5528235

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

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Company number
5528235

Financial highlights

	Period ended 30 November 2006
Return per share	**0.90p**
Dividend paid on 15 September 2006*	**1.40p**
Net asset value per A & B Ordinary share	**94.70p**
Net assets	**£23,675,000**
Movement in FTSE AIM Total Return Index (Source: Close Ventures Limited).	**-5.79%**

In addition to the dividend above, the directors have declared a first dividend of 1.0 pence per A and B Ordinary share to be paid on 23 March 2007 to shareholders on the register as at 2 March 2007.

* *Investors subscribing by 17 January 2006 were entitled to this dividend. Investors subscribing thereafter were not entitled to this first dividend.*

Financial calendar

Annual General Meeting	18 April 2007
Announcement of interim results for the six months ended 31 May 2007	August 2007
Record date for the first dividend	2 March 2007
Payment date of first dividend	23 March 2007

The dates regarding the announcement of the interim results are included as a guide only and may be subject to alteration by the Directors.

Notes

- *All dividends paid by the Company are free of income tax. It is an H M Revenue & Customs 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.

Chairman's statement

I would like to welcome new shareholders to the Company and am pleased to present your Company's first results, which relate to a period from incorporation of the Company on 4 August 2005 to 30 November 2006.

Between January and March 2006, the Company raised £25 million (£23.63 million net of expenses) through three allotments of shares. These share issues were split 7.32 million 'A' shares and 17.68 million 'B' shares. The 'A' share class follow the traditional AIM VCT structure, whereas the novel 'B' share class (with a minimum investment of £50,000) offer investors the opportunity to obtain inheritance tax relief under present legislation.

Performance

From launch to 30 November 2006, the Company completed twelve investments in qualifying AIM listed companies, totalling £4.4 million. In the period, two of these twelve investments – Debts.co.uk and Invocas – were sold, crystallising profits in both cases. In addition, as detailed in the prospectus, £3.25 million was invested in the Close Special Situations Fund. Further details of these investments can be found in the Investment Managers' report. I am pleased to say that, in aggregate, these investments are showing a modest premium to book cost at 30 November 2006.

As a result of this, the Company's net asset value per share has risen slightly from its initial 94.5p (net of fund raising costs) to 94.70p as at 30 November 2006.

Dividends

The Directors believe in maximising tax free dividends to shareholders and the Company intends to pay dividends twice a year. The Company paid a first dividend of 1.4p in September 2006 to shareholders from the initial allotment on 24 January 2006.

The Directors have declared a first dividend for the current financial period of 1.0p to all shareholders. This dividend will be paid on 23 March 2007 to shareholders on the register as at 2 March 2007.

Buy-back Policy

The Board has adopted a share buy-back policy whereby the Company, when able, will buy-back shares at around an 8% discount to the prevailing net asset value per share. This is designed to improve the marketability of the shares and to encourage the shares to trade at a narrower discount to their underlying worth.

Shareholders wishing to sell their shares should first contact the Investment Manager, Close Investments Limited on 020 7426 4059. Shareholders should note that if they sell their shares within three years of the original purchase, they would lose any tax relief that have been obtained.

Annual General Meeting

The Company's Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT at 12 noon on Wednesday 18 April 2007. I look forward to seeing as many shareholders there as possible. The Investment Manager will be presenting a review of the portfolio and it will be an opportunity for you to meet the Board and the Investment Manager to discuss the Company and its investments.

Outlook

Despite the continuing popularity of AIM in general, the flow of high quality VCT qualifying investment opportunities remains thin. The main challenge for the Investment Manager therefore, is finding enough new attractive qualifying investments at sensible valuations.

The UK economy is forecast to record another year of satisfactory growth in 2007, although incipient signs of inflation, and the potential consequences for interest rates, are a concern. To date, such concerns have not had a material impact on individual portfolio companies, although they may in due course come to have a negative impact on sentiment towards smaller companies generally.

The Investment Manager anticipates making several new investments in forthcoming months. I look forward to updating you on their progress.

Keith Mullins
Chairman

16 February 2007

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.

Keith Richard Mullins, Chairman (48)

Keith Mullins, joined SG Warburg's investment management division in 1978. The division later developed into Mercury Asset Management ("MAM") and subsequently became Merrill Lynch Investment Managers upon its acquisition by Merrill Lynch in 1998. He therefore has many years' experience as a specialist UK equity fund manager: during this time he was responsible for establishing and managing the team specialising in small and medium sized pension fund portfolios, and from 2000 he was head of pension fund asset allocation. He left as a managing director of Merrill Lynch Investment Managers in 2001.

Christopher Holdsworth Hunt (63)

Christopher Holdsworth Hunt, MSI, was co-founder and previous managing director of KBC Peel Hunt Limited, a stockbroker specialising in corporate broking to small and medium sized companies and a subsidiary of KBC Bank NV. He was head of corporate finance and responsible for overseeing numerous flotations and secondary fund-raisings, especially of AIM companies. Prior to founding Peel Hunt in 1989 he was a director of Morgan Grenfell Securities, having previously been a managing partner of Pinchin Denny & Co. He is a former member and deputy chairman of the Stock Exchange Domestic Equities Rules Committee.

He is also a director of Close Brothers Protected VCT PLC.

Andrew Paul Raynor (48)

Andrew Raynor, FCA, joined Tenon Group PLC ("Tenon") in 2001 following its acquisition of the independent accounting partnership formerly known as BDO Stoy Hayward – East Midlands. Following the acquisition of this business by Tenon, he became finance director and, in a subsequent board reorganisation, chief executive. In almost twenty years with the independent partnership formerly known as BDO Stoy Hayward – East Midlands, prior to joining Tenon, he established the corporate finance department and held overall responsibility for business development, eventually becoming managing partner.

The Investment Manager

On 1 August 2006 Close Investments Limited ("the Investment Manager"), acquired Close Investment Limited, which was formerly called Rutherford Asset Management Limited ("RAML"). 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.

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 Brothers AIM VCT PLC and Close Second AIM VCT PLC. In addition, it 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 four 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 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 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 Investment Limited and is involved in the management of the AIM portfolios.

Justin Jordan (34)
Justin Jordan holds a masters degree in investment analysis from the University of Stirling. He began his investment career with Coutts & Co, managing private client portfolios. In 1998, he joined Close Investment Limited to assist in the management of a range of AIM funds. In 2001, Justin moved to Old Mutual Asset Managers where he jointly managed a smaller company unit trust, prior to managing a VCT investing in AIM traded companies at Octopus Asset Management. Justin rejoined Close Investment Limited in 2004. Justin is involved in the management of the AIM portfolios.

The Investment Manager's report

In 2006, a total of £15.7 billion was raised by new and existing AIM listed companies (compared to £8.9 billion in all of 2005). As at 30 November 2006, 1,595 companies were listed on AIM, which in aggregate were valued at £82.8 billion.

At 30 November 2006, 78.9% of AIM by market capitalisation was comprised of companies valued at over £50 million. This, combined with the fact that oil, mining and real estate companies (who are typically not VCT qualifying) represent almost 38% by value of AIM, means that performance of the AIM index will not be representative of performance of any AIM based VCT.

