CLOSE BROTHERS AIM VCT PLC

Annual Report and Financial Statements for the year to 28 February 2007

CONTENTS

COMPANY INFORMATION

Company number	03477519
Directors	M A F Reeve FCA, Chairman R J Smith F K Malcolm (deceased 10 March 2007) S J Hazell-Smith
Investment Manager	Close Investments Limited 10 Exchange Square Primrose Street London EC2A 2BY Tel 020 7426 4000 Fax 020 7426 4142
Company Secretary & Registered Office	Close Ventures Limited 10 Crown Place London EC2A 4FT
Company Administrator	Close Ventures Limited 10 Crown Place London EC2A 4FT Tel 020 7422 7830 Fax 020 7422 7849 www closeventures co uk
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Shareholder helpline	Tel 0870 1623 124 Fax 0870 1623 199 email shareholder service@capitaregistrars com
Auditors	Deloitte & Touche LLP London
Custodians	RBSI Custody Bank Limited Liberte House 19-23 La Motte Street St Helier Jersey JE4 5RL Capita Trust Company Limited 7th Floor, Phoenix House 18 King William Street London EC4N 7HC
Taxation Adviser	Ernst & Young LLP 1 More London Place London SE1 2AF

Close AIM VCT PLC is a member of the Association of Investment Companies

FINANCIAL HIGHLIGHTS

	Ordinary Shares		D Shares	
	Year to 28 February 2007	Year to 28 February 2006	Year to 28 February 2007	Year to 28 February 2006
Total return per share (pence)	**4.88**	6 16	**7 99**	10 51
Net dividend paid per share (pence)	**4.20**	2 15	**3 30**	2 25
Net asset value per share (pence)	**87 76**	86 62	**125 43**	120 68
Net assets (£million)	**26 29**	26 96	**20 09**	19 40

Shareholder value per share since launch

	Ordinary Shares Pence per share	C Shares Pence per share (subsequently converted to Ordinary shares)	D Shares Pence per share
Total dividends paid during the period to 28 February 1999	1 88	–	–
Total dividends paid during the year to 29 February 2000	3 13	–	–
Total dividends paid during the year to 28 February 2001	37 25	–	–
Total dividends paid during the year to 28 February 2002	6 50	2 25	–
Total dividends paid during the year to 28 February 2003	3 50	1 50	–
Total dividends paid during the year to 29 February 2004	0 50	0 50	–
Total dividends paid during the year to 28 February 2005	0 50	0 50	0 50
Total dividends paid during the year to 28 February 2006	2 15	2 31*	2 25
Total dividends paid during the year to 28 February 2007	4 20	4 52*	3 30
Total dividends (capital and revenue)	59 61	11 58	6 05
Net asset value at 28 February 2007	87 76	94 47*	125 43
Total cumulative return at 28 February 2007	147 37	106 05*	131 48

In addition to the above dividends, the Directors have declared a first interim dividend of 2 50 pence per Ordinary share (to be paid out of realised gains) and 2 50 pence per D share, (0 75 pence revenue and 1 75 pence paid out of realised gains) subject to the approval by HM Revenue & Customs The record date and payment date of this dividend will be announced on the London Stock Exchange RNS service

* Net asset value and dividends adjusted for the conversion factor explained below
(i) Dividends paid before 5 April 1999 were paid inclusive of the tax credit
(ii) The above table excludes the tax benefits investors received upon subscription

Notes

- The Ordinary Shares were first listed on 17 March 1998
- Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit
- The D Shares were first listed on 17 March 2004
- The C Shares were converted into Ordinary Shares on 31 May 2004, in accordance with the conversion factor of 1 0765 Ordinary Shares for each C Share This adjustment is shown in the net asset value per C share above
- New D Shares issued between 6 January 2005 and 8 April 2005, did not rank for the final dividend
- All dividends paid by the Company are free of income tax It is an Inland Revenue requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return
- The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange The share price of the Company can be found in the Investment Companies section of the Financial Times on a daily basis Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value, primarily as a result of the initial tax relief which is non-transferable

FINANCIAL CALENDAR

Annual General Meeting	5 July 2007
Payment of the first dividend	July 2007*
Announcement of interim results for the six months ended 31 August 2007	October 2007
Payment of the second dividend	December 2007*

* Subject to HM Revenue & Customs approval

CAPITAL STRUCTURE

Close Brothers AIM VCT PLC (the "Company" or the ' Fund") was launched in the spring of 1998 and raised £10 1m from private investors through an issue of Ordinary Shares Between October 2000 and March 2001 a further £20 01m was raised through an issue of C Shares Furthermore, between 16 March 2004 and final closing on 5 April 2004 the company raised £3 3m by way of a D Share issue The C Shares were merged and converted into Ordinary Shares on 31 May 2004 at a conversion ratio determined by a price mechanism related to the respective net assets per share of both the Ordinary Shares and C Shares at 29 February 2004* A further £15 0m was raised between 6 January 2005 and 8 April 2005 through an issue of New D Shares The D Shares will be converted into Ordinary Shares on 31 May 2008 at a conversion ratio determined by reference to the respective net asset values per share of the Ordinary and D shares Until such time, each class of shares will be treated separately in calculating the return to investors

* This resulted in C Shareholders receiving 1 0765 Ordinary Shares for each C Share held

INVESTMENT STRATEGY

The investment strategy of Close Brothers AIM VCT PLC is to allocate approximately 80% of its funds to Qualifying Investments in companies quoted on AIM or PLUS and the balance of 20% to Non-Qualifying Investments

Qualifying Investments

The policy adopted by the Investment Manager, Close Investments Limited, is to seek to achieve such capital appreciation as is consistent with a prudent approach to investment in companies traded on AIM or PLUS which qualify for venture capital trust purposes It is the Investment Manager's intention to manage a broadly based portfolio of investments in companies which have traded for three years or more Start-up companies will usually be avoided

All business sectors on AIM and PLUS are considered for investment by the Investment Manager, subject to the requirement to undertake a qualifying trade

Non-Qualifying Investments

Once its qualifying target has been reached the Company intends that approximately 20% of its funds will be invested in non-qualifying investments principally comprising fixed and floating rate securities, financial instruments and money-market deposits with major banks and institutions with a minimum Moody's long-term debt rating of triple 'A'

CHAIRMAN'S STATEMENT

I am pleased to report that, after a disappointing first six months when the net asset value of the Ordinary and D Shares fell by 7 1% and 2 5% respectively (after adding back the second interim dividend), there was a recovery in the second half of the year with the result that there was a small increase in the net asset value of both classes of share in the full year

As at 28 February 2007 the total cumulative return in respect of the Ordinary and D Shares was 147 37 pence and 131 48 pence per share respectively The total cumulative return in respect of the C Shares (now converted into Ordinary Shares) would have been 106 05 pence per share as adjusted for the conversion factor

The mid market price of the Ordinary and D Shares increased by 2 5% and 2 7% during the year

Although stock markets in general became more stable towards the end of the year compared with their previous volatility, our Investment Manager continued to find decent new investments in short supply with the result that the rate of new investment was slower than would otherwise have been the case At the year end the Ordinary Share Portfolio was 80% and the D Share Portfolio 50% invested in qualifying investments

Performance

The Investment Manager's Report on page 6 gives further details of the market background and the reasons underlying the performance of the Portfolios The graph on page 28 shows the performance of each class of share against the AIM Index since launch The AIM Index includes companies in which we cannot invest It is not therefore a strictly comparable benchmark but is the only one currently available

The total return was 4 88 pence per Ordinary share and 7 99 pence per D Share

Dividends

Ordinary shares

Dividends paid during the financial year to 28 February 2007 totalled 4 20 pence per Ordinary Share In addition, the Board has declared a first dividend out of realised capital profits of 2 50 pence per Ordinary Share (2006 1 70 pence per share) This dividend is subject to HM Revenue & Customs approval and the record date and payment date of this dividend will be announced on the London Stock Exchange RNS service

D shares

Dividends paid during the financial year to 28 February 2007 totalled 3 30 pence per D Share In addition, the Board has declared a first dividend of 2 50 pence per D Share comprising 0 75 pence out of revenue profits and 1 75 pence out of realised capital gains (2006 2 00 pence per share) This dividend is subject to HM Revenue & Customs approval and the record date and payment date of this dividend will be announced on the London Stock Exchange RNS service

Cancellation of shares and management of the discount

Your Board continues to believe that it is in the best interest of all shareholders for it to manage the discount to net asset value at which the shares trade with a view to maintaining it as close to 8% as possible During the year under review your Board exercised its power to buy back for cancellation 1,167,399 Ordinary Shares and 63,645 D Shares I would like again to remind shareholders who wish to sell to contact the Investment Manager at Close Investments Limited, in the interests of achieving a reasonable price

New VCT Tax Rules

Shareholders may have read about the changes in tax rules relating to Venture Capital Trusts announced in this year's Budget The changes fall into two categories those which affect existing VCTs directly, which were broadly positive for your fund, and those relating to money invested from new fundraisings which will have no direct impact on your fund as it is now but may effect its further development in the future

The tax changes for existing funds relate to the 70% rule which states that in order to achieve and maintain VCT status, a VCT has to be 70% invested in qualifying investments by the end of the third year and keep to this rule thereafter In the past, in order to avoid falling foul of this rule, VCTs had used non-interest bearing deposits, which are no longer allowable for this purpose However, as a result of the Budget, VCTs will be given more flexibility in holding cash from a realised investment ahead of a dividend payment or investment in new qualifying companies In addition, the new rules contain provisions that enable HM Revenue & Customs to determine not to withdraw approval for those VCTs that have breached the VCT conditions through circumstances outside their control

CHAIRMAN'S STATEMENT
(continued)

For money raised by future VCTs, that is those launched after 6 April 2007, only companies with 50 full time employees or less will be eligible for investment, and the amount of money raised by each individual company from this class of funds (which includes EIS) must not exceed £2m in the preceding 12 months These changes are not retrospective and so do not apply to the investment or re-investment of any money already raised in previous years The amount of income tax relief has not been changed this year and remains at 30% and the holding period to achieve this tax break remains at five years

These changes have no direct affect on your Company, but they increase the restrictions on future share issues, and make it likely that it will be increasingly difficult to raise new AIM VCTs This is something that the Board will bear in mind when reviewing the future of the whole fund after the D Shares convert into Ordinary Shares in 2008

Outlook

There is a definite cooling in the new issue market for decent new investments However, your Investment Manager is confident that it will be possible to invest the balance of the D Share Portfolio to achieve more than the 70% qualifying investment threshold prior to the February 2008 deadline With the four further investments made in the D Shares Portfolio since 28 February 2007, the qualifying level now exceeds 55%

Frank Malcolm

It is with very deep regret that I record the sudden death of Frank this March at the early age of 63 Frank was head of corporate broking at Brewin Dolphin Securities and was much engaged in the raising of finance for small quoted and unquoted companies He was a director of a number of investment companies He was an invaluable member of our Board to which he brought the benefit of his very considerable experience, incisive intellect and infectious enthusiasm We shall miss him very much

Michael Reeve
Chairman
25 May 2007

INVESTMENT MANAGER'S REPORT

Introduction

In the absence of any new fund raising activity, we spent the year to 28 February 2007 investing the cash in the portfolios Progress was a little slower than we had hoped, not helped by a rise in corporate activity which resulted in several of our holdings being taken over

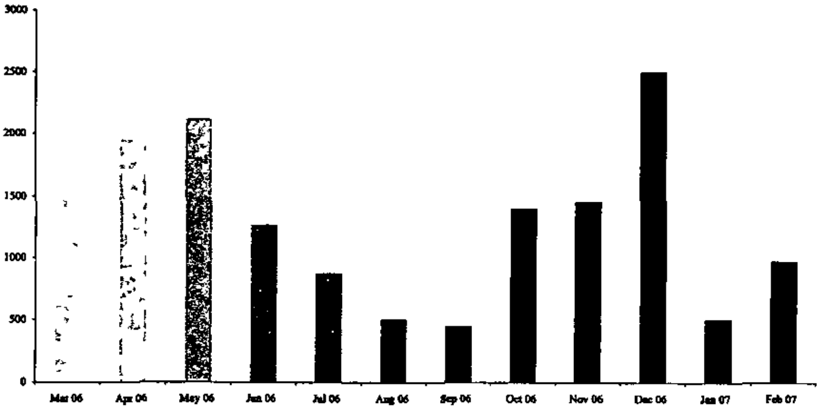
Market Overview

AIM underperformed its market peers in the year to 28 February 2007, falling by 6 4% This compared with a rise in the FTSE 100 in the same period of 6 6% and 11 1% in the FTSE smaller companies index The two main factors contributing to this underperformance were weak commodity prices which affected resource stocks and the US Congress decision to ban online gaming Neither of these concerned VCTs which is why your Company outperformed the AIM Index, but both groups of stocks did represent large parts of AIM's overall value

Nevertheless, a sharp downturn in appetite for risk and its effect on smaller company share prices, which we commented on in the interim statement, did have an impact on the performance of both portfolios in the period up to November 2006 However, companies making or exceeding market forecasts started to see their share prices recover rapidly towards the end of 2006 and into the first two months of 2007 This came to an abrupt halt at the end of February this year, although what started as a sharp worldwide market correction petered out, and companies have since continued to see their ratings grow

Funds Raised (£m) on AIM

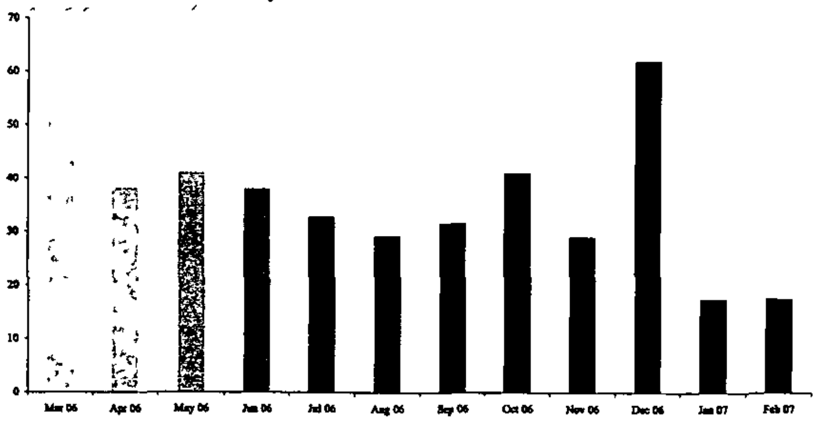
1 March 2006 to 28 February 2007



Source London Stock Exchange

Admissions to AIM

1 March 2006 to 28 February 2007



Source London Stock Exchange

INVESTMENT MANAGER'S REPORT
(continued)

The new issue market was slower than in the previous year, with only 437 companies listing on AIM compared with 537 the previous year We had hoped that a cooling of the new issues market would result in prices being cut for VCT issues, but the evidence is not strong enough to be conclusive at this stage

