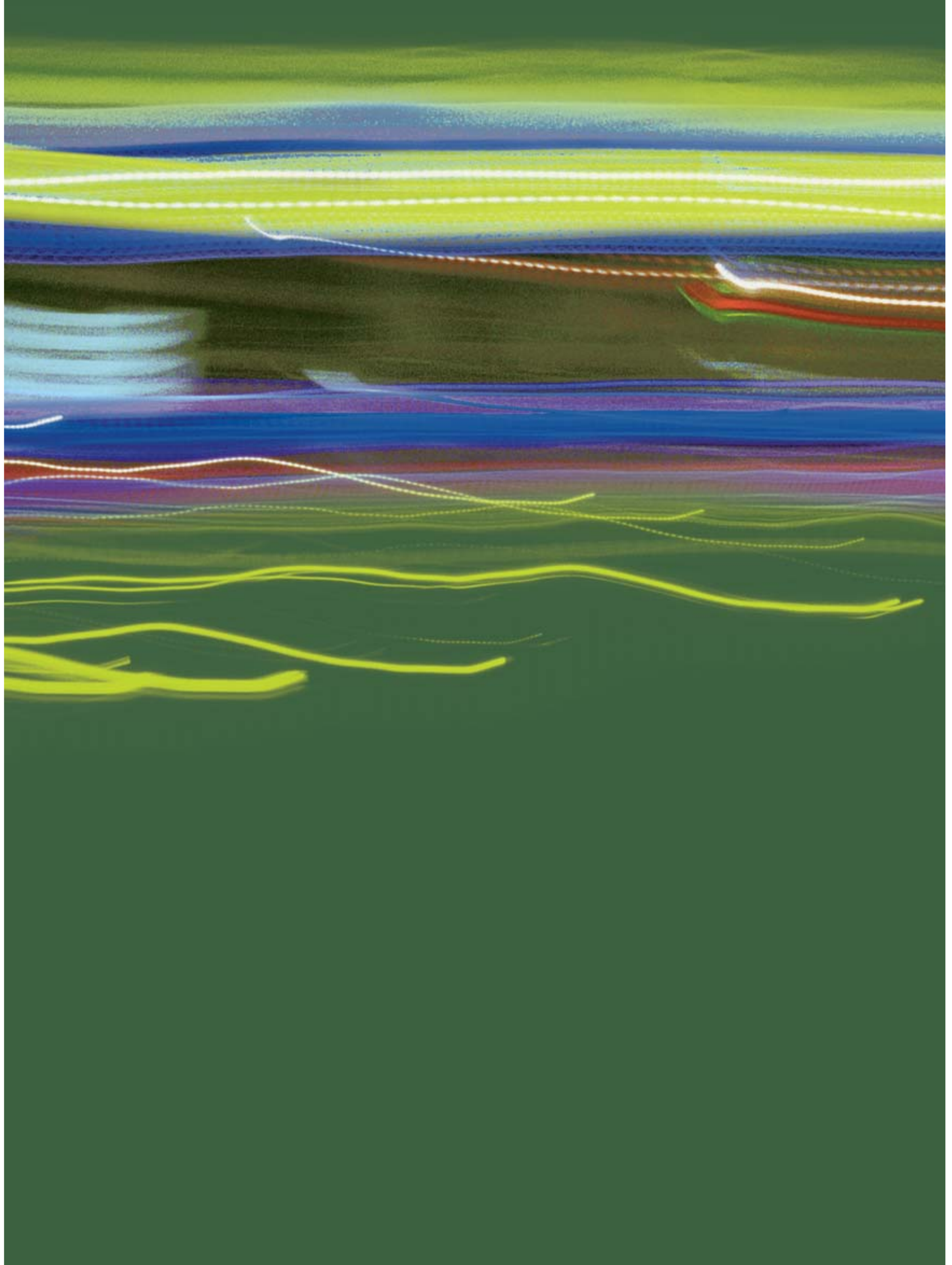
At 30 June 2008, investment purchases of £12,048,000 (30 June 2007: £11,426,000 and 31 December 2007: £11,900,000) had been authorised and contractually committed, including an undrawn commitment to Hg Renewable Power Partners LP.

9. Publication of non-statutory accounts

The financial information contained in this Half yearly report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the six months ended 30 June 2008 and 2007 has not been audited. The information for the year ended 31 December 2007 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under section 237(2) or (3) of the Companies Act 1985.

10. Annual results

The Board expects to announce the results for the year ending 31 December 2008 in March 2009. The Annual report should be available by the end of March 2009, with the Annual General Meeting being held in May 2009.



INDEPENDENT REVIEW REPORT

to HgCapital Trust plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half yearly financial report for the six months ended 30 June 2008 which comprises the Income statement, Balance sheet, Cash flow statement, Reconciliation of movements in shareholders' funds and the related notes 1 to 10. We have read the other information contained in the Half yearly financial report and have considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this report or for the conclusions we have formed.

Directors' responsibilities

The Half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this Half yearly financial report has been prepared in accordance with the Accounting Standards Board Statement "Half-Yearly Financial Reports".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the Accounting Standards Board Statement "Half-Yearly Financial Reports" and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

London
26 August 2008

MANAGEMENT AND ADMINISTRATION

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Roger Mountford (Chairman)
Timothy Amies
Piers Brooke
Richard Brooman
Peter Gale
Andrew Murison

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AIC
Association of Investment Companies
www.theaic.co.uk

HgCapital Trust is a member of the Association of Investment Companies

iPEIT
Initiative for Private Equity Investment Trusts
www.ipeit.com

HgCapital Trust is a founder member of the Initiative for Private Equity Investment Trusts (iPEIT). This group of UK-listed PEITs was formed to raise awareness and increase understanding of what PEITs are and how PEITs enable all investors – not just institutions – to invest in private equity. iPEIT provides information on PEITs and private equity in general, undertakes and publishes research on the PEIT sector and works to improve levels of knowledge about PEITs among investors and their advisors.

*Authorised and regulated by the Financial Services Authority.

† HgCapital is the trading name of Hg Pooled Management Limited