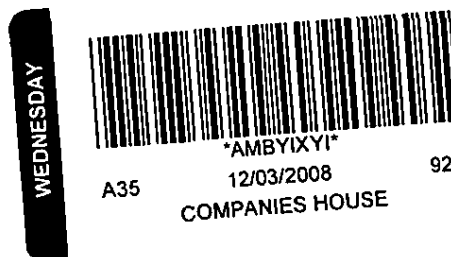


Company number 5528235

Close IHT AIM VCT PLC

Report and Financial Statements
for the year ended 30 November 2007



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Company Information

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Keith Richard Mullins *Chairman*

Christopher Holdsworth *Hunt*

Andrew Paul Raynor *FCA*

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Company number

5528235

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

* (Calls cost 10 pence per minute plus network extras)

Investment strategy

Close IHT AIM VCT PLC (the Company or the Fund) is a Venture Capital Trust which raised £25 million in March 2006, from private investors through an issue of 7,339,861 A Ordinary shares and 17,680,650 B Ordinary shares. The A Ordinary share class follows the traditional AIM VCT structure. The B Ordinary shareholders however, will be asked to vote on 25 March 2009 to confirm Distribution in Specie having been given the opportunity first to convert all of their B' Ordinary shares into A Ordinary shares. The novel B share class offers investors the opportunity for a distribution in specie and potentially therefore the creation of an investor's own portfolio of Inheritance Tax exempt investments in 2009 under current legislation, which may change in future.

The investment strategy of Close IHT AIM VCT PLC 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 per cent of its funds in qualifying investments in companies quoted on AIM or PLUS. Start-up companies will usually be avoided.

Once its qualifying target has been reached, the Company intends that approximately 20 per cent of its funds will be invested in non-qualifying investments comprising gilts, floating rate securities and short term money market deposits with or issued by major companies and institutions with a minimum Moody's long term debt rating of A. A proportion of the 20 per cent will also be invested in an authorised UK smaller company unit trust (Close Special Situations Fund) managed by the Investment Manager.

Financial highlights

	Year ended 30 November 2007	Period ended 30 November 2006
Revenue return per A and B Ordinary share	1 91p	1 86p
Capital return per A and B Ordinary share	(0 47)p	(0 96)p
Dividends paid	2 00p	1 40p
Net asset value per A and B Ordinary share	94 15p	94 70p
Net assets	£23,518,000	£23,675,000
Movement in FTSE AIM Total Return Index (Source: Close Investments Limited)	3 40%	(5 79)%

In addition to the dividends above, the Directors have declared a revenue dividend of 1 00 pence per A and B Ordinary share to be paid on 22 April 2008 to shareholders on the register as at 25 March 2008.

Shareholder value per share since launch

	Ordinary Shares pence per share
Total dividends paid during the period to 30 November 2006*	1 40
Total dividends paid during the year to 30 November 2007	2 00
Total dividends	3 40
Net asset value at 30 November 2007	94 15
Total cumulative return at 30 November 2007	97 55

* 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 2008
Record date of first interim dividend	25 March 2008
Payment date of first interim dividend	22 April 2008
Announcement of half-yearly results for the six months ended 31 May 2008	July 2008

Notes

- All dividends paid by the Company are free of income and capital gains tax. It is an HM 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 VCI 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 have pleasure in presenting the second annual accounts of your Company. This set of accounts covers the year to 30 November 2007, which is the first complete year of your Company's existence. It has been a busy time for our Investment Manager and the Board believes that the portfolio being assembled will produce good results in the years to come.

Dividends

Your Board has declared a revenue dividend of 1.00 pence per A and B share. This will be paid on 22 April 2008 to shareholders on the register as at 25 March 2008. This dividend is derived from the income of the Company. Together with the 1.00 pence per share declared in July 2007, the total dividend for the year is 2.00 pence per share. As was explained in the prospectus, the income in the first few years may fall as investments are made and the cash balance correspondingly reduced. Your Company has realised some profits in the last year, which are distributable as dividends in the case of VCTs, but your Board has decided to carry forward this profit for the time being so that a dividend can hopefully be maintained over the next few years when some of the Company's investments may not be paying dividends themselves.

Performance

In my statement accompanying the interim results, I remarked that your Company's Net Asset Value (NAV) improvement had lagged behind the rise in the FTSE AIM All Share Index, not least as the Company still held a substantial cash balance. However, this cash has stood the Company in good stead in the turbulent and volatile conditions which have prevailed in the stockmarket more recently.