Ordinary Share Portfolio

Performance

After a disappointing first half in which the Net Asset Value ("NAV") fell by 7 1%, the performance of the Ordinary Share Portfolio picked up in the second half of the year and the NAV ended the period slightly ahead of last year This compared with a 6 4% decline in the AIM All Share Index Including dividends paid in the period, the total positive return was 6 2% compared with a total negative return figure for AIM of 4 2%

The progress made in the Portfolio reflected the developments in the underlying holdings against what was, over the whole period, a benign investment background for smaller companies On the positive side, four companies were taken over in the period, realising £1 5m of profit available to be paid out in dividends, and there are no immediate signs that corporate activity is abating in the current year Elsewhere, good progress by some of the larger and more established holdings in the Portfolio was partially offset by a collapse in the share price of Interlink Foods after a series of profits warnings There were also some set backs among some of the more recent investments where we hope for some recovery over the coming year

Portfolio Activity

The Portfolio is listed on pages 12 to 17 and consists of 50 qualifying holdings at a cost of £17 9m At the end of the year it was 80% invested in qualifying holdings including the 'top up' money which now forms part of the calculation going forwards

During the year eight qualifying investments were made at a cost of £1 76m This was less than half of the number made in the previous twelve months and reflects the patchy supply of attractive qualifying investments which your Chairman referred to in his statement Of the eight, half were new flotations and all but two were made alongside the D Share Portfolio These are covered in a little more detail in the 'New Investments' section of the D Share Portfolio Two of them, Debts co uk and Ovum have already been disposed of at a profit, with the latter being taken over by Datamonitor for cash The other two were BBI, an existing D Share Portfolio investment which was raising more funds for an acquisition and Landround, the travel offers operator which was having a refinancing and was only held in the Ordinary Portfolio

You will see from the schedule on page 20 that we made a number of disposals in the year, realising a total net gain of £0 8m and releasing £4 6m of cash The largest of these was Talarius which was taken private into a Venture Capital backed vehicle, closely followed by Maclellan which was bid for in a mixture of cash and Interserve shares, which we subsequently sold because they were not Venture Capital Trust ("VCT") qualifying Other complete sales were PM Group, which disappointed on profits again, and Sovereign Oil and Gas where we considered the valuation to have become expensive The recent welcome changes announced in the Budget which give VCTs six months to reinvest cash received from investment disposals will give the Investment Manager more flexibility to reinvest in future should the current wave of corporate activity continue

We took partial profits in several holdings during the year, including Clipper Ventures Colliers, (where the nil paid rights issue shares were non-qualifying), Mattioli Woods Research Now and Strategic Thought We also disposed of part of the holding in Pilat Media after its shares recovered from their lows on good trading news Pilat remains one of the top five holdings in the portfolio, and we hope for further gains as it continues to win new contracts for its broadcasting and airtime sales software

Among the existing holdings in the Portfolio there was mixed news Interlink Foods has had a series of profit warnings the effects of which were exacerbated by overgearing Recovery is likely to be a long and tortuous process Torex Retail suspended its shares on the news that the Serious Fraud Office was investigating members of its senior management team We have taken the prudent approach of writing the holding down to zero until there is further news Zenith Hygeine has also had a profits warning based on integration problems

On a more positive note, Bond International Software has continued to outperform expectations, and Win has recovered some of the lost ground since the interim reporting period Pipex has advanced on bid speculation and Imprint's share price ran up strongly in reaction to a good trading statement Tanfield, the electric vehicle manufacturer, has seen a huge appreciation in its shares over the period as TNT and some of the large supermarkets announced electric delivery vehicle trials

INVESTMENT MANAGER'S REPORT
(continued)

With VCT cover at 80%, there is scope for continuing to take profits in some of the bigger holdings as we find investments to replace them, in order to build on the performance of the past year

D Share Portfolio

Performance

The NAV of the D Shares rose by 3 9% to 125 43p, giving shareholders a positive total return including dividends paid of 6 7% This compared with a total negative return for the AIM Index of 4 2% The performance was helped by the takeovers of Talarius and Ovum, together with the appreciation in the share price of Tanfield Together these offset some initial setbacks in two more recent investments, Adept and Telephonetics Adept has suffered from high customer churn as a result of free broadband offerings in its market place, although it remains profitable and cash generative Telephonetics, which supplies speech recognition software has had difficulties integrating its acquisition We hope for recovery in the coming year

Portfolio Activity

At the end of the period, the Portfolio listed on pages 12 to 17 consisted of 35 qualifying holdings at a total cost of £7 8m As a result of the effects of disposals and takeovers, this was not a significant advance on last year's figure despite 10 new qualifying investments being made in the period At the end of the year, the Portfolio was 50% invested for HM Revenue & Customs purposes with a year still to go to achieve the 70% level

In the year to 28 February 2007, the D Share Portfolio made 10 qualifying investments at a total book cost of £2 73m We continued to look for investments in profitable companies at sensible valuations, but as a consequence of the fall in the stock market between May and October 2006, these were scarcer than for the same period the previous year Of the ten investments made three have already been sold, Debts co uk and Invocas because we became more cautious about the IVA market and Ovum was sold as a result of a takeover There is a more detailed section below on some of the new holdings in the Portfolio

You will see from the schedule of disposals on page 21 that we sold investments realising £2 77m Takeovers played a large part in this, with Legend Communications, Ovum and Talarius all receiving cash bids As well as selling the remaining Sovereign Oil and Gas we took some profits in Research Now Strategic Thought Petards and Mattioli Woods Since the year end, Computer Software Group and Careforce have both been the subject of bids The former was for cash, but in the latter case, we took qualifying Mears Group plc shares

New Investments Still Held in the Ordinary and D Share Portfolios

Individual Restaurant Company (formerly Bank Restaurant Group)

A reversal into Bank of two new branded restaurant concepts (Piccolinos and Bar and Grill) to widen its customer base and spread the plc costs over a more realistic base

Brulines

A provider of flow meters to the licenced pub trade in order to reconcile beer consumption with data on electronic point of sale systems

Hat Pin

A multi-discipline recruitment consultant

Hexagon Human Capital

A recruitment consultant which specialises in interim management solutions

Telephonetics

A provider of speech recognition software to major public and private sector customers such as hospitals, law firms and cinema chains

Twenty

A media business providing data analysis fulfilment and call centre services

INVESTMENT MANAGER'S REPORT
(continued)

Vertu Motors
A cash shell at the time of investment, Vertu went on to buy Bristol Street Motors, the third largest private independent motor dealership in the country It aims to continue to consolidate the sector through acquisitions

Outlook
At the time of writing this report AIM is outperforming other indices and has made up most of the ground lost last summer However, with inflation now above the Bank of England Monetary Policy Committee's 2% target, it is harder to see the ceiling for interest rate rises and this could adversely affect investor confidence The rises that we have had to date seem to have had little lasting effect of consumer confidence, and one of the reasons why the economic background has been good for smaller companies is that GDP growth has remained strong

Our biggest challenge is finding enough attractively priced VCT qualifying investments that will enable us to maintain the Portfolios' 70% limits and to provide scope for profit taking where appropriate We have made four new investments in the D Share Portfolio since the year end and would anticipate making more in the first half of the year ahead

Close Investments Limited
25 May 2007

THE BOARD OF DIRECTORS

The Board comprises three Directors, all of whom are independent of the Investment Manager The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company The Board has wide experience of investment in both smaller growing companies and larger quoted companies

Michael Reeve (70) MA, FCA
Michael Reeve is the chairman of the Company He is a chartered accountant and was formerly managing director of Greyhound Bank PLC from 1981-1987 and a director of Rea Brothers Plc from 1977-80 He is currently chairman of Finsbury Growth & Income Trust PLC and a director of a number of other unquoted companies

Roger Smith (68) BSc (Hons)
Roger Smith is chairman of a family owned investment company with a wide range of interests and investments He was deputy chairman of Tricentrol plc, and chairman of European Motor Holdings PLC from 1992 to 2007 He is Chairman of Harpenden Building Society and of the Central Finance Board of the Methodist Church

Stephen Hazell-Smith (53)
Stephen Hazell-Smith was, until September 2001 the managing director of Close Investments Limited Prior to this he gained experience of investment in smaller companies at GT Investment Management where he was responsible for launching its first UK smaller companies portfolio known as the UK Equity Fund He also worked at Mercury Asset Management from 1989 to 1992 He is currently Chairman of Conduit PR Limited, Chairman of Phoenix VCT PLC and Chairman of PLUS Markets Group PLC

The Board announced on 12 March 2007 the sad news of the passing of Frank Malcolm on 10 March 2007 Frank had been a Director of the Company since its launch in 1998

THE INVESTMENT MANAGER

With effect from 30 September 2006, the business activities of Close Investment Limited (formerly Rutherford Asset Management Limited ("RAML")), were transferred to a fellow subsidiary of Close Brothers Group plc, Close Investments Limited RAML was established in June 1992 to specialise in investment in small and unquoted companies In August 1994, RAML was appointed as the investment manager to the newly formed Beacon Investment Trust plc ("Beacon"), one of the first investment vehicles to specialise in what was then the Rule 4 2 trading facility (where bargains in unquoted securities were matched) of the London Stock Exchange Beacon was converted into an open ended investment company ("OEIC"), Close Beacon Investment Fund, in December 1999

RAML played a leading role in the establishment of AIM In May 1997, RAML was acquired by Close Brothers Group plc and changed its name to Close Investment Limited subsequently becoming Close Investments Limited

In addition to Close Brothers AIM VCT PLC, Close Investments Limited also provides investment advice to a number of funds which specialise in investment in small unquoted companies including two Venture Capital Trusts, Close IHT AIM VCT PLC and Close Second AIM VCT PLC It also advises a range of portfolios which seek to achieve benefits for their investors such as accelerated taper relief inheritance tax business property relief and capital gains tax deferral Close Investments Limited therefore has the necessary experience to manage the share portfolio and continues to be a prominent manager of specialist AIM portfolios It has three experienced AIM and PLUS specialist managers

The AIM investment team of Close Investments Limited is as follows

Andrew Buchanan (55)
Andrew Buchanan joined Barclays Bank to manage investment portfolios in 1973 After gaining an MBA from London Business School, he joined Performance Analysis Services in 1980 specialising in quantitative investment analysis In 1985, he moved to Mercury Asset Management where he managed UK equities for a range of pension funds After a period at Hoare Govett he joined RAML in 1993 and has been responsible for managing Beacon since its establishment in 1994 Andrew is also involved in the management of all of the AIM portfolios, particularly the capital gains tax deferral portfolios referred to above which invest in AIM and PLUS companies

Kate Tidbury (44)
Kate Tidbury joined Close Investments Limited in November 2000 after a career which has included experience both as an investment analyst and as a fund manager, including periods as an analyst with Sheppards and Chase and Panmure Gordon From 1993 to 2000 she managed funds totalling £180m including specialist ethical and small and mid-cap funds, initially for the Co-operative Bank, and then for Colonial First State Investments Kate is involved in the management of all of the AIM portfolios, particularly the inheritance tax portfolios

Freda Isingoma (33)
Freda Isingoma holds a masters degree in economics from the University of Warwick After graduation she joined Charterhouse Securities in 1998, as a research analyst Freda left in 2001 to join Close Investments Limited and is involved in the management of the AIM portfolios

DETAILS OF THE PORTFOLIO OF INVESTMENTS

The following are the details of qualifying equity investments at 28 February 2007

Company and description	Fair value at 28 February 2007		Book cost at 28 February 2007		Shareholding at 28 February 2007		Voting equity owned
	Ordinary Shares £'000	D Shares £'000	Ordinary Shares £'000	D Shares £'000	Ordinary Shares	D Shares	%
Accuma Group Ord GBP0 10 Provider of tailored financial debt solutions to individuals	81	81	250	250	125,000	125,000	0 8
Adept Telecom Ord GBP0 10 Provider of fixed-line, line rental and broadband services in the UK	–	201	–	600	–	428,571	2 0
Adval Group Ord GBP0 01 Design and delivery of bespoke training courses for human resources development for major corporations	–	–	1,119	–	11 721,789	–	
Adventis Group Ord GBP0 0025 Multi media marketing and advertising agency	–	290	–	165	–	578 947	1 5
Armour Group Ord GBP0 10 Producer of smart leads and assemblies for in-car and home entertainment	222	–	200	–	444,444	–	0 6
BBI Holdings Ord GBP0 025 Manufacturer and supplier of gold colloids and conjugates	113	300	78	200	83 824	222,222	1 1
Bond International Software Ord GBP0 01 Provider of business software and support solutions to the recruitment and human resources industry	1,197	–	269	–	672,500	–	2 2
Brooks MacDonald Group Ord GBP0 01 Provider of asset management and financial consulting services	394	171	230	100	164,282	71,429	2 4
Brulines (Hldgs) Ord GBP0 10 Provider of volume and revenue protection systems for pub chains	218	218	169	169	137,255	137,255	1 1
Capcon Holdings Ord GBP0 01 Provider of audit, stock taking and commercial investigation services	9	–	76	–	94 692	–	0 9
Careforce Group Ord GBP0 10 Provider of domiciliary care services to UK local authorities	–	132	–	130	–	122,642	0 9
Cello Group Ord GBP0 10 Marketing services group	668	262	510	200	510 000	200,000	2 1
Claimar Care Group Ord GBP0 01 Provider of domiciliary care services to Midlands and North-West of UK	604	604	395	395	548,600	548,600	4 9

DETAILS OF THE PORTFOLIO OF INVESTMENTS
(continued)

Company and description	Fair value at 28 February 2007 Ordinary Shares £'000	Fair value at 28 February 2007 D Shares £'000	Book cost at 28 February 2007 Ordinary Shares £'000	Book cost at 28 February 2007 D Shares £'000	Shareholding at 28 February 2007 Ordinary Shares	Shareholding at 28 February 2007 D Shares	Voting equity owned %
The Clapham House Group Ord GBP0 10 Acquirer and developer of restaurants across the UK	775	–	297	–	243,723	–	0 7
Clarity Commerce Ord GBP0 25 Supplier of electronic point of sale software and membership software solutions to the leisure sector	247	–	386	–	514,522	–	2 7
Clipper Ventures Ord GBP0 01 Owner and organiser of the Clipper and Five Oceans round the world yacht races	255	–	297	–	1,593,762	–	4 2
Colliers Cre Ord GBP0 10 Provider of real estate solutions to the UK and international property sectors	1,186	–	619	–	586,957	–	1 3
Computer Software Ord GBP0 10 Provider of software solutions for a number of sectors	–	300	–	150	–	283,019	0 5
Concateno Ord GBP0 10 Provider of life science and drugs testing services	269	162	192	115	192,307	115,385	0 7
Conder Environment Ord GBP0 10 Manufacturer of sewage treatment and underground storage tanks	116	–	281	–	1,402,751	–	2 5
Datong Electronics Ord GBP0 005 Developer and manufacturer of high performance surveillance products	176	176	250	250	195,312	195,313	2 8
Dowlis Corp Sols Ord GBP0 004 Distributor of promotional products to large corporate entities	329	329	300	300	833,333	833,333	4 4
Focus Solutions Group Ord GBP0 10 Provider of software solutions and tools to the financial services industry	436	–	237	–	969,170	–	3 3
Food & Drink Group Ord GBP0 01 London based restaurant and bar operator	266	–	325	–	111,663	–	2 2
Hartest Holdings Ord GBP0 01 Manufacturer and distributor of specialist instruments and medical equipment	382	–	598	–	63,719,576	–	7 4