From the date that the A and B Ordinary shares were first listed, the Company has invested in twelve qualifying AIM listed companies as follows:

- Adept Telecom – an acquisitive UK telecoms company, providing fixed line calls, line rental and broadband to business and residential customers in the UK.
- Invocas – a Scottish based insolvency practitioner, which provides Protected Trust Deeds to individuals in financial distress.
- Jelf – a corporate intermediary offering a range of corporate services principally in the areas of commercial insurance, healthcare and financial services.
- Debts.co.uk – an insolvency practitioner that provides individual voluntary arrangements to individuals in financial distress.
- Ovum – a provider of research, advisory and consulting services on the global information, communications and technology sectors.
- Work Group – a recruitment services business (not a recruitment consultant) that assists employers in finding and retaining key staff.
- Twenty – a media business, supplying data analytics, fulfilment services and call centre services.
- BBI Holdings – a developer and manufacturer of rapid result non-invasive diagnostic tests, for the medical point of care market.
- Telephonetics – a provider of speech recognition software to major public and private sector customers.
- Hatpin – a multi discipline recruitment consultant.
- Brulines – a trading data analyser for the licensed pub trade.
- Bank Restaurant – a multi brand restaurant operator (now renamed Individual Restaurant Company).

A total of £4.4 million was invested in these twelve AIM companies, representing 17.6% of the gross funds raised. The Company is on schedule to reach a minimum of 70% invested in qualifying companies by 30 November 2008.

In the period, two of these twelve investments – Debts.co.uk and Invocas – were sold, crystallising profits in both cases. It is disappointing to report that, in aggregate, the portfolio of qualifying investments was showing a 7.69% loss on their book cost at 30 November 2006. This is principally due to profit warnings from two stocks: Adept Telecom and Telephonetics.

Adept Telecom is a UK fixed line switch-less telecoms reseller. The business is based in Tunbridge Wells. The company's key asset is its proprietary IT systems, which allows it to seamlessly acquire and integrate UK telecom businesses and their customer bases.

In November 2006, Adept had a profit warning due to increased competition as a result of free broadband offers and packaging of fixed line with mobile telephony. This has led to higher than expected levels of customer churn, which has impacted the rate at which the company's profitability is growing. In response, the company has increased its marketing activity to both existing and potential new customers. Notwithstanding these challenges, the company remains profitable and cash generative.

Investment Manager's report
(continued)

Telephonetics develops and sells speech recognition software to major public and private sector customers such as hospitals, law firms and cinema chains. In October 2006, the business warned that two key contracts would be delayed beyond its 30 November 2006 year-end. This shortfall in sales resulted in a material downgrade in profitability. Despite these challenges, the company remains well capitalised, profitable and cash generative.

In addition, as detailed in the prospectus, the Company invested £3.25 million in the Close Special Situations Fund (representing 73.2% of the Close Special Situations Fund) – a UK smaller company unit trust managed by Close Investments Limited with the aim of providing capital growth through investing in a focused portfolio of UK smaller companies. We are pleased to say that as of 30 November 2006, this investment had risen by 9.6%.

In aggregate, the unrealised losses from the qualifying investments held at the balance sheet date were virtually offset by capital appreciation from the investment in the Close Special Situations Fund; hence, the net asset value of the Company has risen slightly from its initial 94.50p (net of fundraising costs) to 94.70p as at 30 November 2006.

Changes in VCT Regulations

The Budget in March 2006 generated a number of changes to VCT legislation, some of which were unexpected. The key changes are that the 40% income tax relief has now been reduced to 30% and that investors must now hold their shares for a minimum period of five years in order to qualify for income tax relief. Moreover, the gross assets limit for investee companies has been reduced from £15 million to £7 million, reflecting the government's intention to target VCT money towards smaller companies. Their new rules only apply to funds raised in the tax year 2006/07 and subsequently, and so will not affect the 'A' & 'B' shares investment criteria, as they will continue to operate under the "old" rules.

Outlook

Following the balance sheet date, a further investment was completed in a qualifying AIM listed company called Vertu Motors – a £25 million cash shell, formed to invest in the motor distribution sector.

We are pleased to say that the portfolio of qualifying investments have risen above their book cost since 30 November 2006. This combined with further positive performance from the investment in the Close Special Situations Fund has resulted in the Company's unaudited net asset value per share rising to 97.39p as at 31 January 2007.

The Company continues to focus on investing in niche UK companies that are profitable, cash generative with pricing power and strong balance sheets.

UK inflation rising above the Bank of England Monetary Policy Committee's 2% target has led to interest rate increases. To date, these rising interest rates have not had a material impact on individual portfolio companies. However they may negatively impact on sentiment towards smaller companies generally. Although consumer spending remains subdued by the pressure on household disposable incomes, above trend GDP growth is still expected in 2007, with relatively full employment.

Our principal challenge remains finding enough new attractive VCT qualifying investments at sensible valuations. Despite mixed economic conditions, we anticipate making several new investments in forthcoming months.

Close Investments Limited

16 February 2007

Portfolio of investments – summary
at 30 November 2006

Company and nature of business	Fair value £'000	Book cost £'000	% of ordinary share capital held	% Total investments and cash
Qualifying Investments:				
Adept Telecom PLC	284	750	2.54	1.19
Bank Restaurant plc	217	217	0.58	0.91
BBI Holdings plc	316	195	0.70	1.32
Brulines (Holdings) plc	294	253	0.86	1.23
Hat Pin plc	325	308	1.78	1.35
Jelf Group plc	344	180	0.69	1.44
Ovum plc	410	266	1.13	1.72
Telephonetics Plc	274	456	2.11	1.15
Twenty Plc	619	750	7.77	2.59
Work Group plc	685	707	3.45	2.87
Total qualifying investments	**3,768**	**4,082**		**15.77**
Non-qualifying investments				
Abbey National Treasury 22/09/08 Floating Rate Note	3,000	3,001		12.56
Bradford & Bingley Plc 5/10/09 Floating Rate Note	3,009	3,013		12.59
Citigroup Inc 1/11/10 Floating Rate Note	2,999	3,002		12.55
Nationwide Building Society 1/06/10 Floating Rate Note	3,004	3,004		12.57
Royal Bank of Scotland 1/01/09 Floating Rate Note	3,001	3,002		12.57
Close Special Situations Fund	3,561	3,250		14.90
Total non-qualifying investments	18,574	18,272		**77.74**
Total investments	**22,342**	**22,354**		**93.51**
Cash	1,551			6.49
Total investments and cash	**23,893**			**100.00**

Acquisition of investments
for the period 4 August 2005 to 30 November 2006

	Number of shares	Cost £'000
Qualifying Investments		
Adept Telecom PLC	535,715	750
Jelf Group plc	169,800	180
Work Group plc	878,450	707
Ovum plc	155,790	296
Invocas Group PLC	103,000	114
Twenty Plc	3,750,000	750
BBI Holdings plc	209,559	195
Debts.co.uk PLC	93,440	168
Telephonetics Plc	2,280,000	456
Hat Pin plc	427,351	308
Brulines (Holdings) plc	205,882	253
Bank Restaurant plc	206,295	217
Non Qualifying Investments		
Abbey National Treasury 22/09/08 Floating Rate Note	3,000,000	3,001
Bradford & Bingley Plc 05/10/09 Floating Rate Note	3,000,000	3,013
Citigroup Inc 01/11/10 Floating Rate Note	3,000,000	3,002
Nationwide Building Society 01/06/10 Floating Rate Note	3,000,000	3,004
Royal Bank of Scotland 01/01/09 Floating Rate Note	3,000,000	3,002
Close Special Situations Fund	3,412,432	3,250
Total		**22,666**

Disposal of investments
for the 4 August 2005 to 30 November 2006

	Number of shares	Sale proceeds £'000	Realised profit £'000
Invocas Group PLC	103,000	157	43
Debts.co.uk PLC	93,440	175	8
Ovum plc	16,000	48	17
Total		**380**	**68**

Portfolio of investments

Details of investments, excluding floating rate notes are shown below:

Close Special Situations Fund

The Close Special Situations Fund is an authorised unit trust, which aims to provide capital growth, by exploiting special situations in individual companies or market sectors experiencing significant change, it invests in a focused "best ideas" portfolio of 35–45 mainly fully listed or AIM quoted companies.