The result for the year to 30 November 2007 has been satisfactory, showing an NAV rise of 1.5% (after adding back dividends). Although not an absolute comparison, it is worth noting that the FTSE AIM All-Share Index rose by 3.4% in the same period. Your Company has maintained a holding in the Close Special Situations Fund, but this is expected to reduce as further qualifying investments are made. However, this investment has been very worthwhile and has contributed to the NAV growth over the life of your Company.

The discount at which the shares trade to the NAV has remained narrow and not surprisingly, there has been little trade in the shares. However, your Company will buy back shares should shareholders have to sell and will endeavour to do so at a reasonable discount.

Shareholders intending to sell their shares might wish to contact the Investment Manager, Close Investments Limited on 020 7426 4139.

The year covered by these accounts has seen significant stockmarket volatility. Shareholders will not need me to remind them of the disturbing events in the second half of your Company's year, which included a run on a UK bank and the virtual freezing of UK bank lending. As this calendar year progresses, that situation may in fact lead to smaller companies raising additional equity instead of bank finance, a proportion of which should qualify for VCT investment.

In the meantime, the second half of your Company's financial year saw a reduction in the number of new issues, although those that did raise capital did so at increasingly more attractive ratings. The Investment Manager's review covers the portfolio and new purchases in detail, so I will not dwell on those matters here. Suffice to say that your Board believes the Company is on track to reach its minimum 70% qualifying investment level within the three years set by HM Revenue & Customs.

Risks and uncertainties

As required under the new Listing Rules under which your Company operates, we are required to comment on the potential risks and uncertainties which could have a material impact over the VCT's performance. The key risk derives from the need to meet HM Revenue & Customs regulations requiring 70% of your Company to be invested in qualifying holdings within the three years. Although the UK economy may still be growing, it could be affected by the current unease in the financial and property markets. While this could give rise to additional investment opportunities for a cash rich company such as yours, a downturn could affect existing companies' trading prospects and share prices.

Chairman's statement

(continued)

Proposed change to the Company's Articles of Association

I draw shareholders attention to the proposed resolution to change the Articles of Association, which is described in detail on page 26 of the Directors' report and business review. The new provisions of the Companies Act 2006 include the requirement for Directors to avoid actual or potential conflicts of interest with effect from 1 October 2008. The Directors are proposing a resolution to allow Directors to approve actual or potential conflict situations, should it be in the Company's best interests to do so, and to allow conflicts of interest to be dealt with in a similar way to the current position.

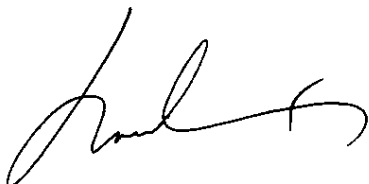
Outlook

The end of 2007 will be remembered for the disturbing and quite extraordinary events in financial markets worldwide. These have continued into 2008 and look set to remain a serious threat to stockmarket stability for a while yet. In addition there remain a number of other serious economic issues to resolve globally and, as recent months have shown, it is not possible for smaller companies to divorce themselves from the concerns prevailing in the wider market as a whole. Thus, despite the generally good trading results from many smaller companies, their share prices have been substantially derated compared to the FTSE 100 companies and with the high level of risk aversion now paramount in investment decisions, it is possible that small companies may stay out of favour for a while. Certainly a slowing rate of UK growth is not a helpful background, so it may be later this year before a material change in general sentiment is apparent. All this implies that fundraising by small companies, which is expected to continue, albeit at a subdued level compared to previous years, will be at ratings which will look very attractive as the investments mature over the next few years.

I look forward to seeing as many of you as possible at the AGM at 12.00 noon on 18 April 2008 in 10 Crown Place, London EC2A 4FT.

Keith Mullins
Chairman

10 March 2008



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 (50)

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. Keith Mullins became a Director of the Company on 14 September 2005.

Christopher Holdsworth Hunt (65)

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-raising, 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. In addition he is chairman of the Melchior Japan Investment Trust PLC and a number of private companies. Christopher Holdsworth Hunt became a Director of the Company on 14 September 2005.

He is also a director of Close Brothers Protected VCT PLC, which is managed by Close Ventures Limited, a subsidiary of Close Brothers Group plc.