DETAILS OF THE PORTFOLIO OF INVESTMENTS
(continued)

Company and description	Fair value at 28 February 2007 Ordinary Shares £'000	Fair value at 28 February 2007 D Shares £'000	Book cost at 28 February 2007 Ordinary Shares £'000	Book cost at 28 February 2007 D Shares £'000	Shareholding at 28 February 2007 Ordinary Shares	Shareholding at 28 February 2007 D Shares	Voting equity owned %
Hatpin Ord GBP0 025 Provider of recruitment services	–	332	–	246	–	341,880	1 4
Hexagon Human Capital Ord GBP0 10 Provider of recruitment services	–	426	–	421	–	255,201	1 4
Honeycombe Leisure Ord GBP0 01 Managed pub operator in North West England	21	–	293	–	532 000	–	1 7
Huveaux Ord GBP0 10 Parliamentary and educational publishing group	404	–	202	–	808	–	–
Imprint Ord GBP0 01 Provider of recruitment services	961	430	471	224	329,225	147,407	1 3
Independent Media Support Ord GBP0 025 Supplier of media access services	90	27	493	150	858,090	260,000	4 3
Individual Restaurant Group Ord GBP0 35 Operator of a chain of restaurants	365	205	894	144	244,672	137,530	1 1
Interlink Foods Ord GBP0 02 Manufacturer of own label cakes for supermarket groups	390	–	454	–	225,607	–	2 3
Jelf Group Ord GBP0 01 Corporate intermediary providing general insurance, commercial finance, healthcare and financial services	–	260	–	120	–	113,200	0 5
Landround Ord GBP0 05 Organiser of travel promotions and incentives for corporate clients	138	–	305	–	600,000	–	4 2
Maelor Ord GBP0 10 Developer of off-patent medicines and medical devices	172	–	447	–	1,404,296	–	4 1
Mattioli Woods Ord GBP0 01 Provider of pensions consultancy and administration services	611	611	325	325	246,393	246,393	2 9
Mears Group Ord GBP0 01 Building maintenance for local authorities and the private sector Domiciliary care provision	1,106	–	41	–	314,062	–	0 5
Media Square Ord GBP0 05 Media and marketing services	260	112	334	143	1,856,634	796,272	0 8
Petards Group Ord GBP0 01 Design and provide electronic security products and systems	243	81	212	71	21 149 648	7 950,176	4 6

DETAILS OF THE PORTFOLIO OF INVESTMENTS (continued)

Company and description	Fair value at 28 February 2007 Ordinary Shares £'000	Fair value at 28 February 2007 D Shares £'000	Book cost at 28 February 2007 Ordinary Shares £'000	Book cost at 28 February 2007 D Shares £'000	Shareholding at 28 February 2007 Ordinary Shares	Shareholding at 28 February 2007 D Shares	Voting equity owned %
Pilat Media Global Ord GBP0 05 Software provider for the global multi-channel broadcasting market	1,216	143	324	105	1,621,750	190,561	3 1
Pipex Communications Ord GBP0 01 Provider of telecommunications services	1,009	–	479	–	8,071,947	–	0 3
Playgolf (Holdings) Ord GBP0 002 Developer and operator of golfing facilities	230	77	450	150	2,700,000	900,000	6 2
Portrait Software Ord GBP0 025 Provider of CRM software for the financial services sector	275	–	876	–	1,835,715	–	1 9
Quadnetics Group Ord GBP0 20 Designer and installer of CCTV systems	353	–	344	–	108 583	–	0 7
Research Now Ord GBP0 10 European-wide online fieldwork and specialist company	687	687	182	182	140,167	140,167	2 0
Revenue Assurance Services Ord GBP0 25 Revenue assurance and debt management for major utilities	236	–	251	–	209 000	–	0 5
Strategic Thought Group Ord GBP0 01 Owner and licencee of risk management software	105	105	136	136	113,194	113,194	0 9
Tanfield Group Ord GBP0 01 Engineering and electrical vehicle production	421	961	788	109	477,756	1,092,000	0 5
Telephonetics Ord GBP0 01 Provider of advanced speech recognition products and services	194	155	456	364	2,280 000	1,820,000	3 8
Torex Retail Ord GBP0 01 Provider of point of sale software, systems and services	–	–	140	62	230,503	102,516	0 1
Twenty Ord GBP0 10 Marketing services group	–	263	–	500	–	2,500,000	5 2
Vertu Motors Ord GBP0 10 Acquirer and consolidator of UK based motor retail businesses	833	833	500	500	833,333	833,333	3 6
Win Ord GBP0 10 Provider of service to enable business customers to send and receive text messages to and from a large number of users	425	125	440	129	218 000	64 000	3 0
Work Group Ord GBP0 02 Provider of recruitment services	457	457	471	472	585,620	585,620	4 6

DETAILS OF THE PORTFOLIO OF INVESTMENTS (continued)

Company and description	Fair value at 28 February 2007 Ordinary Shares £'000	Fair value at 28 February 2007 D Shares £'000	Book cost at 28 February 2007 Ordinary Shares £'000	Book cost at 28 February 2007 D Shares £'000	Shareholding at 28 February 2007 Ordinary Shares	Shareholding at 28 February 2007 D Shares	Voting equity owned %
Zenith Hygiene Ord GBP 0 05 Manufacturer and supplier of cleaning, hygiene and non-food ancillary products to the food services and hospitality markets	278	111	222	89	222 000	89,000	2 0
Zetar Ord GBP0 10 Manufacturer of confectionery and snack foods	757	473	259	162	129,460	80,913	2 0
Total qualifying equity investments as at 28 February 2007	**20,180**	**10,100**	**17,867**	**7,828**			

DETAILS OF THE PORTFOLIO OF INVESTMENTS
(continued)

The following are the details of qualifying loan investments at 28 February 2007

Company and Description	Fair Value at 28 February 2007 Ordinary Shares £'000	Fair Value at 28 February 2007 D Shares £'000	Book Cost at 28 February 2007 Ordinary Shares £'000	Book Cost at 28 February 2007 D Shares £'000
Tanfield Group Convertible Loan Note 8 5%	695	–	75	–
Total qualifying loan investments as at 28 February 2007	**695**	**–**	**75**	**–**

It should be noted that although all investments were originally floated on AIM or PLUS, some may progress to a full listing

Non-qualifying holdings consist primarily of floating rate note securities, all with an 'A' Moody's credit rating In addition, any shares quoted on AIM, which are purchased in the secondary market, rank as a non-qualifying investment Some of the original investments made by your Company which were approved for VCT purposes as a qualifying trade at the time of investment by the HM Revenue & Customs, may by the nature of their continuing business activities become a non-qualifying trade

The following are the details of non-qualifying investments held at 28 February 2007

Holding	Fair Value at 28 February 2007 Ordinary Shares £'000	Fair Value at 28 February 2007 D Shares £'000	Book Cost at 28 February 2007 Ordinary Shares £'000	Book Cost at 28 February 2007 D Shares £ 000
Listed Investments				
Barclays Bank FRN 16/01/08	1,998	–	2,001	–
Citigroup FRN 26/03/09	1,922	1,281	1,919	1,279
National Bank of Canada FRN 14/04/09	–	3,005	–	3,006
Nationwide FRN 07/07/09	–	2,724	–	2,721
AIM Quoted Investments				
Bond International Software Ord GBP0 01	2	–	2	–
Brooks MacDonald Group Ord GBP0 01	2	–	3	–
The Clapham House Group Ord GBP0 10	3	–	3	–
Colliers Cre Ord GBP0 10	2	–	2	–
Clerkenwell Ventures Ord GBP0 01	210	53	294	74
Computer Software Ord GBP0 10	–	1	–	1
Concateno Ord GBP0 10	1	1	1	1
Huveaux Ord GBP 0 10	1	–	1	–
Imprint Ord GBP0 01	3	3	3	3
Individual Restaurant Group Ord GBP0 35	1	1	2	2
Interlink Foods Ord GBP0 02	2	–	4	–
Mattioli Woods Ord GBP0 01	3	2	2	3
Pilat Media Global Ord GBP0 05	1	–	1	–
Pipex Communications Ord GBP0 01	–	–	–	–
Research Now Ord GBP0 10	5	5	5	5
Tanfield Group Ord GBP0 01	–	1	–	1
Total non qualifying investments as at 28 February 2007	**4,156**	**7,077**	**4,243**	**7,096**

SCHEDULE OF ACQUISITIONS
during the year ended 28 February 2007

The following investments were acquired during the year ended 28 February 2007

Ordinary Shares

Company	Qualifying investments		Non-qualifying investments	
	Number of shares	Book cost £'000	Number of shares	Book cost £'000
Bank Restaurant	137,530	145	–	–
BBI Holdings	83,824	78	–	–
Bond International Software	–	–	1,000	2
Brooks MacDonald	–	–	1,000	3
Brulines (Holdings)	137,255	169	–	–
The Clapham House	–	–	1,000	3
Colliers Cre	–	–	1,000	2
Concateno	–	–	1 000	1
Debts Co UK	62,293	112	–	–
Huveaux	–	–	1,000	1
Imprint	–	–	1 000	3
Individual Restaurant Group	–	–	1,000	2
Inter Link Foods	–	–	1 000	4
Interserve	–	–	62,948	76
Landround	500,000	100	–	–
Landround warrants	–	–	166 666	–
Mattioli Woods	–	–	1,000	2
Ovum	103,684	197	–	–
Pilat Media Global	–	–	1 000	1
Pipex	–	–	1,000	–
Research Now	–	–	1,000	5
Telephonetics	2,280,000	456	–	–
Vertu Motors	833 333	500	–	–
Total		**1,757**		**105**

SCHEDULE OF ACQUISITIONS
during the year ended 28 February 2007
(continued)

D Shares

Company	Qualifying investments		Non-qualifying investments	
	Number of shares	Book cost £'000	Number of shares	Book cost £'000
Bank Restaurant	137,530	145	–	–
Brulines (Holdings)	137,255	169	–	–
Computer Software	–	–	1,000	1
Concateno	–	–	1,000	1
Debts Co UK	62,293	112	–	–
Hat Pin	341,880	246	–	–
Hexagon Human Capital	255,201	421	–	–
Imprint	–	–	1,000	3
Individual Restaurant Group	–	–	1,000	2
Invocas Group	69,000	76	–	–
Mattioli Woods			1,000	2
Ovum	103,684	197	–	–
Research Now	–	–	1,000	5
Tanfield Group	–	–	1,000	1
Telephonetics	1,820,000	364	–	–
Twenty	2,500 000	500	–	–
Vertu Motors	833,333	500	–	–
Total		**2,730**		**15**

SCHEDULE OF DISPOSALS
during the year ended 28 February 2007

The following investments were disposed of during the year ended 28 February 2007

Ordinary Shares

Company	Qualifying Investments Book cost £'000	Qualifying Investments Proceeds £'000	Non-qualifying Investments Book cost £'000	Non-qualifying Investments Proceeds £'000	Gain/(loss) £'000
Avionic Services	510	–	–	–	(510)
Capcon Holdings	324	17	–	–	(307)
Clipper Ventures	23	38	–	–	15
Colliers Cre	55	95	–	–	40
Debts Co UK	112	118	–	–	6
Huveaux	85	174	–	–	89
Interserve	–	–	77	180	103
MacLellan Group	259	626	–	–	367
Mattioli Woods	25	39	–	–	14
Media Square	6	4	–	–	(2)
NMT Group	350	11	–	–	(339)
Ovum	197	311	–	–	114
Petards Group	79	90	–	–	11
Pilat Media Global	201	703	–	–	502
PM Group	100	151	–	–	51
Research Now	52	124	–	–	72
Sovereign Oilfield	123	197	–	–	74
Strategic Thought	135	168	–	–	33
Systems Union Group	46	76	–	–	30
Talarius	499	1 496	–	–	997
Warthog	–	–	573	1	(572)
Total	**3,181**	**4,438**	**650**	**181**	**788**

SCHEDULE OF DISPOSALS
during the year ended 28 February 2007
(continued)

D Shares

Company	Qualifying Investments Book cost £'000	Qualifying Investments Proceeds £'000	Non-qualifying Investments Book cost £'000	Non-qualifying Investments Proceeds £'000	Gain/(loss) £'000
Debts Co UK	112	118	–	–	6
Invocas	76	105	–	–	29
Legend Comms	500	294	–	–	(206)
Mattioli Woods	25	39	–	–	14
Media Square	3	2	–	–	(1)
Ovum	197	311	–	–	114
Petards Group	26	30	–	–	4
Research Now	51	124	–	–	73
Sovereign Oilfield	124	197	–	–	73
Strategic Thought	135	168	–	–	33
Talarius	473	1,381	–	–	908
Total	**1,722**	**2,769**	–	–	**1,047**

TOP TEN INVESTMENTS

VERTU MOTORS PLC

The company is an acquirer and consolidator of UK based motor retail businesses

Results for the period ending 31 January 2007

(As per Admission document relating to Bristol Street Group)

	£'000
Turnover	–
Profit before Tax (PBT)	(43)
Profit after Tax (PAT)	(30)
Net assets	21 485
% of equity held	3 6%
Basis of valuation	Bid Price
Website	www vertumotors com

Other funds managed by Close Investments Limited have invested in this company

IMPRINT GROUP PLC

The company is a provider of recruitment services

Latest audited results – year to 31 December 2006

	£'000
Turnover	80 112
PBT	9,088
PAT	6,682
Net assets	47,506
% of equity held	1 3%
Basis of valuation	Bid Price
Website	www imprintplc com

Other funds managed by Close Investments Limited have invested in this company

TANFIELD GROUP PLC

The company is an engineering and electrical vehicle production company

Latest audited results – year to 31 December 2006

	£ 000
Turnover	40,913
PBT	3,458
PAT	2 612
Net assets	43 418
% of equity held	0 5%
Basis of valuation	Bid Price
Website	www tanfieldgroup com

Other funds managed by Close Investments Limited have invested in this company

TOP TEN INVESTMENTS
(continued)

RESEARCH NOW PLC
The company is a European-wide online fieldwork and panel specialist company

Latest audited results - year to 31 October 2006

	£'000
Turnover	9,613
PBT	1,627
PAT	1 778
Net assets	4,316
% of equity held	2 0%
Basis of valuation	Bid Price
Basis of valuation	www researchnow co uk

Other funds managed by Close Investments Limited have invested in this company

PILAT MEDIA GLOBAL PLC
The company is a software provider for the global multi-channel broadcasting market

Latest audited results - year to 31 December 2006

	£'000
Turnover	17,891
PBT	3,670
PAT	2,587
Net assets	17,930
% of equity held	3 1%
Basis of valuation	Bid Price
Website	www pilatmedia com