Latest audited results – this is a new fund so no audited financial information is available yet.

Close IHT AIM VCT PLC has invested in 3,412,432 units of a total 4,659,078 units within the fund, representing 73.2% of the Close Special Situations Fund.

From launch on 8 May 2006 to 31 December 2006, the bid price of the fund's units rose by 17.82% compared to is benchmark Hoare Govett Smaller Companies Index (excluding investment companies) which rose 10.81%. It is in the top decile of its peer group since launch.

Basis of valuation	Bid market price

Other funds managed by Close Investments Limited have invested in this unit trust. The Close Special Situations Fund holds an investment in Tenon Group PLC, a company of which Andrew Raynor is Chief Executive Director.

Work Group plc

Recruitment services company

Latest audited results – year to 31 December 2005

	£'000
Turnover	30,325
Profit before tax	842
Profit or loss for the period	758
Net assets	1,993
Basis of valuation	Bid market price

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

Twenty Plc

Holding company for a newly established marketing services group

Latest audited results – period to 31 December 2005

	£'000
Turnover	–
Profit before tax	(47)
Profit or loss for the period	(47)
Net assets	392
Basis of valuation	Bid market price

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

Portfolio of investments
(continued)

Ovum plc

Researches the software, IT services and telecommunications industries worldwide and provides expert advice on these industries.

Latest audited results – year to 31 March 2006

	£'000
Turnover	18,284
Profit before tax	372
Profit or loss for the period	832
Net assets	9,630
Basis of valuation	Bid market price

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

Jelf Group plc

Corporate intermediary offering a range of corporate services principally in the areas of commercial insurance, healthcare and financial services.

Latest audited results – year to 30 September 2005

	£'000
Turnover	11,501
Profit before tax	1,011
Profit or loss for the period	663
Net assets	4,432
Basis of valuation	Bid market price

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

Hat Pin plc

Provider of human resources by executive search and other recruitment services.

Latest audited results – year to 31 December 2005

	£'000
Turnover	5,118
Profit before tax	786
Profit or loss for the period	551
Net assets	4,727
Basis of valuation	Bid market price

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

BBI Holdings plc

A developer and manufacturer of rapid results non-invasive diagnostics tests, for the medical point of care market.

Latest audited results – year to 31 March 2006

	£'000
Turnover	
Profit before tax	6,351
Profit or loss for the period	1,394
Net assets	7,203
Basis of valuation	Bid market price

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

Portfolio of investments
(continued)

Brulines (Holdings) plc

Measures, audits and acts on important operational data for owners of licensed premises and licensees.

Latest audited results – period ended 31 March 2006

	£'000
Turnover	11,077
Profit before tax	1,626
Profit or loss for the period	999
Net assets	2,734
Basis of valuation	Bid market price

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

Adept Telecom PLC

Provider of voice telephone services to both domestic and business customers

Latest audited results – year to 31 March 2005 (abbreviated)

	£'000
Net assets	3,042
Basis of valuation	Bid market price

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

Telephonetics Plc

Development, sale and management of advanced speech recognition, computer telephony products.

Latest audited results – year to 30 November 2005

	£'000
Turnover	4,443
Profit before tax	(1,403)
Profit or loss for the period	(1,439)
Net assets	2,967
Basis of valuation	Bid market price

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

Bank Restaurant plc (now Individual Restaurant Company plc)

In December 2006, a chain of 16 Restaurants called Individual Restaurant Company reversed into the AIM listed Bank Restaurant Group and the enlarged entity was renamed 'Individual Restaurant Company'.

	£'000
Turnover	15,314
Loss before tax	(0.181)
Net assets	13,233
Basis of valuation	Bid market price

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 the Close IHT AIM VCT PLC (the 'Company') for the period from the date of incorporation, 4 August 2005 to 30 November 2006.

Business Review

First reporting period

The Company was incorporated in Great Britain on 4 August 2005. On 14 September 2005, the Company gave notice under S266 (1) of the Companies Act 1985, of its intention to trade as an investment company. The Registrar of Companies granted a certificate under S117 (1) of the Companies Act 1985 to commence business as a public company on 23 September 2005. The first reporting period for the Company is 4 August 2005 to 30 November 2006.

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It was provisionally approved by H M Revenue & Customs as a venture capital trust in accordance with Section 842AA of the Income and Corporation Taxes Act 1988 and 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 period ended 30 November 2006 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 an investment company as defined in Section 266 of the Companies Act 1985 and is listed on The London Stock Exchange.

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 does not have a limited life. However, the A Ordinary shareholders have the opportunity to review the future of the Company at appropriate intervals. The Articles of Association contain a provision requiring Directors to propose an ordinary resolution at the Company's annual general meeting in 2010 to seek confirmation from shareholders that it should continue as a Venture Capital Trust. The Directors intend to seek such confirmation every five years thereafter.

Issue of own shares

During the period the Company issued A and B Ordinary shares in accordance with the Offers for Subscription issued during October 2005. The Company closed its Offers for Subscription on 20 March 2006 having reached the fully subscribed level of £25 million.

The A and B Ordinary shares were first listed on the London Stock Exchange on 25 January 2006.

The A Ordinary shares do not have a limited life, offer Venture Capital Trust taxation advantages and will be invested in AIM and PLUS shares as described below.

The B Ordinary shares have the same characteristics as the A Ordinary shares, except that after 3 years from the closing of the B Ordinary shares Offer, there will be a distribution in specie to B Ordinary shareholders, which will give the opportunity to create an investment portfolio which will benefit from inheritance tax business property relief (once the AIM and PLUS shares have been held for a further two years and assuming that inheritance tax legislation permits this structure at the time of the distribution in specie).

Following the end of the third year from the closing of the B Share Offer, the B Ordinary shareholders will be given an opportunity to convert all of their B Ordinary shares into A Ordinary shares.

Details of the issue of these shares are shown in note 13 of the Report and Financial Statements.

Report of the Directors and Business Review
(continued)

Cancellation of share premium account

At an Extraordinary General Meeting on 14 September 2005, a special resolution was passed authorising the cancellation of the share premium account. This was approved by the High Court of Justice on 23 August 2006 and was registered at Companies House on 25 August 2006. This has enabled the establishment of a special reserve which may be treated as distributable, out of which the buy back of Company shares can be made in the future. More details are shown in note 14 to the Report and Financial Statements.

Investment strategy

The Company's investment strategy is to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth through allowing investors the opportunity to participate in a balanced portfolio which will, when fully invested, comprise of approximately 80% AIM and PLUS quoted shares which qualify for venture capital trust purposes. The Company has delegated the investment management of the portfolio to Close Investments Limited, a subsidiary of Close Brothers Group plc, which is authorised and regulated by the Financial Services Authority. Close Investments Limited also provides accounting and administrative support to the Company. More detail regarding the terms of engagement of the Manager are shown on page 18.