Andrew Paul Raynor (50)

Andrew Raynor, FCA, joined Tenon Group PLC (Tenon) in 2001 after its acquisition of the independent 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 2003. 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, before becoming managing partner. Andrew Raynor became a Director of the Company on 14 September 2005.

The Investment Manager

With effect from 30 September 2006, the business activities of Close Investment Limited (formerly called Rutherford Asset Management Limited (RAML)) were transferred to a fellow subsidiary of Close Brothers Group plc, Close Investments Limited. RAML was established in June 1992 to specialise in investment in small and unquoted companies. In August 1994, RAML was appointed as the investment manager to the newly formed Beacon Investment Trust plc (Beacon), one of the first investment vehicles to specialise in what was then the Rule 4.2 trading facility (where bargains in unquoted securities were matched) of the London Stock Exchange. Beacon was converted into an open ended investment company (OEIC), Close Beacon Investment Fund, in December 1999.

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

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

The AIM investment team of Close Investments Limited is as follows:

Andrew Buchanan (56)

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.

Stephen Wood (25)

Stephen Wood joined Close Investments Limited at the beginning of 2007 initially working for the specialist technology team and latterly with the AIM team. Stephen holds a Masters degree in Electronic Engineering from University College London.

Investment Manager's report

Market overview

After a poor performance in 2006 relative to its larger company peers, AIM recovered strongly in the first half of 2007 and outperformed all other UK indices. However, it has been a classic tale of two halves, which has seen the news dominated by the credit crisis, slowing global economic growth (particularly in the US), and UK economic concerns relating to property market weakness and inflation. Against this backdrop, market sentiment has turned negative. The result has been a flight to quality and quality, in such conditions, does not include small companies as they are seen as riskier assets. As a result many institutional investors retained their position in larger company stocks and sold down their smaller company holdings. As trading volumes in smaller company shares became a casualty smaller company shares lost their premium ratings relative to larger companies. This has continued to be the case since the end of November as concerns about the global economic environment remain an issue.

Performance

Despite many companies within the portfolio reporting positive trading updates the performance of your company's NAV has undoubtedly been affected by the rapid change in market sentiment and falling smaller company valuations. It is fair to say that share prices at the moment can sometimes bear little relation to individual companies' trading performances and are not directly related to supply and demand as liquidity has become poorer. During the period under review your NAV increased by 1.5% against a 3.4% rise in the AIM index. However, as highlighted earlier the second half of the financial year has been particularly weak since the credit crisis hit the headlines in August. As a result your company's NAV has fallen by 7.1% against a 3.4% fall in the AIM index on a total return basis in the second half of the year.

This out performance of AIM relative to the portfolio reflects the dominance of oil and gas and mining stocks which represent nearly a third of AIM by value. Buoyancy in commodity markets and continued increases in the price of oil provided an uplift to the share price performance of these stocks on AIM last year. It is worth noting that these stocks do not qualify for VCT investment, therefore your portfolio was unable to benefit from this uplift. However, we have been encouraged by the good trading results reported by various companies within the portfolio during the year under review.

Portfolio activity

The portfolio is listed on page 10 and consists of 23 qualifying holdings at a cost of £10.2m. At the end of November 2007, the portfolio was 45.8% invested in qualifying holdings which is satisfactory.

During the year, 14 qualifying investments were made at a cost of £6.4m. In an environment of increasing volatility and greater concerns, it is not surprising that there have been few worthwhile investment opportunities. However, despite slowing fundraising and IPO activity particularly in the second half of the year the portfolio made 6 new investments in the second half out of a total of 14 for the year. The new investments made in the second half of the year are covered in more detail in the New Investments section.

Among the existing holdings, there was mainly good trading news. The disappointments have been Telephonetics. Twenty and BGlobal. Telephonetics and Twenty have suffered from a sharp rise in costs resulting in lower profit margins. However both companies have announced several contract wins over the last few months which is encouraging. BGlobal has been affected by the Government's consultation on smart metering which caused a delay in large scale installations by a major energy supplier. However we believe the company is still well placed to benefit from future market growth. The company recently announced that it is to supply end-to-end smart metering solutions to Scottish & Southern Energy's largest electricity business customers.

Claimar Care Group continues to trade well despite ongoing local authority budget constraints. The company has made several acquisitions over the last year and the pipeline of opportunities remains strong. Hexagon Human Capital is now the largest senior interim management provider in Europe following its last acquisition. The company's latest results showed continued improvement in the core interim management business. The company's share price fall over the last few months though in line with the recruitment sector in general poorly reflects the visibility of its income relative to its sector peers.