Other funds managed by Close Investments Limited have invested in this company

ZETAR PLC
The company is a manufacturer of confectionery and snack foods

Latest audited results - year to 30 April 2006

	£'000
Turnover	57,864
PBT	2,478
PAT	1,455
Net assets	15,814
% of equity held	2 0%
Basis of valuation	Bid Price
Website	www zetarplc com

Other funds managed by Close Investments Limited have invested in this company

TOP TEN INVESTMENTS
(continued)

MATTIOLI WOODS PLC

The company is a provider of pensions consultancy and admistration services

Latest audited results - year to 31 May 2006

	£'000
Turnover	7,171
PBT	2,181
PAT	1,506
Net assets	9,684
% of equity held	2 9%
Basis of valuation	Bid price
Website	www mattioli-woods com

Other funds managed by Close Investments Limited have invested in this company

CLAIMAR CARE GROUP PLC

The company is a provider of domiciliary care services to Midlands and North-West of UK

Latest audited results - year to 30 September 2006

	£'000
Turnover	13,200
PBT	930
PAT	606
Net assets	4,892
% of equity held	4 9%
Basis of valuation	Bid Price
Website	www claimar co uk

Other funds managed by Close Investments Limited have invested in this company

BOND INTERNATIONAL SOFTWARE PLC

The company is a provider of business software and support solutions to the recruitment and human resource industry

Latest audited results - year to 31 December 2006

	£'000
Turnover	17,209
PBT	3,656
PAT	3,018
Net assets	16 394
% of equity held	2 2%
Basis of valuation	Bid Price
Website	www bondadapt com

Other funds managed by Close Investments Limited have invested in this company

TOP TEN INVESTMENTS
(continued)

COLLIERS CRE PLC

The company is a provider of real estate solutions to the UK and international property sectors

Latest audited results - year to 31 December 2006

	£'000
Turnover	92,013
PBT	9,762
PAT	6,579
Net assets	63,225
% of equity held	1 3%
Basis of valuation	Bid Price
Website	www colliers com

Other funds managed by Close Investments Limited have invested in this company

REPORT OF THE DIRECTORS AND BUSINESS REVIEW

The Directors submit their Annual Report and Financial Statements on the affairs of Close Brothers AIM VCT PLC ("The Company") for the year ended 28 February 2007

Business review

The principal activity of the Company is that of a venture capital trust It has been granted approval by HM Revenue & Customs as a venture capital trust in accordance with Section 842AA of the Income and Corporation Taxes Act 1988 In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval Approval for the year ended 28 February 2007 is subject to review should there be any subsequent enquiry under corporation tax self assessment

The Company is not a close company for taxation purposes

The Company is no longer an Investment Company as defined in Section 266 of the Companies Act 1985

Under current tax legislation, shares in the Company provide tax free capital growth and income distribution, in addition to the income tax relief some investors would have obtained when they invested at the time of the initial fundraising

The Company's strategy is to allocate approximately 80% of its funds to Qualifying Investments in companies quoted on AIM or PLUS and the balance of 20% to Non-qualifying Investments

Qualifying investments

The policy adopted by the Investment Manager, Close Investments Limited, is to seek to achieve such capital appreciation as is consistent with a prudent approach to investment in companies traded on AIM or PLUS which qualify for venture capital trust purposes It is the Manager's intention to manage a broadly based portfolio of investments in companies which have traded for three years or more Start-up companies will usually be avoided

All business sectors on AIM and PLUS are considered for investment by the Investment Manager, subject to the requirement to undertake a qualifying trade The Directors have invested in Floating Rate Notes and cash for liquidity purposes

Non-Qualifying investments

After attaining the minimum 70% qualifying investment portfolio, the Company intends that approximately 20% of its funds will be invested in non-qualifying investments, principally comprising fixed and floating rate securities, financial instruments and money-market deposits with major banks and institutions, with a minimum Moody's long-term debt rating of triple 'A'

The Directors do not foresee any major changes in the activity undertaken by the Company in the current year

Results and Dividends

	Ordinary Shares £'000	D Shares £'000	Total £'000
Revenue return attributable to shareholders for the year ended 28 February 2007	116	231	347
Interim revenue dividends of nil pence per Ordinary Share and 1 00 pence per D Share paid on 14 July 2006	–	(161)	(161)
Interim revenue dividends of 0 40 pence per Ordinary Share and 1 00 pence per D Share paid on 15 December 2006	(122)	(160)	(282)
Revenue transferred to reserves	(6)	(90)	(96)

REPORT OF THE DIRECTORS AND BUSINESS REVIEW
(continued)

	Ordinary Shares £'000	D Shares £'000	Total £'000
Realised capital return attributable to shareholders for the year ended 28 February 2007	340	763	1,103
Unrealised capital return attributable to shareholders for the year ended 28 February 2007	1,040	288	1,328
Interim capital dividends of 1 70 pence per Ordinary Share and 1 00 pence per D Share paid on 14 July 2006	(526)	(161)	(687)
Interim capital dividends of 2 10 pence per Ordinary Share and 0 30 pence per D Share paid on 15 December 2006	(638)	(48)	(686)
Capital transferred to reserves	216	842	1,058
Total transferred to reserves	210	752	962

As shown in the Company's Income Statement on page 39 of the financial statements, the Ordinary Shares' investment income has decreased to £387,000 (2006 £406,000) This is a result of a decrease in the interest received from floating rate notes due to increased levels of investment The D Shares' income has decreased to £493,000 (2006 £556,000) for a similar reason These investment details are highlighted in the Investment Manager's report on page 7

Ordinary Shares revenue return to equity holders has increased to £116,000 (2006 £109 000) and for the D Shares declined to £231 000 (2006 £293,000) as a result of a full year of D Share Investment Manager's fees being charged

The Ordinary Shares' capital return for the year was a profit of £1 380,000 (2006 £1 866,000) and the D Shares' capital return for the year was a profit of £1,051,000 (2006 £1 302 000) primarily as a result of realised profits on the disposal of investments offset by capitalised Investment Management fees

The Ordinary Share total profit per share was 4 9 pence per share (2006 6 2 pence per share) and the D Share total profit per share was 8 0 pence per share (2006 10 5 pence per share)

The Balance Sheet on page 41 of the financial statements shows that the Ordinary Shares' net asset per share has increased over the last year to 87 8 pence per share (2006 86 6 pence per share) and that of the D Shares has increased to 125 4 pence per share (2006 120 7 pence per share), reflecting the increase in both realised and unrealised revaluations

Cash flow for the business has been positive for the period, reflecting the realisation of a number of investments in the portfolios

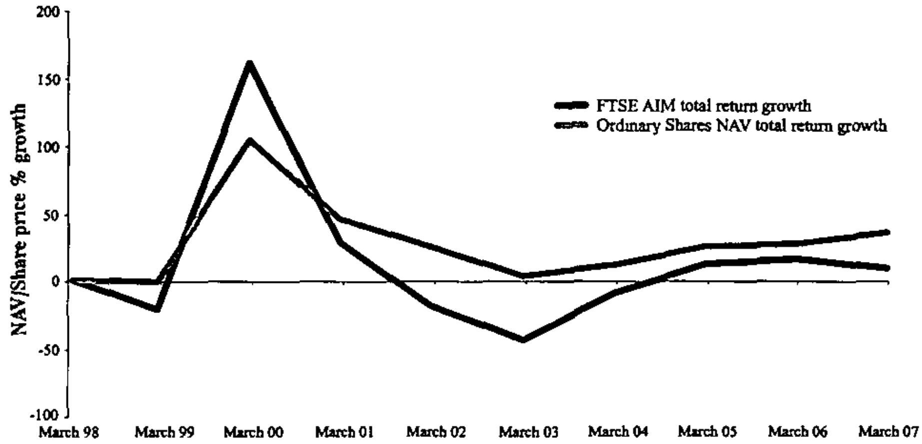
Details of the principal investments made by the Company are shown in the portfolio of investments on page 12 A detailed review of the Company's business during the year and future prospects is contained in the Chairman's Statement on page 4 and in the Investment Manager's report on page 6

Key Performance Indicators

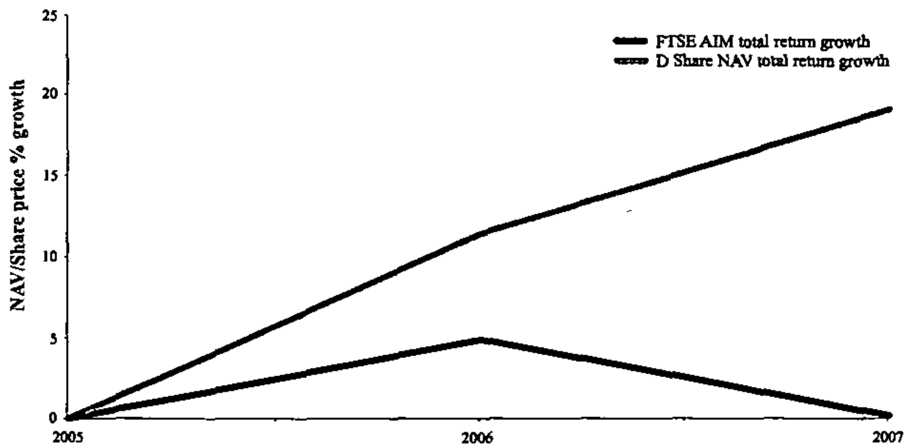
A graph of the performance growth of the Company's total return (the aggregate of net asset value and dividends paid to shareholders) compared with the equivalent total return of the FTSE AIM Index is shown overleaf,

REPORT OF THE DIRECTORS AND BUSINESS REVIEW (continued)

NAV Return growth relative to FTSE AIM Index (in both cases with dividends reinvested)



NAV Return growth relative to FTSE AIM Index (in both cases with dividends reinvested)



The total expense ratio for the Ordinary Shares for the year to 28 February 2007 has decreased to 2 75% (2006 2 87%) including performance fees The total expense ratio for the D Shares for the year to 28 February 2007 has increased to 2 68% (2006 2 28%) as a result of a full year's recognition of the D Share management fee compared to the previous year which recognised the D Share management fee from June 2005 following the new issue of D Shares

The dividend paid during the year to 28 February 2007 was 4 20 pence per Ordinary share (2006 2 15 pence per share) and 3 30 pence per D share (2006 2 25 pence per share)

The Company operates a policy of buying back shares for cancellation The Investment Manager has an objective of maintaining the discount of the share price to net asset value at below 8% This is designed to improve the marketability of the shares and to encourage the shares to trade at a narrower discount to their underlying net asset value

Principal Risks and Uncertainties

The Board considers that the Company faces the following major risks and uncertainties,

1 Investment risk

This is the risk of investment in poor quality assets which reduce the capital and income returns to shareholders and negatively impact on the Company's reputation The AIM and PLUS markets are designed primarily for emerging or smaller companies and these businesses are more fragile than larger, long established businesses Additionally, the tax status of the Company may restrict its ability to make investment decisions in order to maintain its venture capital trust status

REPORT OF THE DIRECTORS AND BUSINESS REVIEW
(continued)

To reduce this risk, the Board places reliance upon the skills and expertise of the Investment Manager and their strong track record for investing in this segment of the market In addition, the Investment Manager operates a formal and structured investment process, which includes due diligence and an Investment Committee Investments are actively and regularly monitored by the Investment Manager and the Board receives detailed reports on each investment at the time of investment as part of the Investment Manager's report at the quarterly board meetings

2 Venture Capital Trust approval risk

The current approval as a venture capital trust allows investors to take advantage of tax reliefs on initial investment and ongoing tax free capital gains and dividend income Failure to meet the qualifying requirements could result in investors losing the tax relief on initial investment and loss of tax relief on any tax free income or capital gains received In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares

To reduce this risk, the Board have appointed an Investment Manager, who has significant experience in venture capital trust management, and is used to operating within the requirements of the venture capital trust legislation In addition, to provide further formal reassurance, the Board has appointed Ernst & Young LLP as its taxation advisors Ernst & Young report quarterly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation

3 Compliance risk

The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority as well as with the Companies Act 1985, Accounting Standards and other legislation Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies

Board members and the Investment Manager have considerable experience of operating at the most senior levels within quoted businesses In addition, the Board and the Investment Manager receive regular updates on new regulation from its auditors, lawyers and other professional bodies

4 Internal control risk

Failures in key controls, within the Board or within the Investment Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders

The Audit committee meets with the Head of Internal Audit from Close Brothers Group plc at least once a year, receiving a report regarding the last formal internal audit performed on the Investment Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions The Investment Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 35

5 Reliance upon third parties risk

The Company is reliant upon the services of Close Investments Limited for the provision of management and administrative functions There are provisions within the Management Agreement for the change of Investment Manager under certain circumstances (for more detail see the Management Agreement paragraph below) In addition, the Investment Manager has demonstrated to the Board that there is no undue reliance placed upon one individual within Close Investments Limited, or its parent company Close Brothers Group plc

6 Financial risks

By its nature, as a venture capital trust, the Company is exposed to market price risk, credit risk, liquidity risk and cash flow interest rate risk The Company's policies for managing these risks and its financial instruments are outlined in full in note 19 to the financial statements

All of the Company's income and expenditure is denominated in sterling and hence the Company has no foreign currency risk The Company is financed through equity and does not have any borrowings

Environment

The management and administration of Close Brothers AIM VCT PLC is undertaken by the Investment Manager Close Investments Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption will be shown in the financial statements of Close Investments Limited

REPORT OF THE DIRECTORS AND BUSINESS REVIEW (continued)

Employees

The Company is managed by Close Investments Limited and hence has no employees

In the Directors' view, there are no other non-financial performance indicators materially relevant to the business

Directors

The Directors who held office throughout the year and their interests in the shares of the Company at 28 February 2007 and as at the date of this Report (together with those of their immediate family) were

	Ordinary Shares		D Shares	
M A F Reeve	5,000	0 02%	4,235	0 03%
R J Smith	–	–	–	–
F M Malcolm (deceased)*	–	–	–	–
S J Hazell-Smith	126,913	0 42%	10,000	0 06%

* The 65,077 shares previously held in the name of F M Malcolm were disposed of following his death on 10 March 2007

No Director has a service contract with the Company

All Directors are members of the Audit Committee of which Mr Roger Smith is Chairman

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance

Management Agreement

The Company, following ratification at an EGM on 12 February 2004, has extended its management agreement with Close Investments Limited for a fixed term, which expires in June 2008, which may be terminated by either party on 12 months notice The management agreement is subject to earlier termination in the event of certain breaches or upon the insolvency of either party Under this agreement the Investment Manager also provides secretarial and administrative services to the Company The Investment Manager is entitled to an annual fee equal to 2 0% (plus VAT) of the value of funds invested by the Company in both VCT qualifying and non-qualifying investments This fee covers the provision of investment management services as well as all secretarial, accounting and administrative services provided by the Investment Manager and annual commission payable to authorised financial intermediaries

Management Performance Incentive

Following shareholder approval at an EGM on 26 November 2004, a new management incentive scheme became operative with effect from 1 March 2005

The scheme requires the Net Asset Value as at 28/29 February, being the end of each financial period (the "Accounting Date") to have grown over that financial period by more than an amount equal to the average base rate of The Royal Bank of Scotland plus 2 per cent during the relevant financial period