The Directors do not foresee any major changes in the activity undertaken by the Company in the current year, as the Company continues with its objective to invest in AIM and PLUS quoted companies throughout the United Kingdom with a view to providing both capital growth and a reliable dividend income to shareholders over the long term.

Details of the principal investments made by the Company are shown in the portfolio of investments on page 8. A detailed review of the Company's business during the period and future prospects is contained in the Chairman's Statement on page 3.

Results, dividends and performance

	£'000
Revenue return for the period ended 30 November 2006 available for distribution	428
First dividend of 1.4 pence per A and B Ordinary share paid on 15 September 2006	(158)
Total transferred to revenue reserve	**270**

In addition to the above dividend, the Board has declared a dividend of 1.0 pence per share, (which will be paid on 23 March 2007 to shareholders on the register on 2 March 2007). In accordance with FRS 21, the dividend has not been accrued as a liability in these financial statements and will be accounted for when paid.

As shown in the Company's Income Statement on page 29 of the financial statements, the Company's investment income for the period from 4 August 2005 to 30 November 2006 is £760,000, with a gain on investments of £56,000. The total revenue return for the period is £428,000 and the total capital return is £(221,000) following the deduction of capitalised management expenses. Thus the total return per share for the period ended 30 November 2006 is £207,000, equivalent to 0.90 pence per share.

The Balance Sheet on page 30 of the financial statements shows that the Company's net assets total £23,675,000 and the net asset value per share is 94.7 pence per share. This is following the payment of the dividend of 1.4 pence per share in September 2006 to subscribers to the first allotment. The net asset value per share following initial subscription was 94.5 pence per share.

Cashflow for the business has been positive for the period, reflecting the subscriptions received during the fund raising which have been mainly invested in floating rate notes and are now gradually being invested in qualifying securities.

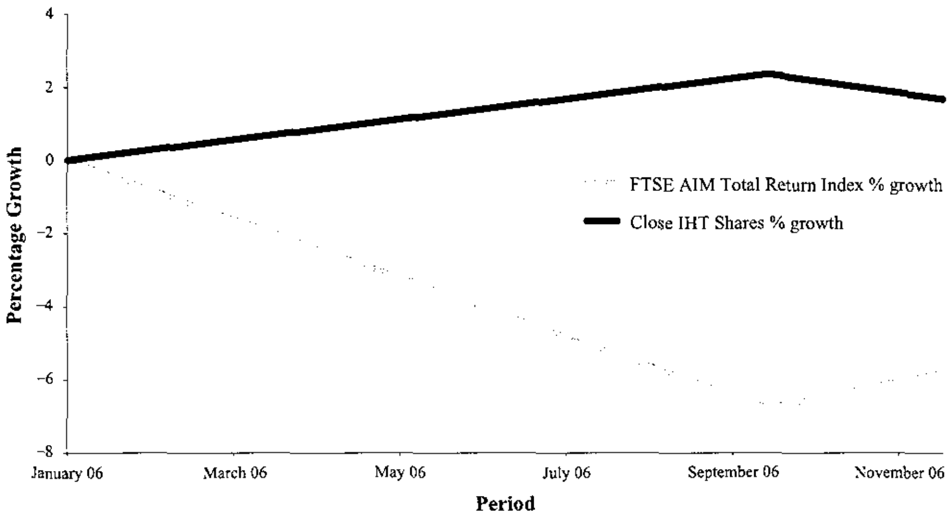
Details of important events occurring after the balance sheet date can be found in note 18 to the financial statements on page 39.

Report of the Directors and Business Review
(continued)

Key *performance indicators*

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

Total Return (NAV)



source: Close Ventures Limited

The total expense ratio for the Company for the period to 30 November 2006 was 2.4%. It is the Company's intention to maintain its normal running costs at a level of no more that 2.8% of net asset value. Under the terms of the management agreement, the total management and normal administration expenses of the Company, (excluding VAT), but not including any Manager's performance related incentive fee, are limited to a maximum of 3.5% of the value of the Company's net assets. Any excess for the first five years will be borne by the Manager.

It is the Company's intention to pay dividends twice a year following the announcement of the interim and final results. In order to qualify as a Venture Capital Trust, the Company may not retain more than 15% of the income that it derives from shares and securities.

The Company operates a policy of buying back shares either for cancellation (or for holding in Treasury with effect from the forthcoming Annual General Meeting). The Manager has an objective of maintaining the discount of the share price to net asset value at below 8%.

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 impacts 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.

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 quarterly board meetings.

Report of the Directors and Business Review
(continued)

2. Venture Capital Trust approval risk

The current provisional approval as a venture capital trust allows investors to take advantage of income 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 income 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 has 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 PricewaterhouseCoopers LLP as its taxation advisors. PricewaterhouseCoopers LLP report regularly to the Board to confirm independently compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

3. Inheritance tax relief risk

The prospectus detailed the anticipated tax reliefs in respect of the B Ordinary shares, however, there is no guarantee that this will be available at the time of the Distribution in Specie.

4. Reliance upon third parties risk

The fund is reliant upon the services of Close Investments Limited for the provision of management and administrative functions. There are provisions within the Investment Management Agreement for the change of Investment Manager under certain circumstances (for more detail, see Investment 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 Close Brothers Group plc.

5. 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, 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 regulations from its auditors, lawyers and other professional bodies.

6. 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 regularly, 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 disruption 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 25.

7. 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 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.

Report of the Directors and Business Review
(continued)

Environment
Management and administration of Close IHT 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.

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

Directors
The biographies of Directors are shown on page 4.

The Directors who held office during the period, and their interests in the shares of the Company (including beneficial and family interests) were:

	30 November 2006	
	A Ordinary Shares held	**B Ordinary Shares held**
Keith Mullins	–	50,000
Andrew Raynor	20,700	–
Christopher Holdsworth Hunt	–	51,500

There have been no changes in the holdings of the Directors between 30 November 2006 and the date of this Report.

In addition, the following Directors held office during the period;

Swift Incorporation Limited was appointed 4 August 2005 and resigned on 4 August 2005;
Benjamin Lee was appointed 14 September 2005 and resigned on 14 September 2005;
Instant Companies was appointed 4 August 2006 and resigned on 14 September 2006; and
Michael Keswick Anderson was appointed on 4 August 2005 and resigned on 14 September 2006.

The Directors do not have service contracts and the Company does not have any employees.

All of the Directors are remunerated personally.

All Directors are members of the Audit Committee, of which Mr. Raynor is Chairman.

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code of Corporate Governance. At the forthcoming Annual General meeting, Keith Mullins will retire and offer himself for re-election.

Investment Management Agreement
Under the terms of an agreement dated 6 October 2005, the Company and Close Investments Limited entered into an Investment Management Agreement for a fixed term of five years from the date that the Company's shares were first listed on the London Stock Exchange, which may be terminated by either party on 12 months' notice given at any time thereafter. The Investment Manager will provide investment management, company secretarial and administrative services to the Company, for an annual fee equal to 2 per cent of the net asset value of the Company (plus VAT). This fee is paid pro rata from the date that the shares were first listed on the London Stock Exchange. The management agreement is subject to earlier termination in the event of certain breaches, or on the insolvency of either party.