Investment Manager's report

(continued)

Portfolio activity (continued)

Neuropharm trials for autism appear to be on track and since float, the company has signed two major collaborative agreements in the US. IDOX has fully integrated CAPS Solution which it acquired in June 2007. The trading performance of both IDOX and CAPS Solution has been strong and the installed base of its systems continues to grow among local authorities. Both Vertu Motors and the Individual Restaurant Company have issued positive trading statements despite concerns about the UK consumer which resulted in both companies suffering significant share price weakness.

New investments

The following new investments were made during the six months to the end of November 2007

Clerkenwell Ventures

Clerkenwell Ventures is a cash shell formed for the purpose of acquiring businesses in the restaurant sector

Craneware

Craneware develops and supplies billing software analysis for the US healthcare services sector

Fishworks

Fishworks is a fish restaurant chain operator and fish/seafood retailer

Melorio

Melorio floated on AIM in October and is a newly formed vehicle aimed at consolidating the UK vocational training market

Optimisa

Optimisa is a media consultancy and market research company specialising in interpreting market data and forecasting business models for new and existing product lines

Plastics Capital

Plastics Capital is a manufacturer and supplier of high margin plastic mouldings and extrusions to the industrial sector

Outlook

Undoubtedly, the economic outlook, both global and domestic, remains uncertain. Continued fears about a fragile UK consumer on the back of falling house prices, rising energy and food prices and financial sector woes as a result of the credit crisis, have resulted in downward revisions to UK GDP growth in 2008. The Bank of England's decision to cut interest rates first in December and again in February, appears to mark the beginning of efforts to alleviate some of these difficulties. However, inflationary pressures remain high on their list of concerns, but a global economic slowdown in 2008 should mitigate some of these pressures.

Against this economic and market background, the rate of qualifying issues has slowed down further over the last few months. However, since the year end, the portfolio has invested in 3 new qualifying holdings and at the time of writing was 49.9% invested for HM Revenue & Customs purposes. We believe this is satisfactory with 9 months still to go to achieve the 70% level. It remains our challenge as Investment Managers to find and invest in well managed, sound companies which can grow steadily and we believe the current market environment creates the opportunity to find such companies at sensible valuations.

Although the current economic environment and negative market sentiment is not helpful to smaller companies, share prices may now discount most of the bad news. Moreover, even though there may be more uncertainty that has yet to be weathered, we believe that small companies operating in growing markets can still prosper and this will be reflected in their share prices over time.

Close Investments Limited

10 March 2008

Portfolio of investments

at 30 November 2007

Company and description	Fair value £'000	Book cost £'000	Number of Shares	Voting equity held by Close IHT AIM VCT PLC %	Voting equity owned by CIL* managed funds %
Adept Telecom Ord GBP0 10 Provider of fixed-line line rental and broadband services in the UK	198	750	535 715	2.5	4.6
B Global Ord GBP0 01 Provider of smart meters for the utilities market	160	200	400 000	0.7	1.7
BBI Holdings Ord GBP0 025 Manufacturer and supplier of gold colloids and conjugates	323	195	209 559	0.5	1.6
Brulines (Hldgs) Ord GBP0 10 Provider of quality revenue protection systems mainly for pub chains	266	253	205 882	0.9	2.9
Claimar Care Group Ord GBP0 01 Provider of domiciliary care services in the UK	576	500	476 190	1.0	4.3
Clerkenwell Ventures Ord GBP0 05 Currently a cash shell with a focus on acquiring UK restaurant groups	555	650	1 733 333	2.5	9.6
Craneware Ord GBP0 01 Developer of billing software to the US healthcare industry	205	174	136 328	0.6	1.6
Fishworks Ord GBP0 01 Operator of a chain of fish restaurants	275	275	4,583 333	6.2	11.1
Hatpin Ord GBP0 025 Provider of recruitment services	361	308	427 351	1.4	3.6
Hexagon Human Capital Ord GBP0 10 Provider of recruitment services	612	632	382,801	2.1	5.2
IDOX Ord GBP0 01 Supplier of media access services	362	236	3 150 000	0.9	3.1
Individual Restaurant Group Ord GBP0 35 Operator of a chain of restaurants	229	217	206 295	0.6	2.1
Jelf Group Ord GBP0 01 Corporate intermediary providing general insurance commercial finance healthcare and financial services	441	180	169 800	0.7	1.1
Melono Ord GBP0 10 Acquirer and consolidator of UK vocational training businesses	673	612	612 000	2.0	6.4
Mount Engineering Ord GBP0 01 Manufacturer and supplier of thread conversion adaptors mainly for the oil industry	508	539	769,142	3.2	8.2