If the Net Asset Value has exceeded this target, then 5 per cent of the excess will be payable to the Investment Manager (in cash or shares at the discretion of the Board), subject to a maximum payment in respect of any financial period of 1 per cent of the aggregate Net Asset Value as at the Accounting Date The Net Asset Value will be adjusted to take into account capital (but not revenue) dividends paid during the relevant financial period

If that target is not achieved in any financial period then the deficit must be made up prior to any subsequent performance incentive payment to the Investment Manager Similarly, if the payment to the Investment Manager would have exceeded the maximum permitted payment in any one financial period then that sum would be carried forward to be paid in future years or offset against subsequent shortfalls of the target return A separate calculation of the performance incentive will be made in respect of each class of share in the capital of the Company (including any further classes of shares issued in the future)

Auditors

A resolution to re-appoint Deloitte & Touche LLP as auditors will be proposed at the Annual General Meeting on 5 July 2007

REPORT OF THE DIRECTORS AND BUSINESS REVIEW
(continued)

Substantial Interests
As at 28 February 2007 and at the date of this Report, the Company was not aware of any beneficial interest exceeding 3 per cent of the issued share capital

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements The Directors have chosen to prepare accounts for the Company in accordance with United Kingdom GAAP ("UK GAAP")

Company law requires the Directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the total return for that period and comply with UK GAAP and the Companies Act 1985 In preparing these financial statements, 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, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements 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 which enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for the system of internal control for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities The Directors confirm that applicable accounting standards have been followed in the financial statements accompanying this report

In the case of the persons who are Directors of the Company at the date of approval of this report

- so far as each of the Directors are aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This disclosure is given and should be interpreted in accordance with the provisions of s234 of the Companies Act 1985

The Directors are responsible for ensuring that any electronic publication or distribution of financial information properly present the financial information and any report by us thereon and for the controls over, and security of, the website The Directors are also responsible for establishing and controlling the process for electronically distributing annual reports and other information

Supplier Payment Policy
The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed There were no overdue trade creditors at 28 February 2007 (2006 Nil)

Annual General Meeting
The Annual General Meeting will be held at 10 Crown Place London EC2A 4FT at 11 00 a m on 5 July 2007 The notice of the Annual General Meeting is at the end of this document

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting for which shareholder approval is required in order to comply either with the Companies Act or the Listing Rules of the Financial Services Authority

Power to Allot Shares
Ordinary resolution number 5 in the notice of the meeting will request the authority to allot up to a maximum aggregate nominal amount of £1,497,772 representing 10% of the issued Ordinary Share capital of the Company and a maximum aggregate nominal amount of £800,759 representing 10% of the issued D Share capital of the Company This authority will expire on 30 September 2008 The Directors have no present intention to exercise such authority

REPORT OF THE DIRECTORS AND BUSINESS REVIEW
(continued)

Disapplication of Pre-emption Rights

Special resolution number 6 will request the authority to disapply pre-emption rights in circumstances of a rights or other pre-emptive issue, the allotment of Ordinary Shares with an aggregate nominal value of up to £748,886 or D Shares with an aggregate nominal value of up to £400,379 in each case representing up to 5% of the issue share capital

Purchase of Own Shares

Special resolution number 7 will request the authority to purchase an aggregate of 10% of the Ordinary Shares in issue subject to the provisions shown in the notice to the meeting attached to the back of the financial statements

The Board believes that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from shareholders to do so

This resolution would renew the 2006 authority which was in similar terms During the financial year under review the Company purchased 1 167,399 of its Ordinary Shares and 63,645 of its D Shares for cancellation

The minimum repurchase price will be the nominal value of the shares from time to time and, in accordance with the Listing Rules, the maximum repurchase price will be the higher of (a) 105% of the average of the middle market quotations for a share, as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that share is purchased, and (b) the higher of the price of the last independent trade in the shares and the highest then current independent bid for shares on the London Stock Exchange The Board will only authorise repurchases at prices representing a discount to the NAV per share which would have the effect of enhancing the NAV per share for remaining holders

Treasury Shares

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 shares purchased by the Company out of distributable profits can be held as Treasury shares, which may then be cancelled or sold for cash The authority sought by this special resolution number 7 is intended to apply equally to shares to be held by the Company as Treasury shares in accordance with the Regulations

At the Annual General Meeting, resolutions as described above will be proposed that the Directors will be authorised to allot relevant securities in accordance with section 80 of the Companies Act 1985 (the "Act") and to empower to allot equity securities for cash in accordance with section 95 of the Act Again, these replace existing authorities and powers which allow the Directors to sell Treasury shares at a price not less than that at which they were purchased

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole Accordingly the Board unanimously recommends to shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting

By Order of the Board
Close Ventures Limited
Secretary

10 Crown Place
London EC2A 4FT

25 May 2007

STATEMENT OF CORPORATE GOVERNANCE

Background

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code")

Application of the Principles of the Code

The Board attaches importance to matters set out in the Code and applies its principles However, as a venture capital trust company, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive Thus, not all the provisions of the Code are directly applicable to the Company

Board of Directors

The Board consists solely of non-executive directors Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Investment Manager, the Company does not have a Chief Executive Officer

Mr Reeve is the Senior Independent Director and Chairman Messrs Smith and Hazell-Smith are also independent directors The Directors have a range of business and financial skills which are extremely relevant to the Company, these are described in the Board of Directors section of this Report, on page 10 Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Investment Manager The Board has direct access to secretarial advice and compliance services provided by the Investment Manager and the Company Secretary, who are responsible for ensuring that Board procedures are followed and applicable procedures complied with All Directors are able to take independent professional advice in furtherance of their duties if necessary In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance

The Board met six times during the year as part of its regular programme of Board meetings All of the Directors attended each meeting The Chairman ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information The Board receives and considers reports regularly from the Investment Manager and other key advisers and ad hoc reports and information are supplied to the Board as required The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Investment Manager sets out the matters over which the Investment Manager has authority and limits beyond which Board approval must be sought

The Investment Manager has authority over the management of the investment portfolio, the organisation of custodial services, accounting, secretarial and administrative services The main issues reserved for the Board include

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation,
- consideration of corporate strategy,
- application of the principles of the Combined Code, corporate governance and internal control,
- review of sub-committee recommendations
- approval of the appropriate dividend to be paid to shareholders,
- the appointment evaluation, removal and remuneration of the Investment Manager,
- the performance of the Company, including monitoring of the discount of the net asset value and the share price and
- monitoring shareholder profile and considering shareholder communications

STATEMENT OF CORPORATE GOVERNANCE
(continued)

Directors' Performance Evaluation

Performance of the Board and the Directors is assessed on the following

- attendance at Board and Committee meetings, and
- the contribution made by individual Directors at, and outside of, Board and Committee meetings

Performance evaluation is conducted by the Board as a peer group and is monitored on a continuous ongoing basis

The Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the Company

The Director who will retire and be subject to re-election at the forthcoming Annual General Meeting is Michael Reeve As a result of the process of performance evaluation, he is considered to be independent and effective and demonstrates strong commitment to the role, on this basis, the Directors (excluding Mr Reeve) believe it to be in the best interest of the Company to reappoint him at the forthcoming Annual General Meeting

Remuneration Committee

Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12 43A (a), 12 43A (b) and 12 43A (c) as they relate to Combined Code Provisions B 1 to B 2, B1 1 to B1 6, and B2 1 to B2 4 are not relevant and on this basis, there is no Remuneration Committee

Audit Committee

The Audit Committee consists of all Directors Roger Smith is Chairman of the Audit Committee In accordance with the Code, all members of the Audit Committee have recent and relevant financial experience The Committee met twice during the year ended 28 February 2007, all members attended the meetings

Written terms of reference have been constituted for the Audit Committee, these are as follows

- providing an overview of the Company's accounting policies and financial reporting,
- considering and reviewing the effectiveness of the Company's internal controls and risk management systems,
- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them,
- meeting the Company's external auditors, approving their appointment, reappointment, remuneration, terms of engagement and providing an ongoing review of auditor independence and objectivity,
- developing and implementing a policy for the supply of non-audit services by the external auditors
- meeting with the Head of Internal Audit of Close Brothers Group plc when appropriate,
- ensuring that all Directors of the Company, and staff of the Investment Manager feel able to raise issues of serious concern with the Chairman of the Audit Committee and that these issues, where raised are subject to proportionate and independent investigation, and appropriate action,
- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken, and
- undertaking the duties of the Engagement Committee, and therefore reviewing the performance of the Investment Manager and all matters arising under the management agreement

During the year under review, the Committee discharged the responsibilities described above Its activities included

- formally reviewing the final report and accounts, the interim report, and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies,
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Investment Manager,
- meeting with the Head of Internal Audit of Close Brothers Group plc,
- meeting with the external auditors and reviewing their findings and
- reviewing the performance of the Investment Manager and making recommendations regarding their re-appointment to the Board

STATEMENT OF CORPORATE GOVERNANCE
(continued)

Nomination Committee

The function of the nomination committee is carried out by the Board as a whole It is the policy of the Company that Directors are nominated for re-election on rotation every three years, the next re-election is of Mr Reeve, at the Annual General Meeting on 5 July 2007 The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting

Internal Control

In accordance with principle C 2 of the Combined Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 (the "Turnbull guidance") The Board is responsible for the Company's system of internal control and for reviewing its effectiveness However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss

The Board's monitoring covers all controls, including financial, operational and compliance controls, and risk management The Board receives each year from the Investment Manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Investment Manager, and which reports the details of any known internal control failures Steps are and continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers and to deal with areas of improvement which come to Investment Manager's and the Board's attention

The Board has also performed a specific assessment for the purpose of this Annual Report This assessment considers all significant aspects of internal control arising during the year The Audit Committee assists the Board in discharging its review responsibilities

As the Board has delegated the investment management and administration to Close Investments Limited and Close Ventures Limited respectively, the Board feels that it is not necessary to have its own internal audit function Instead, the Board has continual access to the internal audit department of Close Brothers Group plc, which undertakes periodic examination of the business processes and controls environment at Close Investments Limited and Close Ventures Limited and ensures that any recommendations to implement improvements in controls are carried out The internal audit department of Close Brothers Group plc reports formally to the Board on an annual basis The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended

Going Concern

After making reasonable enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, the Directors have adopted the going concern basis in preparing the accounts

Relationships with Shareholders

The Company's Annual General Meeting on 5 July 2007 will be used as an opportunity to communicate with investors The Board and the Chairman of the Audit Committee will be available to answer questions at the Annual General Meeting At the Annual General Meeting the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands

The Annual General Meeting will also include a presentation from the Investment Manager on the Portfolio and on the Company

Statement of Compliance

With the exception of the requirements to have a Remuneration Committee, the Directors consider that the Company has complied throughout the period ended 28 February 2007 with all the relevant provisions set out in Section 1 of the Code, and with the AITC Code of Corporate Governance The Company continues to comply with the Code as at the date of this report

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with Schedule 7a to the Companies Act 1985 The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Director's remuneration As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting

Unaudited Information

Remuneration Committee

As at 28 February 2007, the Board comprised four non-executive Directors The Board as a whole considers the Directors' remuneration Under Listing Rules of the UK Listing Authority, where a Venture Capital Trust has no executive Directors, it is not required to appoint a seperate remuneration committee

Directors' Remuneration Policy

The Company's policy is that fees payable to non-executive directors should reflect their expertise, responsibilities and time spent on Company matters In determining the level of non-executive remuneration market equivalents are considered in comparison to the overall activities and size of the Company

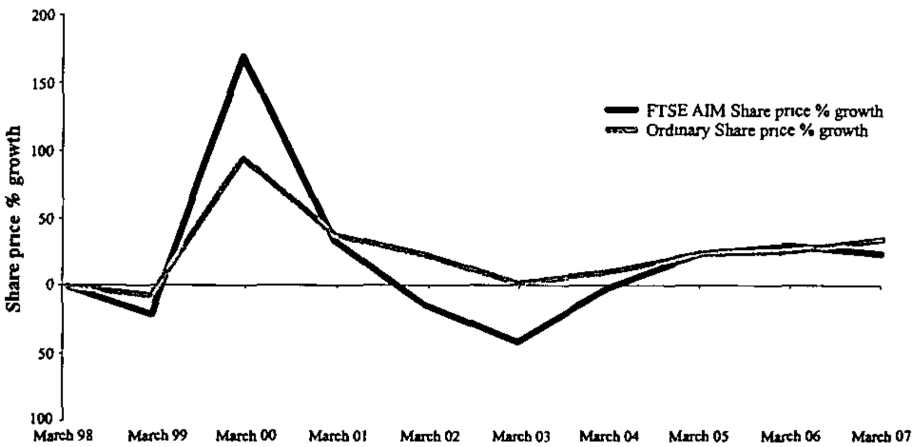
The maximum level of non-executive directors' remuneration is fixed by the Company's Articles of Association, not to exceed £125,000 per annum, amendment to this is by way of a special resolution subject to ratification by shareholders

Performance Graph

The graphs below show Close Brothers AIM VCT PLC's Ordinary and D Shares price against the FTSE AIM Total Return Index, in both instances with dividends reinvested The Directors consider this to be the most appropriate benchmark, but would remind investors that approximately 30% of the AIM Index is attributable to resource sector stocks which the VCT can not invest in It should also be noted that shares in VCTs generally trade at a discount to the actual net asset value of the Company

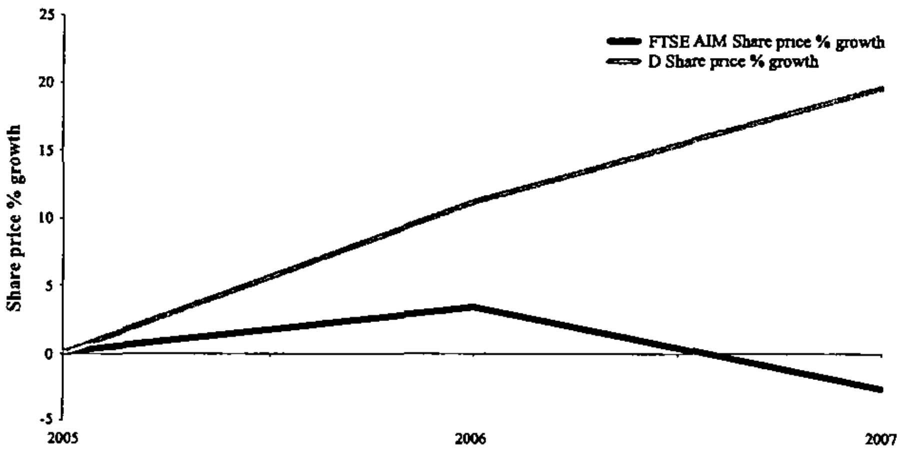
There are no options, issued or exercisable, in the Company which would distort the graphical representation below

Share price growth relative to FTSE AIM Index (in both cases with dividends reinvested)



DIRECTORS' REMUNERATION REPORT
(continued)