Report of the Directors and Business Review
(continued)

Under the terms of the Investment Management Agreement, the total management and administration expenses of the Company, excluding VAT and any Investment Manager's performance incentive fee, are limited to a maximum of 3.5% of the value of the Company's net assets. Any excess will either be paid by the Investment Manager, or refunded by way of deduction of management fees.

The Board has evaluated the performance of the Investment Manager and believe that it is in the Company's and in shareholders' best interests to re-appoint the Investment Manager on the terms agreed for the current year.

Investment Manager's performance incentive

In order to provide the Investment Manager with an incentive to maximise the return to investors, the Investment Management Agreement contains a Investment Manager's incentive fee arrangement in the event that the target return (which is the aggregate of net asset value per share and capital dividends per share), exceeds £1 increased by 2 per cent per annum above the average annual base rate of The Royal Bank of Scotland plc, on a compound basis. In this event, the Investment Manager is entitled to 20% of the excess. For the period to 30 November 2006, no incentive fee became due to the Investment Manager.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Substantial interests

As at the period end and the date of this report, the Company has not been notified of any substantial interests in excess of 3 per cent of the issued share capital of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements. The Directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare Financial Statements for each financial period which give a true and fair view in accordance with the UK GAAP of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those 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; 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 each 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 S234ZA of the Companies Act 1985.

Report of the Directors and Business Review
(continued)

The Directors are responsible for ensuring that any electronic publication or distribution of financial information properly presents the financial information and any report by the auditors 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 30 November 2006.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT at 12.00 noon on 18 April 2007. The notice of the Annual General Meeting is at the end of this document. Resolutions will be proposed as special business at the Annual General Meeting for the following purposes:

Power to allot shares

Ordinary resolution number 5 in the notice of the meeting will request the authority to allot up to 10% of the A and B Ordinary share capital of the Company.

Dis-application of pre-emption rights

Special resolution number 6 will request the authority to disapply pre-emption rights in circumstances of a rights issue or the allotment of up to 5% of the share capital as described in Ordinary resolution number 5.

Purchase of own shares

Special resolution number 7 will request the authority to purchase an aggregate of 10% of the Ordinary shares in issue provided that:

- the maximum aggregate number of Shares authorised to be purchased is 731,986 representing approximately 10% per cent of the A Ordinary issued share capital and 1,768,065 representing approximately 10 per cent of the B Ordinary issued share capital;
- the minimum price which may be paid for a Share is 0.01pence;
- The maximum price that may be paid on the exercise of this authority will not exceed the higher of (a) 105% 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 on which the shares are contracted to be purchased; and (b) the higher of the price of the last independent trade and the highest independent bid on the London Stock Exchange;
- 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
- 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.

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 authority passed by special resolution at the Extraordinary General Meeting on 14 September 2005, which was in similar terms. During the financial period under review the Company did not purchase any of its shares for cancellation.

By Order of the Board
Close Ventures Limited
Company Secretary

10 Crown Place
London EC2A 4FT

16 February 2007

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 Directors' remuneration. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting.

Remuneration committee

Since the Company has no executive directors and consists solely of non-executive directors, a remuneration committee is not considered necessary.

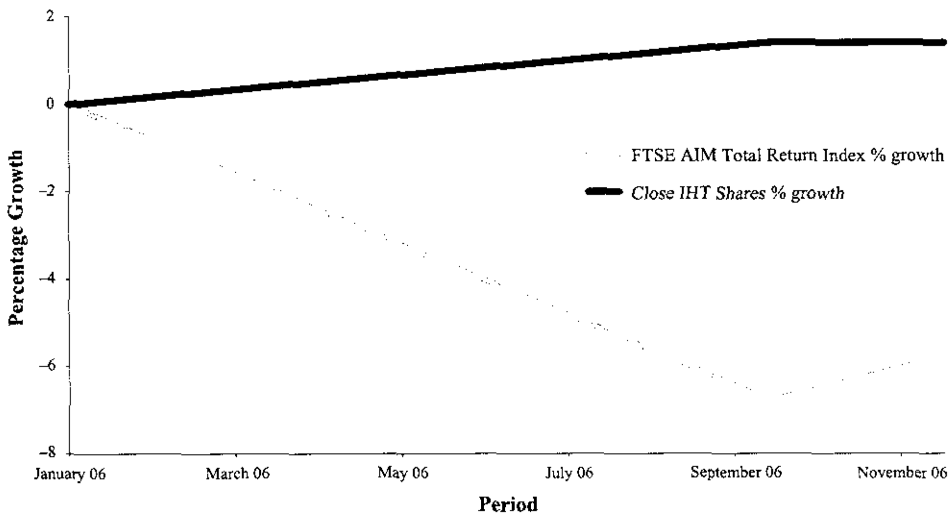
Directors' remuneration policy

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, amendment to which is by way of a special resolution subject to ratification by shareholders. The Articles of Association provide for aggregate non-executive Directors' fees not to exceed £125,000 per annum. No change in the level of fees is expected in the near future.

Comparison of FTSE AIM Index with Close IHT AIM VCT PLC

24 January 2006 to 30 November 2006



source: Close Ventures Limited

The graph above shows the percentage growth of Close IHT AIM VCT PLC's share price against the FTSE AIM Index, in both instances with dividends reinvested, since incorporation. The Directors consider this to be the nearest equivalent benchmark. The graph does not take into account the initial tax benefits on subscription received by shareholders.

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

Investors should be reminded that shares in venture capital trusts generally continue to trade at a discount to the net asset value of the Company.

Directors' remuneration report
(continued)

Service contracts
The Directors do not have service contracts with the Company. The Company's Articles provide for the resignation and, if approved, re-election of one third of the Directors at each Annual General Meeting.

Directors' remuneration
The following items have been audited:

The following table shows a breakdown of the remuneration of individual Directors, exclusive of National Insurance:

	Period ended November 2006		
	Fees £'000	**Expenses £'000**	**Total £'000**
Keith Mullins (appointed 14 September 2005)	13,677	–	13,677
Andrew Raynor (appointed 14 September 2005)	11,112	–	11,112
Christopher Holdsworth Hunt (appointed 14 September 2005)	11,112	–	11,112

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.

No Director has received any taxable expenses, compensation for loss of office or non-cash benefits for the period ended 30 November 2006.

All Directors are remunerated personally.

In addition to Director's 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

16 February 2007

Corporate governance statement

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.

Keith Mullins is the Chairman. Christopher Holdsworth Hunt and Andrew Raynor are considered 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 4. 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 by the Investment Manager, who is 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.

As all of the Directors are independent and non-executive, the Board has not appointed a senior independent director.

The Board of founder Directors met once, and, amongst other matters, dealt with the appointment of the current Directors, and then resigned.

Following their appointment, the current Board met five times during the period ended 30 November 2006 as part of its regular programme of Board meetings. Keith Mullins and Christopher Holdsworth Hunt attended all of these meetings and Andrew Raynor attended four meetings. In addition, there were three Board meetings held specifically to deal with the allotment of Shares, and each Director attended two of these meetings.

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.

Corporate governance statement
(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 Annual General Meeting, is Keith Mullins. As a result of the process of performance evaluation by his fellow Directors, Keith Mullins is considered to be independent, effective and to demonstrate strong commitment to his role; on this basis, it is believed 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.