Portfolio of investments

at 30 November 2007 (continued)

Company and description	Fair value £'000	Book cost £'000	Number of Shares	Voting equity held by Close IHT AIM VCT PLC %	Voting equity owned by CIL* managed funds %
Neuropharm Group Ord GBP0 10 Pharmaceutical company specialising in the development of treatment for autism and other disorders of the central nervous systems	576	400	314,959	1.0	4.3
Optimisa Ord GBP0 25 Media services provider	460	511	235,800	2.7	8.8
Plastics Capital Manufacture of plastics products, focused on proprietary products of niche markets	535	535	535,000	2.0	5.2
Pressure Technologies Ord GBP0 05 Designs, manufactures and tests high pressure, seamless steel cylinders	455	350	233,333	2.1	5.6
Telephonetics Ord GBP0 01 Provider of advanced speech recognition products and services	160	456	2,280,000	2.1	7.5
Twenty Ord GBP0 10 Marketing services group	506	750	3,750,000	7.8	18.1
Vertu Motors Ord GBP0 10 Acquirer and consolidator of UK based motor retail businesses	725	750	1,250,001	1.4	4.3
Work Group Ord GBP0 02 Provider of recruitment services	659	707	878,450	3.3	7.6
Total qualifying equity investments at 30 November 2007	9,820	10,180			

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

* CIL: Close Investments Limited the Investment Manager

Portfolio of investments

at 30 November 2007 (continued)

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

The following are the details of non-qualifying investments held at 30 November 2007

Holding	Fair value £'000	Book cost £'000
Listed Investments		
Abbey National Treasury Floating Rate Note 22/09/08	2,996	3,001
Citigroup Inc Floating Rate Note 01/11/10	2,964	3,002
Royal Bank of Scotland Floating Rate Note 01/01/09	2,996	3,002
Authorised Unit Trust		
Close Special Situations Fund	3,741	3,250
AIM Quoted Investments		
B Global Ord GBP0.01	—	1
BB1 Holdings Ord GBP0.025	2	2
Brulines (Hldgs) Ord GBP0.10	1	2
Claimar Care Group Ord GBP0.01	1	1
Hatpin Ord GBP0.025	1	1
Hexagon Human Capital Ord GBP0.10	2	2
Individual Restaurant Group Ord GBP0.35	1	1
Jelf Group Ord GBP0.01	3	2
Neuropharm Group Ord GBP0.10	2	2
Vertu Motors Ord GBP0.10	—	1
Work Group Ord GBP0.02	1	1
Total non-qualifying investments at 30 November 2007	12,711	12,271

Schedule of acquisitions

during the year ended 30 November 2007

Company	Qualifying investments		Non-qualifying investments	
	Number of shares	Book cost £'000	Number of shares	Book cost £'000
B Global	400,000	200	1,000	1
BBI Holdings	—	—	1,000	2
Brulines (Holdings)	—	—	1,000	2
Claimar Care Group	476,190	500	1,000	1
Clerkenwell Ventures	1,733,333*	650	—	—
Craneware	136,328	174	—	—
Fishworks	4,583,333	275	—	—
Hatpin	—	—	1,000	1
Hexagon Human Capital	382,801	632	1,000	2
IDOX	3,150,000	236	—	—
Individual Restaurant Group	—	—	1,000	1
Jelf Group	—	—	1 000	2
Melorio	612,000	612	—	—
Mount Engineering	769,142	538	—	—
Neuropharm Group	314,959	400	1,000	2
Optimisa	235,800*	511	—	—
Plastics Capital	535 000	535	—	—
Pressure Technologies	233,333	350	—	—
Vertu Motors	1,250,001	750	1,000	1
Work Group	—	—	1,000	1
Total		6,363		16

* post share consolidation

Schedule of disposals

during the year ended 30 November 2007

The following investments were disposed of during the year ended 30 November 2007