Share price growth relative to FTSE AIM Index (in both cases with dividends reinvested)



Service Contracts

None of the Directors has a service contract with the Company

The Company's Articles of Association provide for the resignation and, if approved, re-election of one third of the Directors at each Annual General Meeting At the forthcoming Annual General Meeting Mr Reeve will retire by rotation and be proposed for re-election by shareholders

Audited Information

Directors' Remuneration

The following table shows an analysis of the remuneration of individual directors (excluding VAT and employers NIC costs)

	Year ended 28 February 2007			Year ended 28 February 2006		
	Fees	Expenses	Total	Fees	Expenses	Total
	£	£	£	£	£	£
Michael Reeve	24,450	–	24,450	24,450	–	24,450
Frank Malcolm	18,340	2,596	20,936	18,340	1,169	19,509
Roger Smith	18,340	–	18,340	18,340	–	18,340
Stephen Hazell-Smith	18,340	–	18,340	18,340	–	18,340
	79,470	2,596	82,066	79,470	1,169	80,639

The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors

Each Director of the Company is remunerated personally

In addition to Directors' remuneration, the Company pays annual premiums in respect of Directors' & Officers' Liability Insurance

By Order of the Board

Close Ventures Limited
Company Secretary

10 Crown Place
London EC2A 4FT

25 May 2007

DIRECTORS' REMUNERATION REPORT
(continued)

Share price growth relative to FTSE AIM Index (in both cases with dividends reinvested)

Service Contracts

None of the Directors has a service contract with the Company

The Company's Articles of Association provide for the resignation and if approved, re-election of one third of the Directors at each Annual General Meeting At the forthcoming Annual General Meeting Mr Reeve will retire by rotation and be proposed for re-election by shareholders

Audited Information

Directors' Remuneration

The following table shows an analysis of the remuneration of individual directors (excluding VAT and employers NIC costs)

	Year ended 28 February 2007			Year ended 28 February 2006		
	Fees	Expenses	Total	Fees	Expenses	Total
	£	£	£	£	£	£
Michael Reeve	**24,450**	**–**	**24,450**	24,450	–	24,450
Frank Malcolm	**18,340**	**2,596**	**20,936**	18,340	1,169	19,509
Roger Smith	**18,340**	**–**	**18,340**	18,340	–	18,340
Stephen Hazell-Smith	**18,340**	**–**	**18,340**	18,340	–	18,340
	79,470	2,596	82,066	79,470	1,169	80,639

The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors

Each Director of the Company is remunerated personally

In addition to Directors' remuneration, the Company pays annual premiums in respect of Directors' & Officers' Liability Insurance

By Order of the Board

Close Ventures Limited

Company Secretary

10 Crown Place
London EC2A 4FT

25 May 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLOSE BROTHERS AIM VCT PLC

We have audited the financial statements of Close Brothers AIM VCT PLC ("The Company") for the year ended 28 February 2007 which comprise the income statement, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and the related notes 1 to 22 These financial statements have been prepared under the accounting policies set out therein We have also audited the information in the Directors' Remuneration Report that is described as having been audited

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2007 and of its return for the year then ended
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

25 May 2007

INCOME STATEMENT
for the year ended 28 February 2007

		Ordinary Shares 28 February 2007			D Shares 28 February 2007			Total 28 February 2007		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	11	–	1,828	1,828	–	1,335	1,335	–	3,163	3,163
Investment income	3	387	–	387	493	–	493	880	–	880
Investment management fee	4	(149)	(448)	(597)	(113)	(338)	(451)	(262)	(786)	(1,048)
Performance fee	4	–	–	–	–	–	–	–	–	–
Other expenses	5	(128)	–	(128)	(89)	–	(89)	(217)	–	(217)
Return on ordinary activities before tax		110	1,380	1,490	291	997	1,288	401	2,377	2,778
Tax credit/(charge) on ordinary activities	7	6	–	6	(60)	54	(6)	(54)	54	–
Return attributable to equity shareholders		116	1,380	1,496	231	1,051	1,282	347	2,431	2,778
Basic and diluted return per share (pence)	9	0 38	4 50	4 88	1 44	6 55	7 99			

The notes on pages 47 to 59 form an integral part of these financial statements

All of the Company's activities derive from continuing operations

The Company has no recognised gains or losses other than the results for the year as set out above accordingly a statement of total recognised gains or losses is not required

The total column of the Income Statement represents the profit and loss account of the Company The supplementary revenue return and capital return columns have been prepared in accordance with the Association of Investment Companies' Statement of Recommended Practice

INCOME STATEMENT
for the year ended 28 February 2006

		Ordinary Shares 28 February 2006			D Shares 28 February 2006			Total 28 February 2006		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	11	–	2,331	2,331	–	1,544	1,544	–	3,875	3,875
Investment income	3	406	–	406	556	–	556	962	–	962
Investment management fee	4	(156)	(469)	(625)	(90)	(271)	(361)	(246)	(740)	(986)
Performance fee	4	–	(9)	(9)	–	(50)	(50)	–	(59)	(59)
Other expenses	5	(142)	–	(142)	(80)	–	(80)	(222)	–	(222)
Return on ordinary activities before tax		108	1,853	1,961	386	1,223	1,609	494	3,076	3,570
Tax credit/(charge) on ordinary activities	7	1	13	14	(93)	79	(14)	(92)	92	–
Return attributable to equity shareholders		109	1 866	1,975	293	1 302	1,595	402	3,168	3 570
Basic and diluted return per share (pence)	9	0 34	5 82	6 16	1 93	8 58	10 51			

The notes on pages 47 to 59 form an integral part of these financial statements

All of the Company's activities derive from continuing operations

The Company has no recognised gains or losses other than the results for the year as set out above, accordingly a statement of total recognised gains or losses is not required

The total column of the Income Statement represents the profit and loss account of the Company The supplementary revenue return and capital return columns have been prepared in accordance with the Association of Investment Companies' Statement of Recommended Practice

BALANCE SHEET
as at 28 February 2007

	Note	Ordinary Shares As at 28 February 2007 £'000	D Shares As at 28 February 2007 £'000	Total As at 28 February 2007 £'000
Fixed asset investments				
Qualifying investments		20,875	10,100	30,975
Non-qualifying investments		4,156	7,077	11,233
Total fixed asset investments	10	25,031	17,177	42,208
Current assets				
Debtors	13	95	81	176
Cash at bank	17	1,211	2,895	4,106
		1,306	2,976	4,282
Creditors amounts falling due within one year	14	(49)	(65)	(114)
Net current assets		1,257	2,911	4,168
Net assets		26,288	20,088	46,376
Capital and reserves				
Called up share capital	15	14,978	8,008	22,986
Share premium		1,450	39	1,489
Special reserve		7,665	9,304	16,969
Capital redemption reserve		3,353	74	3,427
Realised capital reserve		(4,055)	277	(3,778)
Unrealised capital reserve		2,846	2,253	5,099
Revenue reserve		51	133	184
Equity shareholders' funds		26,288	20,088	46,376
Net asset value per share (pence)	16	87 76	125 43	

The notes on pages 47 to 59 form an integral part of these financial statements

The financial statements on pages 39 to 59 were approved by the Board of Directors on 25 May 2007 and were signed on its behalf by

M A F Reeve
Chairman

BALANCE SHEET
as at 28 February 2006

	Note	Ordinary Shares As at 28 February 2006 £'000	D Shares As at 28 February 2006 £'000	Total As at 28 February 2006 £'000
Fixed asset investments				
Qualifying investments		22,035	8,857	30,892
Non-qualifying investments		3,925	7,009	10,934
Total fixed asset investments	10	25,960	15,866	41,826
Current assets				
Debtors	13	1,100	5,071	6 171
Cash at bank	17	724	146	870
		1,824	5,217	7,041
Creditors amounts falling due within one year	14	(824)	(1,678)	(2,502)
Net current assets		1,000	3,539	4,539
Net assets		26,960	19 405	46 365
Capital and reserves				
Called up share capital	15	15 561	8,040	23,601
Share premium		1,450	39	1,489
Special reserve		8,547	9,373	17,920
Capital redemption reserve		2,770	42	2,812
Realised capital reserve		(3,231)	(277)	(3,508)
Unrealised capital reserve		1 806	1,965	3,771
Revenue reserve		57	223	280
Equity shareholders' funds		26,960	19 405	46,365
Net asset value per share (pence)	16	86 62	120 68	

The notes on pages 47 to 59 form an integral part of these financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 28 February 2007
Ordinary Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 28 February 2006	**15,561**	**1,450**	**8,547**	**2,770**	**(3,231)**	**1,806**	**57**	**26,960**
Net return after taxation	–	–	–	–	340	1,040	116	1,496
Dividends	–	–	–	–	(1,164)	–	(122)	(1,286)
Shares purchased for cancellation	(583)	–	(882)	583	–	–	–	(882)
As at 28 February 2007	**14,978**	**1,450**	**7,665**	**3,353**	**(4,055)**	**2,846**	**51**	**26,288**
As at 28 February 2005	16,330	1,449	9 691	2,001	(1,220)	(1,593)	158	26,816
Net return after taxation	–	–	–	–	(1,533)	3,399	109	1,975
Dividends	–	–	–	–	(478)	–	(210)	(688)
Issue of shares (net of expenses)	–	1	2	–	–	–	–	3
Shares purchased for cancellation	(769)	–	(1,146)	769	–	–	–	(1,146)
As at 28 February 2006	15,561	1,450	8,547	2,770	(3,231)	1,806	57	26,960

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 28 February 2007
D Shares

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 28 February 2006	8,040	39	9,373	42	(277)	1,965	223	19,405
Net return after taxation	–	–	–	–	763	288	231	1,282
Dividends	–	–	–	–	(209)	–	(321)	(530)
Shares purchased for cancellation	(32)	–	(69)	32	–	–	–	(69)
As at 28 February 2007	8,008	39	9,304	74	277	2,253	133	20,088
As at 28 February 2005	2,324	2 112	(66)	38	130	497	19	5,054
Net return after taxation	–	–	–	–	(166)	1,468	293	1,595
Dividends	–	–	–	–	(241)	–	(89)	(330)
Issue of shares (net of expenses)	5 720	7,388	–	–	–	–	–	13,108
Shares purchased for cancellation	(4)	–	(9)	4	–	–	–	(9)
Transfer of reserves	–	(9,461)	9,461	–	–	–	–	–
Costs of cancelling share premium	–	–	(13)	–	–	–	–	(13)
As at 28 February 2006	8 040	39	9,373	42	(277)	1 965	223	19,405

CASH FLOW STATEMENT
for the year ended 28 February 2007

	Note	Ordinary Shares 28 February 2007 £'000	D Shares 28 February 2007 £'000	Total 28 February 2007 £'000
Operating activities				
Dividend income received		126	27	153
Investment income received		200	340	540
Other income received		7	–	7
Deposit income received		47	92	139
Investment management fees paid		(598)	(496)	(1,094)
Other cash payments		(131)	(89)	(220)
Net cash outflow from operating activities	18	(349)	(126)	(475)
Capital expenditure and financial investment				
Purchase of qualifying investments		(2,228)	(3,322)	(5,550)
Purchase of non-qualifying investments		(102)	–	(102)
Disposals of qualifying investments		4,460	7,793	12,253
Disposals of non-qualifying investments		181	–	181
Net cash inflow from investing activities		2,311	4,471	6,782
Equity dividends paid				
Revenue dividends paid		(122)	(321)	(443)
Capital dividends paid		(1,164)	(209)	(1,373)
		(1,286)	(530)	(1,816)
Net cash inflow before financing		676	3,815	4,491
Financing				
Intercompany account movement		997	(997)	–
Cancellation of shares		(1,186)	(69)	(1,255)
Net cash outflow from financing		(189)	(1,066)	(1,255)
Increase in cash in the year	17	487	2,749	3,236

CASH FLOW STATEMENT
for the year ended 28 February 2006

	Note	Ordinary Shares 28 February 2006 £'000	D Shares 28 February 2006 £'000	Total 28 February 2006 £'000
Operating activities				
Dividend income received		109	8	117
Investment income received		263	436	699
Deposit income received		74	86	160
Investment management fees paid		(635)	(370)	(1 005)
Other cash payments		(117)	(62)	(179)
Net cash (outflow)/inflow from operating activities	18	(306)	98	(208)
Servicing of finance				
Interest paid		(14)	–	(14)
Capital expenditure and financial investment				
Purchase of qualifying investments		(4 456)	(5,093)	(9 549)
Purchase of non-qualifying investments		(2,001)	(10,009)	(12,010)
Disposals of qualifying investments		5 618	1 316	6 934
Disposals of non-qualifying investments		4,281	–	4 281
Net cash inflow/(outflow) from investing activities		3,442	(13,786)	(10,344)
Equity dividends paid				
Revenue dividends paid		(210)	(89)	(299)
Capital dividends paid		(478)	(241)	(719)
		(688)	(330)	(1 018)
Net cash inflow/(outflow) before financing		2,434	(14,018)	(11,584)
Financing				
Intercompany account movement		(997)	997	–
Issued of equity net of expenses		(88)	13,070	12,982
Cancellation of shares		(845)	(22)	(867)
Net cash (outflow)/inflow from financing		(1,930)	14,045	12 115
Increase in cash in the year	17	504	27	531

NOTES TO THE FINANCIAL STATEMENTS
for the year to 28 February 2007

1 Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments, in accordance with applicable law and United Kingdom Accounting Standards, and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP") issued by the Association of Investment Trust Companies ("AITC") in January 2003 and revised in December 2005 Accounting policies have been applied consistently in current and prior periods

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 Corporation Taxes Act 1988 The absence of S266 status does not preclude the Company from presenting its accounts in accordance with the AITC's SORP, and furthermore the Directors consider it appropriate to continue to present the accounts in this manner as it is consistent with the sector within which it operates The Directors therefore consider that the departures from accounting standards and the specific provisions of Schedule 4 of the Companies Act relating to the form and content of accounts for companies other than investment Companies, are necessary to give a true and fair view The departures have no effect on the return for the year

2 Accounting policies

The principal accounting policies are described below

a) Investments

In accordance with FRS 26 "Financial Instruments Measurement", equity investments are designated as fair value through profit or loss The total column of the Income Statement represents the Company's profit and loss account Investments listed on recognised exchanges are valued at either the closing bid price or last traded price at the end of the accounting period Convertible loan stock is valued using the conversion rate and the closing bid price at the end of the accounting period of the underlying stock 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's SORP

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

The Directors are conscious of the fact that because shares are traded on AIM this does not guarantee their liquidity The nature of AIM investments is such that the prices can be volatile and realisation may not achieve current book value, especially when such a sale represents a significant proportion of that Company's market capital Nevertheless, on the grounds that the investments are not intended for immediate realisation, they regard bid-market price as the most objective and appropriate method of valuation

b) Investment income

Dividends receivable on quoted equity shares and are taken to revenue on an ex-dividend basis Returns on listed fixed interest securities are recognised on a time apportionment basis from the date of purchase so as to reflect the effective yield on the securities

c) Investment management fees and other expenses

All expenses are accounted for on an accruals basis Expenses are charged through the revenue account except as follows

