Company Registration No. 3477519

CLOSE BROTHERS AIM VCT PLC

Interim accounts for the period from incorporation

to 31 January, 1999

REPORT AND INTERIM ACCOUNTS 1999

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REPORT AND INTERIM ACCOUNTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M A F Reeve FCA
R J Smith BSc
F K Malcolm
S J Hazell-Smith

SECRETARY

William Edward Davis FCA

REGISTERED OFFICE

12 Appold Street
London EC2A 2AA

INVESTMENT MANAGER

Close Investment Limited
12 Appold Street
London EC2A 2AA

REGISTRAR

IRG plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

AUDITORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare initial 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 initial accounts, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether all applicable accounting standards have been followed
- 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 enable them to ensure that the initial 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 period since incorporation to 31 January 1999 set out on pages 3 to 6 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 31 January 1999 and of the profit and loss for the ten month period then ended.

M A F Reeve
Chairman
4 March 1999

STATEMENT OF TOTAL RETURN (INCORPORATING THE REVENUE ACCOUNT) OF THE COMPANY
Period from incorporation to 31 January, 1999

	Note	Period from incorporation to 31 January, 1999 Revenue £'000	Capital £'000	Total £'000
Gains/losses on investments		-	8	8
Income	3	552	-	552
Investment management fee		(47)	(141)	(188)
Other expenses		(63)	-	(63)
Return on ordinary activities before taxation		442	(133)	309
Taxation		(102)	32	(70)
Return attributable to equity shareholders		340	(101)	239
Ordinary dividends	4	(302)	-	(302)
Transfer to reserves		38	(101)	(63)
Return per ordinary share				
Basic		3.4 pence	(1.0) pence	2.4 pence

There are no recognised gains or losses for the current period other than as stated above.

BALANCE SHEET
31 January, 1999

	Note	31 January, 1999
		£'000
FIXED ASSET INVESTMENTS	5	
Fixed and floating interest securities		3,489
AIM stocks		1,807
		5,296
CURRENT ASSETS		
Debtors		263
Cash at bank and in hand		4,364
		4,627
CREDITORS: amounts falling due within one year		(391)
NET CURRENT ASSETS		4,236
NET ASSETS		9,532
CAPITAL AND RESERVES		
Available for ordinary shareholders	6	
Share capital		5,050
Share premium		4,545
Capital reserves		(101)
Revenue reserves - retained		38
Total shareholders' funds		9,532
Net asset value per ordinary share		94.4 pence

These initial accounts were approved by the Board of Directors on 4 March, 1999.

Signed on behalf of the Board of Directors

M A F Reeve

Chairman

NOTES TO THE ACCOUNTS
Period from incorporation to 31 January, 1999

1. The company was incorporated on 8 December, 1997 and commenced business on 3 April, 1998. The principal activity of the company is that of a venture capital trust.

2. 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

Investments quoted on AIM and other quoted investments are stated at market value based upon middle market prices at the accounting period end. The unrealised depreciation or appreciation on the valuation of investments 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 an 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 expenses

75 per cent. of the management fee is charged to non-distributable capital reserves net of corporation tax relief, and inclusive of any related irrecoverable value added tax. The balance of all other expenses has been charged to income.

3. INCOME

	Period from incorporation to 31 January 1999 £'000
Income from UK fixed and floating interest securities	113
Bank interest	439
	552

4. DIVIDEND

The first interim dividend of 1.5 pence (net) per ordinary share absorbed £150,000. It was paid on 6 January, 1999 to shareholders registered on 11 December, 1998, other than to holders of 100,000 ordinary shares issued on 24 June, 1998. The second interim dividend of 1.5 pence (net) per ordinary share will absorb £151,500. It will be paid on 31 March 1999 to those shareholders on the register on 19 March 1999.

NOTES TO THE ACCOUNTS
Period from incorporation to 31 January, 1999

5. FIXED ASSET INVESTMENTS

	Quoted on AIM £'000	Other listed £'000	Total £'000
Cost at 8 December, 1997	-	-	-
Additions	1,784	4,494	6,278
Net proceeds on disposal	-	(990)	(990)
Profit/(loss) on disposal	-	(10)	(10)
Valuation at 31 January, 1999	1,784	3,494	5,278
Unrealised gains/(losses) at 31 January, 1999	23	(5)	18
Cost at 31 January, 1999	1,807	3,489	5,296

6. MOVEMENT IN RESERVES AND SHARE CAPITAL

	Share capital £'000	Share premium £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue Reserve £'000
Balance at 8 December, 1997	-	-	-	-	-
Issue of share capital	5,050	5,050	-	-	-
Issue costs	-	(505)	-	-	-
Net gains/(losses) on investments	-	-	(10)	18	-
Investment management fee (net of tax)	-	-	(109)	-	-
Retained net revenue for the period	-	-	-	-	38
Balance at 31 January, 1999	5,050	4,545	(119)	18	38

7. COMPARATIVE FIGURES

There are no comparative figures as the company is in its first year of trading.