Audit Committee

The Audit Committee consists of all Directors. Andrew Raynor is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met once during the period ended 30 November 2006 and has since met to consider the audit of this Annual Report and Financial Statements.

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 twice yearly, 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 investment management agreement.

Corporate governance statement
(continued)

During the period under review, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the interim report and initial accounts, and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies; and
- meeting with the external auditors and reviewing their findings.

As part of its internal controls processes, since 30 November 2006, the Committee has also undertaken the following activities:

- formally reviewing the Final Annual Report and Financial Statements, and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- considering the effectiveness of the internal controls system and 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;
- reviewing the performance of the external auditors and setting their remuneration; and
- reviewing the performance of the Investment Manager and making recommendations regarding their continued appointment to the Board.

Nomination committee

A nomination committee has not been formed as it is not currently considered warranted.

It is the policy of the Company, as detailed in the Articles of Association, for one third of the Board of Directors to be re-elected at each Annual General Meeting in rotation.

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 period 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 November 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 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 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 Manager's and the Board's attention.

The Board has also performed a specific assessment for the purpose of this Annual Report and Financial Statements. This assessment considers all significant aspects of internal control arising during the period. 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, 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 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 and Directors have access at all times to the department as necessary. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Corporate governance statement
(continued)

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.

Relations with shareholders
The Company's Annual General Meeting on 18 April 2007 will be used as an opportunity to communicate with private investors. The Board and the Chairman of the Audit Committee will be available to answer questions at the Annual General Meeting and the Investment Manager will give a presentation on the investment portfolio. 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.

Statement of compliance
With the exception of the requirements to have a Nomination Committee, a Remuneration Committee and a senior independent director, the Directors consider that the Company has complied throughout the period ended 30 November 2006 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Independent Auditors' report
to the members of Close IHT AIM VCT PLC

We have audited the financial statements of Close IHT AIM VCT PLC for the period from incorporation, 4 August 2005 to 30 November 2006 which comprises the income statement, the balance sheet, the reconciliation of movement in shareholders' funds, the cash flow statement and the related notes 1 to 21. 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 statement on internal control covers 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. We 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 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 judgements 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 described as having been audited.

Independent Auditors' report (continued)
to the members of Close IHT AIM VCT PLC

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 30 November 2006 and its total return for the period from incorporation, 4 August 2005 to 30 November 2006;
- 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 Director's Report is consistent with the financial statement.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

16 February 2007

Income statement
for the period from 4 August 2005 to 30 November 2006

	Note	Revenue £'000	Capital £'000	Total £'000
		Period ended 30 November 2006		
Gains on investments	2	**–**	**56**	**56**
Investment income	3	**760**	**–**	**760**
Investment management fees	4	**(114)**	**(342)**	**(456)**
Other expenses	5	**(119)**	**–**	**(119)**
Return on ordinary activities before finance costs and taxation		**527**	**(286)**	**241**
Finance costs		**(4)**	**–**	**(4)**
Return on ordinary activities before taxation		**523**	**(286)**	**237**
Taxation (charge)/credit on ordinary activities	6	**(95)**	**65**	**(30)**
Return attributable to equity shareholders		**428**	**(221)**	**207**
Return per ordinary share (pence) – basic and diluted	8	**1.86p**	**(0.96)p**	**0.90p**

The accompanying notes on pages 33 to 41 are 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 Trust Companies' Statement of Recommended Practice.

Balance sheet
as at 30 November 2006

	Note	As at 30 November 2006 £'000
Fixed assets		
Investments	9	**22,342**
Current assets		
Debtors	11	**139**
Cash at bank and in hand		**1,551**
		1,690
Creditors: amounts falling due within one year	12	**(357)**
Net current assets		**1,333**
Net assets		**23,675**
Capital and reserves		
Called up share capital	13	**3**
Special reserve		**23,623**
Capital reserve – realised		**(209)**
Capital reserve – unrealised		**(12)**
Revenue reserve		**270**
Equity shareholders' funds		**23,675**
Net asset value per Ordinary share (pence)	15	**94.70p**

The notes on pages 33 to 41 form an integral part of these financial statements.

The financial statements on pages 29 to 41 were approved by the Board of Directors on 16 February 2007 and signed on their behalf by:

Keith Mullins
Chairman

16 February 2007

Reconciliation of movements in shareholders' funds
for the period from 4 August 2005 to 30 November 2006

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
As at 4 August 2005	–	–	–	–	–	–	–
Issue of equity	3	24,998	–	–	–	–	25,001
Issue costs of equity	–	(1,375)	–	–	–	–	(1,375)
Transfer to special reserve	–	(23,623)	23,623	–	–	–	–
Gains on sales of investments	–	–	–	68	–	–	68
Capitalised management fee	–	–	–	(342)	–	–	(342)
Tax on capitalised management fee	–	–	–	65	–	–	65
Unrealised depreciation on investments	–	–	–	–	(12)	–	(12)
Revenue return	–	–	–	–	–	428	428
Dividends paid	–	–	–	–	–	(158)	(158)
As at 30 November 2006	3	–	23,623	(209)	(12)	270	23,675

Cash flow statement
for the period from 4 August 2005 to 30 November 2006

	Note	Period ended 30 November 2006 £'000
Operating activities		
Investment income received		**192**
Deposit interest received		**438**
Other expenses paid		**(475)**
Net cash inflow from operating activities	16	**155**
Servicing of finance		
Interest paid		**(4)**
Capital expenditure and financial investment		
Purchase of investments		**(22,448)**
Disposal of investments		**380**
Net cash (outflow) from financial investment		**(22,068)**
Dividends		
Equity dividends paid		**(158)**
Financing		
Issue of Ordinary share capital		**23,626**
Increase in cash	17	**1,551**

The notes on pages 33 to 41 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain investments, in accordance with applicable United Kingdom law and Accounting Standards, and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2003 and revised in December 2005. The particular accounting policies adopted are described below.

Investments

In accordance with Financial Reporting Standard ("FRS") 26 "Financial Instruments: Measurement", equity investments are designated as 'fair value through profit or loss'.

Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. The total column of the Income Statement represents the Company's profit and loss account. Fair value movements on equity investments and gains or losses arising on the disposal of investments are reflected in the capital column of the Income Statement in accordance with the AIC 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, the Directors regard bid prices as the most appropriate method of valuation.

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.

Investment income

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

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 capital reserve (realised) and 25% to revenue in the Income Statement.

Performance incentive

In the event that a performance fee crystallises, the fee will be allocated between revenue and realised capital reserves (net of corporation tax) based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Issue costs

Issue costs associated with the allotment of Ordinary share capital have been deducted from the share premium account in accordance with FRS 25.

Notes to the financial statements
(continued)

Taxation
Taxation is applied on a current basis in accordance with FRS 16, and is based on the profit before taxation for the year. Taxation associated with capitalised management fees is applied in accordance with the SORP on the same basis as the particular item to which it relates. In accordance with FRS 19, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. The specific nature regarding the taxation of VCTs means that it is unlikely that any deferred tax will arise.

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.

Dividends
In accordance with FRS 21 "Events after the balance sheet date" dividends are not accounted for until paid or when approved by shareholders at an annual general meeting.