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment,
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment, and
- expenses are allocated between capital and revenue where a connection with maintenance or enhancement of the value of the investments held can be demonstrated In respect of the Investment Manager's fee 75% has been allocated to the realised capital reserve and 25% to revenue in the Income Statement In respect of the Investment Manager's performance fee, 100% has been allocated to the realised capital reserve, in order to reflect the Directors' expected long-term view of the nature of the investments return of the Company

NOTES TO THE FINANCIAL STATEMENTS
(continued)

d) 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 which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered The specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise The Directors have considered the requirements of FRS 19 and do not believe that any provisions should be made

e) Debtors and creditors

- Debtors do not carry any interest and 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
- Creditors are non interest bearing and are stated at their nominal value The Directors consider that the carrying amount of creditors approximates their fair value

f) Reserves

The Realised capital reserve contains gains and losses on the realisation of investments, capital dividends paid to shareholders and investment management fees allocated to the capital reserve and taxation thereon The Unrealised capital reserve contains increases and decreases in the valuation of investments held at the period end The Special reserve is distributable and is primarily used for the cancellation of the Company's share capital The capital redemption reserve accounts for amounts by which the issed capital is diminished through the repurchase of the Company's own shares

g) Dividends

In accordance with FRS 21 "Events after the balance sheet date", interim dividends are not accounted for until paid, and final dividends are accounted for when approved by shareholders at an Annual General Meeting

h) D shares

Until such time that D shares are converted into Ordinary shares in 2008, all investments and returns attributable to this class of share will be seperately indentifiable from the existing Ordinary shares All residual expenses will be allocated on the basis of total funds raised for each class of share

NOTES TO THE FINANCIAL STATEMENTS
(continued)

3 Investment income

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares £'000	D Shares £'000	Total £'000	Ordinary Shares £'000	D Shares £'000	Total £'000
Income from investments						
UK franked investment income	136	30	166	114	8	122
UK unfranked investment income	197	349	546	219	465	684
	333	379	712	333	473	806
Other income						
Deposit interest	47	114	161	73	83	156
Other income	7	–	7	–	–	–
Total income	387	493	880	406	556	962
Total income comprises						
Dividends	136	30	166	114	8	122
Interest	251	463	714	292	548	840
	387	493	880	406	556	962

4 Investment management and performance fees

	Year to 28 February 2007			Year to 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee						
– Ordinary Shares	149	448	597	156	469	625
– D Shares	113	338	451	90	271	361
	262	786	1,048	246	740	986
Performance fee						
– Ordinary Shares	–	–	–	–	9	9
– D Shares	–	–	–	–	50	50
	–	–	–	–	59	59
	262	786	1,048	246	799	1,045

Further details of the Investment Management agreement under which the investment management fee and performance fee are paid are given in the Report of the Directors

5 Other expenses

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares £'000	D Shares £'000	Total £'000	Ordinary Shares £'000	D Shares £'000	Total £'000
Directors' fees (see note 6)	55	36	91	54	36	90
Auditors' remuneration – audit fees	15	10	25	11	7	18
– other services	1	1	2	1	1	2
Other	57	42	99	76	36	112
	128	89	217	142	80	222

NOTES TO THE FINANCIAL STATEMENTS
(continued)

6 Directors' fees

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares £'000	D Shares £'000	Total £'000	Ordinary Shares £'000	D Shares £'000	Total £'000
Directors' fees	48	32	80	48	32	80
National insurance and/or VAT	5	3	8	5	4	9
Expenses	2	1	3	1	–	1
	55	36	91	54	36	90

Expenses charged relate to travel expenses in furtherance of their duties as Directors

Further information regarding Directors' remuneration can be found on the Directors' Remuneration Report on page 36

The Company had no employees during the year (2006 nil)

7 Tax (credit)/charge on ordinary activities

	Ordinary Shares Year to 28 February 2007			D Shares Year to 28 February 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	(6)	–	(6)	60	–	60
Tax attributable to capital expenses	–	–	–	–	(54)	(54)
	(6)	–	(6)	60	(54)	6

	Ordinary Shares Year to 28 February 2006			D Shares Year to 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	(1)	–	(1)	93	–	93
Tax attributable to capital expenses	–	(13)	(13)	–	(79)	(79)
	(1)	(13)	(14)	93	(79)	14

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 30%) The actual tax charge for the current and previous year is below the standard rate for the reasons set out in the following reconciliation

	Ordinary Shares Year to 28 February 2007			D Shares Year to 28 February 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	110	1,380	1,490	291	997	1,288
Tax on profit at the standard rate of 30%	33	414	447	87	299	386
Factors affecting the charge						
Non-taxable income	(41)	–	(41)	(9)	–	(9)
Marginal relief adjustment	2	–	2	(18)	47	29
Excess management expenses	–	134	134	–	–	–
Non-taxable gains on investments	–	(548)	(548)	–	(400)	(400)
	(6)	–	(6)	60	(54)	6

NOTES TO THE FINANCIAL STATEMENTS
(continued)

7 Tax (credit)/charge on ordinary activities (continued)

	Ordinary Shares Year to 28 February 2006			D Shares Year to 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	108	1,853	1 961	386	1,223	1,609
Tax on profit at the standard rate of 30%	32	556	588	116	367	483
Factors affecting the charge						
Non-taxable income	(34)	–	(34)	(2)	–	(2)
Marginal relief adjustment	1	2	3	(21)	17	(4)
Excess management expenses	–	128	128	–	–	–
Non-taxable gains on investments	–	(699)	(699)	–	(463)	(463)
	(1)	(13)	(14)	93	(79)	14

(i) Venture Capital Trusts are not subject to corporation tax on capital gains

(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to all expenses proportionately by reference to the applicable corporation tax rate of 30% (2006 30%) and allocating the relief in accordance with the SORP

(iii) No deferred tax asset or liability has arisen in the year

(iv) The Company has not recognised a deferred tax asset on timing differences relating to the management expenses going forward due to the uncertainty surrounding its recovery The amount of this unrecognised asset is £439 000 (2006 £313,000) The asset would be recovered if the Company made sufficient taxable gains in the future to utilise these losses

8 Dividends

	Year to 28 February 2007			Year to 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Dividends paid on equity shares						
– Dividends of 4 20 pence per						
Ordinary Share (2006 2 15 pence) paid July and December 2006	122	1,164	1,286	210	478	688
– Dividend of 3 30 pence per						
D Share (2006 2 25 pence) paid July and December 2006	321	209	530	89	241	330
	443	1,373	1,816	299	719	1,018

The Board has declared the following first interim dividend for the year ending 28 February 2008

– 2 5p per Ordinary Share to be paid out of realised capital gains

– 2 5p per D Share (comprising 0 75p to be paid out of revenue and 1 75p to be paid out of realised capital gains)

In accordance with FRS 21 these dividends have not been accrued as a liability in these financial statements

The dividends paid out of realised capital profits are subject to HM Revenue & Customs' approval

NOTES TO THE FINANCIAL STATEMENTS
(continued)

9 Return per share

	Year to 28 February 2007		Year to 28 February 2006	
	Revenue	Capital	Revenue	Capital
Basic (pence per share)				
– Ordinary Shares	0 38	4 50	0 34	5 82
– D Shares	1 44	6 55	1 93	8 58

Ordinary Shares

The revenue return per Ordinary Share is based on the revenue return on ordinary activities after taxation of £116,000, (2006 £109,000), whilst the capital return is based on the capital return on ordinary activities after taxation of £1,380,000 (2006 £1,866,000) This is in respect of 30,655,972 Ordinary Shares (2006 32,030,767 shares), being the weighted average number of shares in issue during the year

There are no dilutive elements and hence the basic return per share is the same as the diluted return per share

D Shares

The revenue return per D Share is based on the revenue return on ordinary activities after taxation of £231,000 (2006 £293,000), whilst the capital return is based on the capital return on ordinary activities after taxation of £1 051 000 (2006 £1,302,000) This is in respect of 16,051,466 D Shares (2006 15 172 423 shares), being the weighted average number of shares in issue during the year

There are no dilutive elements and hence the basic return per share is the same as the diluted return per share

10 Fixed asset investments

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares	D Shares	Total	Ordinary Shares	D Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Qualifying investments	20,875	10,100	30,975	22 035	8,857	30,892
Non qualifying AIM investments	236	67	303	2	–	2
Non qualifying listed investments	3,920	7,010	10,930	3,923	7,009	10,932
Total	25,031	17,177	42,208	25,960	15,866	41,826

	Ordinary Shares				
	Qualifying AIM	Qualifying Loan Notes	Non–qualifying AIM	Non–qualifying listed	Total investment
	£'000	£'000	£'000	£'000	£'000
Valuation basis					
Opening valuation 1 March 2006	21,760	275	2	3,923	25,960
Transfer to non-qualifying/stock conversion	(52)	(200)	252	–	–
Purchases at cost	1,757	–	105	–	1,862
Sales – proceeds	(4,438)	–	(181)		(4,619)
– realised gains/(losses) on disposal	1,417	(160)	(469)	–	788
(Decrease)/increase in unrealised appreciation	(264)	780	527	(3)	1,040
Closing valuation 28 February 2007	20,180	695	236	3,920	25,031

NOTES TO THE FINANCIAL STATEMENTS
(continued)

10 Fixed asset investments (continued)

	Ordinary Shares				
	Qualifying AIM £'000	Qualifying Loan Notes £'000	Non–qualifying AIM £'000	Non–qualifying listed £'000	Total investment £'000
Historic cost basis					
Opening book cost 1 March 2006	19,225	435	574	3,920	24,154
Transfer to non-qualifying/stock conversion	(94)	(200)	294	–	–
Purchases at cost	1,757	–	105	–	1,862
Disposals at cost	(3,021)	(160)	(650)	–	(3,831)
Closing book cost 28 February 2007	17,867	75	323	3,920	22,185
Opening unrealised gains/(losses)	2,535	(160)	(572)	3	1,806
Transfer to non-qualifying	42	–	(42)	–	–
(Decrease)/increase in unrealised appreciation	(264)	780	527	(3)	1,040
Closing unrealised gains/(losses)	2,313	620	(87)	–	2,846

	D Shares				
	Qualifying AIM £'000	Qualifying Loan Notes £'000	Non–qualifying AIM £'000	Non–qualifying listed £'000	Total investment £'000
Valuation basis					
Opening valuation 1 March 2006	8,857	–	–	7,009	15,866
Transfer to non-qualifying	(63)	–	63	–	–
Purchases at cost	2,730	–	15	–	2,745
Sales – proceeds	(2,769)	–	–	–	(2,769)
– realised gains on disposal	1,047	–	–	–	1,047
Increase/(decrease) in unrealised appreciation	298	–	(11)	1	288
Closing valuation 28 February 2007	10,100	–	67	7,010	17,177
Historic cost basis					
Opening book cost 1 March 2006	6,894	–	–	7,007	13,901
Transfer to non-qualifying	(74)	–	74	–	–
Purchases at cost	2,730	–	15	–	2,745
Disposals at cost	(1,722)	–	–	–	(1,722)
Closing book cost 28 February 2007	7,828	–	89	7,007	14,924
Opening unrealised gains	1,963	–	–	2	1,965
Transfer to non-qualifying	11	–	(11)	–	–
Increase/(decrease) in unrealised appreciation	298	–	(11)	1	288
Closing unrealised gains	2,272	–	(22)	3	2,253

All fixed asset investments are held at fair value through profit or loss account

A full list of the portfolio holdings by their aggregate market values is set out on pages 12 to 17 of this report

Transaction costs incidental to the acquisitions and disposals of investments totalled £7,000 in the year

NOTES TO THE FINANCIAL STATEMENTS
(continued)

11 Gains on investments

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares £'000	D Shares £'000	Total £'000	Ordinary Shares £'000	D Shares £'000	Total £'000
Realised gains/(losses) on disposals net of expenses	788	1,047	1,835	(1,068)	76	(992)
Increase in unrealised revaluation	1,040	288	1,328	3,399	1,468	4,867
Total gains for the year	1,828	1,335	3,163	2,331	1,544	3,875

12 Significant interests

The Company has a holding of 3% or more of the voting rights in the following investments

	Share class	% Held
Claimar Care Group	Ordinary	4 9
Clipper Ventures	Ordinary	4 2
Dowlis Corporate Solutions	Ordinary	4 4
Focus Solutions Group	Ordinary	3 3
Hartest Holdings	Ordinary	7 4
Independent Media Support Group	Ordinary	4 3
Landround	Ordinary	4 2
Maelor	Ordinary	4 1
Petards Group	Ordinary	4 6
Pilat Media Global	Ordinary	3 1
Playgolf (Holdings)	Ordinary	6 2
Telephonetics	Ordinary	3 8
Twenty	Ordinary	5 2
Vertu Motors Plc	Ordinary	3 6
Win	Ordinary	3 0
Work Group	Ordinary	4 6

13 Debtors

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares £'000	D Shares £'000	Total £'000	Ordinary Shares £'000	D Shares £'000	Total £'000
Other debtors	11	–	11	11	–	11
Inter class debtors	17	–	17	1 008	–	1 008
Prepayments and accrued income	67	81	148	57	48	105
Sales awaiting settlement	–	–	–	24	5,023	5,047
Total	95	81	176	1,100	5,071	6,171

NOTES TO THE FINANCIAL STATEMENTS
(continued)

14 Creditors

	Year to 28 February 2007			Year to 28 February 2006		
	Ordinary Shares	D Shares	Total	Ordinary Shares	D Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Accruals	46	33	79	50	78	128
Inter class creditors	–	17	17	–	1,008	1,008
Purchases awaiting settlement	3	15	18	774	592	1,366
Total	49	65	114	824	1,678	2,502

15 Called up share capital

	28 February 2007	28 February 2006
	£'000	£'000
Authorised		
45,000,000 (2006 45,000,000) Ordinary Shares of 50 pence each	22,500	22,500
25,000,000 (2006 25,000,000) D Shares of 50 pence each	12,500	12,500
	35,000	35,000
Allotted, called up and fully paid		
29,955,440 (2006 31,122,839) Ordinary Shares of 50 pence each	14,978	15,561
16 015,188 (2006 16,078,833) D Shares of 50 pence each	8,008	8 040
	22,986	23,601

All classes of shares rank pari passu as to rights to attend and vote at any general meeting of the Company

The rights of members to receive dividends is derived from the net income attributable to the net assets of each class of share

The capital and assets of the Company shall on a winding up prior to the conversion of each class of share, be divided amongst the holders of each class of share pro rata according to their shareholding

During the year the Company purchased for cancellation 1,167,399 Ordinary Shares and 63 645 D Shares at a cost of £882 271 and £68,866 respectively This represented 3 75% of the Ordinary Shares and 0 40% of the D Shares

16 Net asset value per share

Ordinary Shares
Net asset value per share is based on the net assets attributable to Ordinary shareholders of £26,288 000 (2006 £26,960 000) and 29 955,440 (2006 31,122,839) Ordinary Shares in issue at the year end