2 Gains on investments

	4 August 2005 to 30 November 2006 £'000
Realised gains on disposals	**68**
Unrealised (depreciation)	**(12)**
Total gains for the period	**56**

3 Investment income

	4 August 2005 to 30 November 2006 £'000
UK dividends	**25**
Income from Floating Rate Notes	**284**
Bank interest	**451**
Total income	**760**

4 Investment management fees

	4 August 2005 to 30 November 2006 £'000
Charged to revenue	**114**
Charged to capital	**342**
Total	**456**

Under the terms of the Investment Management Agreement referred to on page 18 of this Annual Report, the Investment Manager (Close Investments Limited) is entitled to a fee of 2% (plus VAT) per annum of net assets, calculated quarterly on the last business day of each quarter (months ending November, February, May and August). The fee is payable in arrears.

Notes to the financial statements
(continued)

5 Other expenses

	4 August 2005 to 30 November 2006 £'000
Directors' emoluments including employers NI (see Directors' remuneration report on page 21)	39
Auditors' remuneration (including irrecoverable VAT)	16
Bank charges and safe custody fees	14
Other expenses	50
Total	**119**

6 Taxation (charge)/credit on ordinary activities

	4 August 2005 to 30 November 2006		
	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	**95**	**(65)**	**30**

Approved Venture Capital Trusts are exempt from taxation on gains made within the portfolio.

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% as it is subject to the smaller companies tax rate of 19%:

	4 August 2005 to 30 November 2006		
	Revenue *£'000*	Capital *£'000*	Total *£'000*
Return on ordinary activities before taxation	**523**	**(286)**	**237**
Tax charge at the applicable rate of corporation tax of 19%	99	(54)	45
Effects of:			
UK dividends not chargeable to Corporation Tax	(4)	–	(4)
Non-taxable gains on investments	–	(11)	(11)
Total	**95**	**(65)**	**30**

No provision for deferred tax has been made in the current accounting period.

7 *Dividends paid*

	4 August 2005 to 30 November 2006 £'000
First dividend paid from realised capital gains of 1.4p per share	**158**

In addition to the dividend above, the Directors have declared a dividend of 1.0 pence per A and B Ordinary share to be paid on 23 March 2007 to shareholders on the register as at 2 March 2007.

Notes to the financial statements
(continued)

8 Return per Ordinary share (pence)

	4 August 2005 to 30 November 2006		
	Revenue	**Capital**	**Total**
Return per Ordinary share (pence) – Basic and diluted	**1.86p**	**(0.96)p**	**0.90p**

Revenue return per share is based on the net profit on ordinary activities after taxation of £427,576 in respect of the weighted average number of shares in issue during the period, being 23,046,946 shares.

Capital return per Ordinary share is based on net capital loss on ordinary activities after taxation for the year of £220,210 in respect of the same weighted average number of shares in issue as stated above.

The weighted average number of shares is based on shares in issue from the first allotment on 24 January 2006 to 30 November 2006.

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

A Ordinary shares and B Ordinary shares currently rank pari passu for distribution and net asset value purposes, hence the return per share is calculated on the number of both A and B shares issued.

9 Investments

	30 November 2006
	£'000
Investments in companies traded on AIM	**3,768**
Investments in collective investment schemes	**3,561**
Floating interest rate securities	**15,013**
Total	**22,342**

	Investments in *companies* traded on AIM	**Investments in *collective* investment schemes**	**Floating *interest* rate securities**	**Total**
	£	**£**	**£**	**£**
Opening cost	–	–	–	–
Purchases	**4,394**	**3,250**	**15,022**	**22,666**
Sales proceeds	**(380)**	–	–	**(380)**
Realised gains	**68**	–	–	**68**
Closing cost	**4,082**	**3,250**	**15,022**	**22,354**
Net unrealised appreciation/(depreciation)	**(314)**	**311**	**(9)**	**(12)**
Closing valuation	**3,768**	**3,561**	**15,013**	**22,342**

Notes to the financial statements
(continued)

9 Investments (continued)

	30 November 2006 £'000
Realised gains in the year on disposals	**68**
Brought forward net unrealised gains, realised in the year	**-**
Total realised gains for the year	**68**
Unrealised losses for the year	**(12)**
Total gains	**56**

A full list of the portfolio holdings by their aggregate market values is set out on page 8 of this report.
Transaction costs incidental to the acquisitions and disposals of investments totalled £1,000 in the year.
As at 30 November 2006, investments held at fair value through profit and loss amounted to £22,342,000.

10 *Significant shareholdings*

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

Close Special Situations Fund (units)	73.2%
Twenty Plc	7.8%
Work Group plc	3.4%

Details of all material investments are set out in the portfolio of investments on page 8 of this report.

11 Debtors

	30 November 2006 £'000
Prepayments and accrued income	**139**
	139

12 Creditors: amounts falling due within one year

	30 November 2006 £'000
Purchases of investments awaiting settlement	**216**
Other creditors	**141**
	357

Notes to the financial statements
(continued)

13 Called up share capital

	30 November 2006 £'000
Authorised	
275,000,000 A Ordinary shares of 0.01p each	27
275,000,000 B Ordinary shares of 0.01p each	27

Allotted, called-up and fully paid	**£'000**
7,319,861 A Ordinary shares of 0.01p each	1
17,680,650 B Ordinary shares of 0.01p each	2
Total	**3**

The authorised share capital of the Company on incorporation was £50,000 divided into 50,000 Ordinary shares of £1 each, of which two Ordinary shares were issued, nil paid, to the subscribers to the Memorandum of Association.

By ordinary and special resolutions passed on 14 September 2005:

(i) the two issued Ordinary shares of £1 each in the Company were converted into and redesignated as 20,000 A Ordinary shares of 0.01 penny each in the capital of the Company and have been redeemed at nominal value.

(ii) The remaining 49,998 Ordinary shares of £1 each in the Company were converted into and redesignated as 50,000 redeemable Preference shares of £1 each. The 20,000 A Ordinary shares of 0.01 penny each were consolidated, converted into and redesignated as two redeemable preference shares of £1.00 each in the capital of the Company.

(iii) on 14 September 2005, 50,000 Preference shares were allotted and issued to Close Investments Limited and paid up as to one quarter so as to enable the Company to obtain a certificate under section 117 of the Act. The Preference Shares have been redeemed by the Company out of the proceeds of the Offers. Each of the Preference shares redeemed was automatically redesignated on redemption as, and subdivided into, 250,000,000 A Ordinary shares and 250,000,000 B Ordinary shares in the authorised, but unissued capital of the Company without any further resolution or consent.

(iv) the authorised share capital of the Company was increased from £50,000 to £55,000 by the creation of 25,000,000 A Ordinary shares of 0.01 penny each and 25,000,000 B Ordinary shares of 0.01 penny each in the capital of the Company;

The following allotments of shares were made under the terms of a Public Offer for Subscription, with the exception of 511 A Ordinary shares on 20 March 2006, which were issued pursuant to the Company's authority to issue up to 10% of the issued share capital of the Company outside of the Public Offer.

	Number of A Ordinary shares	Number of B Ordinary shares
Date of Allotment		
24 January 2006	3,133,767	8,126,550
23 February 2006	1,994,649	3,358,925
20 March 2006	2,191,445	6,195,175
Total	**7,319,861**	**17,680,650**

All of the above shares were issued at 100p per share.