D Shares
Net asset value per share is based on the net assets attributable to D shareholders of £20 088 000 (2006 £19 405 000) and 16,015 188 (2006 16,078,833) D Shares in issue at the year end

NOTES TO THE FINANCIAL STATEMENTS
(continued)

17 Reconciliation of net cash flow to net funds

	28 February 2007			28 February 2006		
	Ordinary Shares	D Shares	Total	Ordinary Shares	D Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 March 2006	724	146	870	220	119	339
Net cash inflow	487	2,749	3,236	504	27	531
As at 28 February 2007	1,211	2,895	4,106	724	146	870

18 Reconciliation of (outflow)/inflow from operating activities

	28 February 2007			28 February 2006		
	Ordinary Shares	D Shares	Total	Ordinary Shares	D Shares	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net revenue before finance costs and taxation	110	291	401	108	386	494
Investment management fee charged to capital	(448)	(338)	(786)	(478)	(321)	(799)
(Increase)/decrease in other debtors	(9)	(33)	(42)	39	(28)	11
(Decrease)/increase in other creditors	(2)	(46)	(48)	25	61	86
Net cash (outflow)/inflow from operating activities	(349)	(126)	(475)	(306)	98	(208)

19 Financial instruments and risk management

Financial assets and liabilities

The Company's financial assets comprise equity investments, floating rate notes, loan notes, cash balances and short term debtors which arise from its operations The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations

The Company has no financial liabilities other than short-term creditors

The Company does not use any derivatives

The principal risks arising from the Company's operations are

- liquidity risk,
- market price risk, and
- cash flow interest rate risk

The Board reviews and agrees policies for managing each of these risks and they are summarised below

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 28 February 2007 are stated at fair value unless otherwise stated See note 2 of the financial statements

Liquidity risk

Although the majority of the Company's investments are less liquid than securities listed on the main market, the Board seeks to ensure that an appropriate proportion of the Company's investment portfolio is invested in cash and readily realisable securities The main cash outflows are for investments which are within the control of the Company The Company had no committed borrowing facilities as at 28 February 2007 (2006 £nil) In view of this, the Company is subject to lower liquidity risk

NOTES TO THE FINANCIAL STATEMENTS
(continued)

19 Financial instruments and risk management (continued)

Market price risk

The Company's investment risk primarily comprises the equity value of its AIM and PLUS quoted investments

As a Venture Capital Trust it is the Company's specific nature to evaluate and control the investment risk of its portfolio, the results of which are detailed in the portfolio review The Investment Manager and Board regularly monitor this risk

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes On the basis of the Company's analysis, it is estimated that a fall of one percentage point in all interest rates would have reduced the profit before tax for the year by approximately £108 000 (2006 £146,000)

The company does not have any interest bearing liabilities

The Company holds floating rate notes and money on deposit These earn interest at variable rates The effect of a change in interest rates includes changes in interest income and expenses relating to floating rate notes and gains or losses resulting from changes in the fair value of fixed rate instruments

Cash flow interest rate risk

The Company's financial assets as at 28 February 2007, all denominated in pounds sterling, consist of the following

Ordinary Shares	Fixed Rate £'000	Floating Rate £'000	Non-interest Bearing £'000	Total £'000
Equity	–	–	20,416	20,416
FRN and loan stock investments	695	3,920	–	4,615
Other net current assets*	–	1,211	43	1,254
Total Assets	695	5,131	20,459	26,285

D Shares	Fixed Rate £'000	Floating Rate £'000	Non-interest Bearing £'000	Total £'000
Equity	–	–	10,167	10,167
FRN and loan stock investments	–	7,010	–	7,010
Other net current assets*	–	2,895	14	2,909
Total Assets	–	9,905	10,181	20,086

NOTES TO THE FINANCIAL STATEMENTS
(continued)

19 Financial instruments and risk management (continued)

The Company's financial assets as at 28 February 2006, all denominated in pounds sterling, consist of the following

Ordinary Shares	Fixed Rate £'000	Floating Rate £'000	Non-interest Bearing £'000	Total £'000
Equity	–	–	21,762	21,762
FRN and loan stock investments	275	3,923	–	4 198
Other net current assets*	–	724	275	999
Total Assets	275	4,647	22 037	26,959

D Shares	Fixed Rate £'000	Floating Rate £'000	Non-interest Bearing £'000	Total £'000
Equity	–	–	8,857	8,857
FRN and loan stock investments	–	7,009	–	7,009
Other net current assets*	–	146	3,392	3,538
Total Assets	–	7,155	12,249	19,404

* Other net current assets exclude prepayments which under FRS25 are not classified as financial assets

The maturity value of the FRN and loan stock investments held at fair value is as follows

	28 February 2007		28 February 2006	
	Ordinary Shares £'000	D Shares £'000	Ordinary Shares £'000	D Shares £'000
Less than one year	**2,693**	**–**	–	–
1-2 years	**–**	**–**	2,075	–
2-3 years	**1,922**	**7,010**	–	–
3-5 years	**–**	**–**	2,123	7,009
Total	**4,615**	**7,010**	4 198	7,009

The contractual re-pricing of the floating rate notes held in the portfolio will occur within one year (2006, within one year)

Floating rate assets predominantly bear interest at rates based on quarterly LIBOR

Fixed rate assets bear interest at an average of 8 5% (2006 6 3%) and have an average remaining life of 0 (2006 2) years

NOTES TO THE FINANCIAL STATEMENTS
(continued)

20 Commitments

There were no financial commitments at 28 February 2007 (2006 none)

21 Related party transactions

Close Investments Limited as Investment Manager of the Company is considered to be a related party by virtue of its management contract with the Company (details disclosed on page 29 and 30 of this report) During the year services of a total value of £1,048,000 were purchased by the Company from Close Investments Limited At the financial year end, the amount due to Close Investments Limited disclosed as creditors was £22,000 Details of their remuneration can be found in note 4 of these financial statements

As at the year end and the date of this report, Close Investments Limited held 7,050 Ordinary Shares and 8,264 D Shares in the Company

22 Post balance sheet events

Since 28 February 2007 the Company has completed the following investments

- Invested £800,000 in Neuropharm Group
- Invested £200,000 in Claimar Care Group
- Invested £150,000 in B Global
- Invested £362,250 in IDOX

Since 28 February 2007 the Company has completed the following disposals

- Sold Tanfield shares and realised £204,440
- Sold Computer Software Group Realised £424 509
- Sold Careforce Group to Mears Group for total consideration of £1 60 and received 55,826 shares in Mears Group

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Close Brothers AIM VCT PLC will be held at 11am on 5 July 2007 at 10 Crown Place, London EC2A 4FT for the purpose of dealing with the following business, of which items 5 to 7 are special business

Ordinary Business

1 To receive and adopt the accounts and the reports of the Directors and Auditors for the year ended 28 February 2007

2 To reappoint Deloitte & Touche LLP as auditors for the ensuing year and to authorise the Directors to fix their remuneration

3 To re-appoint Michael Reeve who retires by rotation

4 To approve the Directors remuneration report

Special Business

5 To consider and, if thought fit, pass the following resolution as an ordinary resolution

That the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a maximum aggregate nominal amount of £2,298,531 which comprises 10% of the Ordinary Share capital (equal to £1,497,772) and 10% of the D Share capital (equal to £800,759), such authority to expire on 30 September 2008, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors may allot relevant securities pursuant to such an offer or agreement as if the authority had not expired

6 To consider and if thought fit pass the following resolution as a special resolution

That subject to and conditional on the passing of resolution number 5, the Directors be empowered, pursuant to Section 95 of the Act, to allot equity securities (within the meaning of Section 94 (2) to Section 94 (3A) of the Act) for cash pursuant to the authority conferred by resolution number 5 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities

(a) in connection with an offer of such securities by way of rights issue bonus issue, open offer or other offer of securities in favour of the holders of Ordinary or D Shares on the register of members at such record date as the Directors shall determine where the equity securities respectively attributable to the interest of the Ordinary or D shareholders are proportionate (as nearly may be) to the respective numbers of the Ordinary and D Shares held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange by virtue of shares being represented by depository receipts or any other matter whatever, and

b) otherwise than pursuant to sub-paragraph above up to an aggregate nominal amount of £748,886 equal to 5% of the Ordinary Share capital and £400,379 equal to 5% of the D Share capital, or following the conversation of the D Shares into Ordinary Shares, an aggregate nominal amount of £1,149,265 equal to 5% of the Ordinary shares

and shall expire on 30 September 2008, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired

In this resolution 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or legal or practical difficulties under the laws of or the requirement of any recognised regulatory body or any stock exchange in, any territory

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 5" were omitted

7 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution

That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of Ordinary Shares of 50p each and D Shares of 50p each in the capital of the Company provided that

NOTICE OF MEETING
(continued)

(a) the maximum aggregate number of shares authorised to be purchased is 2,995,544 Ordinary Shares and 1,601,519 D Shares (or following the conversion of the D Shares to Ordinary Shares, such number of new Ordinary Shares issued to convert those D Shares) (representing 10 per cent of the current issued share capital of each class),

(b) the minimum price which may be paid for a share is 50p,

(c) the maximum price that may be paid on the exercise of this authority will not exceed the higher of (a) 105 per cent of the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for the shares over the five business days immediately preceding the date of purchase, and (b) the higher of the price of the last independent trade and the highest independent bid on the London Stock Exchange,

(d) this authority expires at the conclusion of the next Annual General Meeting of the Company or eighteen months from the date of the passing of this resolution, whichever is earlier, and

(e) the Company may make a contract or contracts to purchase shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts

By Order of the Board

Close Ventures Limited
Secretary

Registered Office
10 Crown Place,
London EC2A 4FT

25 May 2007

NOTES

1 A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead Such proxy need not be a member of the Company

2 A form of proxy is enclosed and to be valid must be lodged with the Registrars of the Company not less than forty-eight hours before the time fixed for the meeting

3 The register of interests of directors kept by the Company in accordance with Section 325 of the Companies Act 1985 will be open for inspection at the meeting

4 No Director has a service contract or contract for services with the Company

5 The Company pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995 specifies that only those shareholders registered in the register of members of the Company as at 11 00am on 3 July 2007 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at this meeting in respect of the number of shares registered in their name at that time Changes to entries on the relevant register of members after 11 00am on 3 July 2007 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting

6 Copies of the Company's existing Articles of Association are available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until close of business on 3 July 2007 and will also be available for inspection at the place of the meeting for at least 15 minutes before, and during the meeting until the close of, the meeting

ATTENDANCE CARD
Close Brothers AIM VCT PLC - Annual General Meeting

Form of proxy for the Annual General Meeting to be held on 5 July 2007

If you wish to attend this meeting in your capacity as a holder of Ordinary Shares and/or D Shares, please sign this card and on arrival hand it to a Company representative This will facilitate entry to the meeting

Signature of person attending

Barcode

Investor Code

Notes

1 * If any other proxy is preferred, strike out the reference to the Chairman stated above add the name of the proxy you wish to appoint and initial the alteration Failure to initial the alteration will deem the Chairman of the Meeting to be your proxy A proxy need not be a member of the Company

2 If the appointer is a Corporation this form must be under its common seal or under the hand of some officer or attorney in that behalf

3 Please insert an X in either of the columns. If all spaces are left blank the proxy will exercise his discretion as to whether and if so how, he votes

4 The 'Vote Withheld option is provided to enable you to abstain on any particular resolution However it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For and Against a resolution

5 If you want your proxy to vote in a certain way on the resolutions specified please place a mark in the relevant boxes If you select Discretionary or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other business (including a motion to adjourn the Meeting or to amend a resolution) which may properly come before the Meeting

6 To be valid, this form of proxy must be completed and deposited not less than 48 hours before the time set for the meeting to Proxy Processing Centre, Telford Road Bicester OX26 4LD You may also deliver by hand to Capita Registrars, Proxy Department, The Registry 34 Beckenham Road, Beckenham Kent BR3 4TU during usual business hours and not later than 48 hours prior to the time fixed for the holding of the Meeting

7 In the case of joint holders only one needs sign but the names of all joint holders should be shown

8 The completion and return of this Form of Proxy will not preclude you from attending and voting at the Meeting should you subsequently decide to do so

FORM OF PROXY
Close Brothers AIM VCT PLC - Annual General Meeting

Bar Code

I/We .. .. (BLOCK CAPITALS please) being a holder/s of Ordinary Shares and/or D Shares in Close Brothers AIM VCT PLC and entitled to attend and vote at the above Annual General Meeting, hereby appoint the duly elected Chairman* of the Meeting or failing him

Investor Code

Event Code

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at 11 00am at 10 Crown Place, London EC2A 4FT on 5 July 2007 and at any adjournment thereof in respect of the resolutions set out in the Notice of Meeting

My/our proxy is to vote as indicated below

RESOLUTIONS Please mark 'X' to indicate how you wish to vote	For	Against	Vote Withheld (Note 4)	Discretionary (Note 5)
1 Report and Accounts				
2 Appointment of auditors				
3 Re-election of Michael Reeve				
4 Approval of Directors remuneration				

RESOLUTIONS Please mark 'X' to indicate how you wish to vote	For	Against	Vote Withheld (Note 4)	Discretionary (Note 5)
5 Special business Authority to allot shares				
6 (Special Resolution) Disapplication of pre-emption rights				
7 (Special Resolution) Purchase of own shares				

To assist with arrangements, if you intend attending the meeting in person please place a 'X in the box opposite

Signature **Date**

Cut along dotted line and return
the Form of Proxy only in the
enclosed Business Reply Envelope.

Close Brothers AIM VCT PLC

Registered in England and Wales Registered Number 3477519
10 Crown Place, London EC4A 4FT
Telephone 020 7422 7830, Fax 020 7422 7849

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25 May 2007

Dear Shareholder,

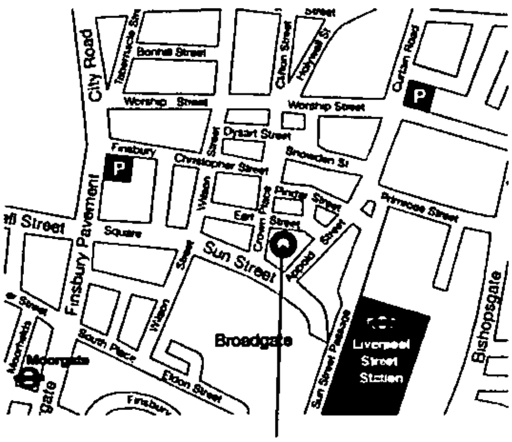
<u>Close Brothers AIM VCT PLC – AGM to be held at 10 Crown Place on 5 July 2007 at 11:00 am</u>

We would like to encourage more shareholders to attend your Company's Annual General Meetings With this in mind, after the normal business of the meeting, the Investment Manager from Close Investments Limited, will make a presentation on the Company, and we will invite questions from shareholders on any matters relevant to the VCT Refreshments will also be served

We very much look forward to seeing you then

Yours sincerely

Michael Reeve
Chairman



Close Investments Limited

Please note that Crown Place is pedestrianised
Vehicle access is via either Sun Street or Earl Street