Notes to the financial statements
(continued)

14 Share premium account and special reserve

At an Extraordinary General Meeting on 14 September 2005, a special resolution was passed authorising the cancellation of the share premium account. This was approved by the High Court of Justice on 23 August 2006 and was registered at Companies House on 25 August 2006. This has enabled the establishment of a special reserve which may be treated as distributable, out of which the buy back of Company shares can be made in the future.

15 Net asset value per Ordinary share

Basic net asset value per share is based on the net assets attributable to A and B Ordinary shareholders of £23,675,165 and on 25,000,511 A and B Ordinary shares in issue at the year end.

16 Net cash inflow from operating activities

	4 August 2005 to 30 November 2006 £'000
Return on ordinary activities before finance costs and taxation	**241**
Net capital return before finance costs and taxation	**286**
Investment management fees charged to capital	**(342)**
Increase in prepayments and accrued income	**(139)**
Increase in accrued expenses	**109**
Net cash inflow	**155**

17 Reconciliation of net cash flow to net funds

	4 August 2005 to 30 November 2006 £'000
Net cash inflow	**1,551**
Change in net funds	**1,551**
Opening net funds	**–**
Closing net funds	**1,551**

18 Post balance sheet events

The following investments have been completed since 30 November 2006:

- Invested £750,000 in Vertu Motors plc
- Invested £631,621 in Hexagon Human Capital plc

Notes to the financial statements
(continued)

19 Financial instruments and risk management

The Company's financial instruments comprise securities and other investments, cash balances and short term debtors and creditors that arise from its operations. The Company finances its operations through its issued capital and existing reserves and has no financial liabilities other than short term creditors.

The principal risks the Company faces in its portfolio management activities are:

- market price risk
- interest rate risk
- liquidity risk

The Investment Manager's policies for managing these risks are summarised below and have been applied throughout the current and prior year:

i) Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements.

The investments the Company holds are, in the main, thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts.

The Investment Manager considers each investment purchase to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk reward profile is maintained.

It is not the Company's policy to use derivative instruments to mitigate market risk, as the Board believes that the effectiveness of such instruments does not justify the costs involved.

ii) Interest rate risk

The Company does not have any interest bearing liabilities.

The Company holds floating interest rate securities and money held on deposit which earn interest at variable rates and the income may rise or fall depending on changes to interest rates. It is not the Board's policy to hedge against interest rate movements.

iii) 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, which are sufficient to meet any funding commitments that may arise.

Notes to the financial statements
(continued)

19 Financial instruments and risk management (continued)

As required by FRS 26, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below:

Financial assets

The Company holds fixed asset investments which are traded on AIM, PLUS or listed on the London Stock Exchange. These assets are discussed fully in the Investment Manager's report and are listed on page 8.

The interest rate profile of the Company's financial assets and liabilities at 30 November 2006 was as follows:

	Total £'000	Non-interest bearing financial assets/(liabilities) £'000	Floating rate financial assets £'000
Equity shares and units	**7,329**	**7,329**	–
Floating rate interest securities	**15,013**	–	**15,013**
Cash	**1,551**	–	**1,551**
Other net current liabilities	**(218)**	**(218)**	–
	23,675	**7,111**	**16,564**

The cash at bank interest rate is based on HSBC Global Investor Services' mid rate less 0.5% updated daily. No interest is receivable for balances less than £25,000.

The Company has invested in floating rate notes, totalling £15,013,000 as listed on page 8. A 1% change in interest rates would result in a £150,000 change in interest income per annum. The average rate to maturity for these floating rate investments is 2.7 years.

Financial liabilities

Primarily the Company finances its operations through its issued capital and existing reserves. The only financial liabilities of the Company are creditors which are due within one year, as disclosed in note 12. No interest is paid on these liabilities and they are all in sterling.

Fair values of financial assets and financial liabilities

All of the financial assets and liabilities of the Company are held at fair value.

Currency exposure

As at 30 November 2006, the Company has no foreign currency exposure.

20 Contingencies, guarantees and financial commitments

There are no contingencies, guarantees and financial commitments of the Company as at 30 November 2006 which have been accrued for, except those funds scheduled for investment.

21 Transactions with related parties and the Investment Manager

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. During the year, services of a total value of £456,000 were purchased by the Company from Close Investments Limited. At the financial year end, the amount due to Close Investments Limited disclosed under creditors was £47,000. Details of this remuneration can be found in note 4 of the financial statements.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Close IHT AIM VCT PLC will be held at 12.00 noon on 18 April 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 Annual Report and Financial Statements and the reports of the Directors and Auditors for the period from 4 August 2005 to 30 November 2006.

2. To approve the Directors' remuneration report.

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

4. To re-elect Keith Mullins as a Director of the Company.

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 exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £74 in respect of the A Ordinary share capital and £177 in respect of the B Ordinary share capital, such authority to expire on 18 October 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; and all unexercised authorities previously granted to the Directors to allot relevant securities be, and are hereby, revoked.

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, open offer or other offer of securities in favour of the holders of A and B Ordinary shares on the register of members at such records date as the Directors shall determine where the equity securities respectively attributable to the interest of the A and B Ordinary shareholder are proportionate (as nearly as may be) to the respective numbers of A and B Ordinary shares held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, 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 £37 equal to 5% of the A Ordinary Share capital and £88 equal to 5% of the B Ordinary share capital;

   and shall expire on 18 October 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.

   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.

Notice of Annual General Meeting
(continued)

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 0.01 pence in the capital of the Company ("Share") provided that:

   (a) the maximum aggregate number of Shares authorised to be purchased is 731,986 representing approximately 10% per cent of the A Ordinary issued share capital and 1,768,065 representing approximately 10 per cent of the B Ordinary issued share capital;

   (b) the minimum price which may be paid for a Share is 0.01 pence;

   (c) the maximum price that may be paid on the exercise of this authority will not exceed the higher of (a) 105% 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 on which the shares are contracted to be purchased; 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
Company Secretary

Registered Office
10 Crown Place
London EC2A 4FT

16 February 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 or her 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 and available 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 Uncertified Securities Regulations 1995 specifies that only those shareholders registered in the register of members of the Company as at 12.00 noon on 16 April 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 and vote at this meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the relevant register of members after 12.00 noon on 16 April 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 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 16 April 2007and will be available for inspection at the place of meeting for at least 15 minutes before and during the meeting, until the close of the meeting.

Form of Proxy

Form of proxy for the Annual General Meeting to be held on 18 April 2007

I/We . . . .
(BLOCK CAPITALS please)

being a holder/s of A Ordinary Shares and/or B Ordinary Shares in Close IHT 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

. . . .

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 12.00 noon at 10 Crown Place, London, EC2A 4FT on 18 April 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:

		For	**Against**	**Vote withheld** (note 4)	**Discretionary** (note 5)
Resolution Number 1	Report and accounts				
Resolution Number 2	Approval of Directors remuneration report				
Resolution Number 3	Reappointment of Auditors				
Resolution Number 4	Re-elect Keith Mullins as a Director of the Company				
Resolution Number 5 (Special business)	Authority to allot shares				
Special Resolutions					
Resolution Number 6	Disapplication of pre-emption rights				
Resolution Number 7	Purchase of own shares				

Signed . . . . Date . . . .

FOR INFORMATION PURPOSES ONLY. PLEASE TICK HERE IF YOU ARE GOING TO ATTEND THE ANNUAL GENERAL MEETING ☐

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 appointor 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 the "For" or "Against" column. If both 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 at the office of the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, 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 need 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.*

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