Company	Qualifying investments		Non-qualifying investments		Gain/(loss) £'000
	Book cost £'000	Proceeds £'000	Book cost £'000	Proceeds £'000	
Bradford & Bingley Floating Rate Note	–	–	3 013	3 009	(4)
Nationwide Floating Rate Note	–	–	3,004	2,992	(12)
Ovum	265	419	–	–	154
Total	265	419	6 017	6,001	138

Top ten investments at 30 November 2007

The top ten investments by value are as follows

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	
Close IHT AIM VCT PLC has invested in 3,412,432 units out of a total 4,660,353 units issued by the fund, representing 73.1% of the Close Special Situations Fund	
Results for the period ending 31 December 2006	£'000
Turnover	742
Profit before Tax (PBT)	743
Profit after Tax (PAT)	743
Net assets	5,218
% of units held	73%
Basis of valuation	Bid price
Website	www.closeinvestments.co.uk

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.

Vertu Motors PLC	
The company is an acquirer and consolidator of UK based motor retail businesses	
Results for the period ending 31 January 2007	
<i>(As per Admission document relating to Bristol Street Group)</i>	
	£'000
Turnover	–
Profit before Tax (PBT)	(43)
Profit after Tax (PAT)	(30)
Net assets	21,485
% voting rights	1.4%
Basis of valuation	Bid price
Website	www.vertumotors.com

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

Melorio PLC	
Acquirer and consolidator of UK vocational training businesses	
Latest audited results – year to 31 March 2007	
	£'000
Turnover	2,842
PBT	(33)
PAT	(33)
Net assets	1,376
% voting rights	2.0%
Basis of valuation	Bid price
Website	www.melorio plc.uk

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

Top ten investments at 30 November 2007 (continued)

Work Group PLC	
The company is a provider of recruitment services	
Latest audited results – year to 31 December 2006	£'000
Turnover	3,315
PBT	1,910
PAT	1 510
Net assets	10 153
% voting rights	3.3%
Basis of valuation	Bid price
Website	www.workgroup.plc.uk

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

Hexagon Human Capital PLC	
The company is a provider of recruitment services	
Latest audited results – year to 31 March 2007	£'000
Turnover	10 927
PBT	122
PAI	(468)
Net assets	14 247
% voting rights	2.1%
Basis of valuation	Bid price
Website	www.hexagonhc.com

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

Neuropharm Group PLC	
The company is a pharmaceutical company specialising in the development of treatment for autism and other disorders of the central nervous systems	
Latest audited results – year to 30 June 2007	£'000
Turnover	–
PBT	(3 236)
PAT	(3 236)
Net assets	16 702
% voting rights	1.0%
Basis of valuation	Bid price
Website	www.neuropharm.co.uk

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

Top ten investments

at 30 November 2007 (continued)

Claimar Care Group PLC	
The company is a provider of domiciliary care services in the UK	
Latest audited results – year to 30 September 2007	£'000
Turnover	22,318
PBT	1,195
PAT	733
Net assets	13,525
% voting rights	1.0%
Basis of valuation	Bid price
Website	www.claimar.co.uk

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

Clerkenwell Ventures PLC	
The company is currently a cash shell with a focus on acquiring UK restaurant groups	
Latest audited results – year to 30 September 2006	£'000
Turnover	–
PBT	51
PAT	34
Net assets	4,283
% voting rights	2.5%
Basis of valuation	Bid price
Website	www.clerkenwellventures.com

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

Plastics Capital PLC	
The company is a manufacturer of plastic products focused on proprietary products for niche markets	
Latest audited results – year to 31 March 2007	£'000
Turnover	16,660
PBT	1,461
PAT	1,383
Net assets	3,300
% voting rights	2.0%
Basis of valuation	Bid price
Website	www.plasticcapital.com

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

Mount Engineering PLC	
The company is a manufacturer and supplier of thread conversion adaptors mainly for the oil industry	
Company established in April 2007, therefore there are no accounts submitted to Companies House	£'000
% voting rights	3.2%
Basis of valuation	Bid price
Website	www.mountengineering.co.uk

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

Directors' Report and Business Review

The Directors submit the Report and Financial Statements of the Company for the year ended 30 November 2007

Business Review

Principal activity and status

The Company's share capital comprises A and B Ordinary shares. Currently A Ordinary shares represent 29% of the total share capital and B Ordinary shares represent 71% of the total share capital. The A shares are designed to appeal to traditional AIM VCT shareholders whilst the B shares offer investors (subject to tax legislation at the time) the ability to structure the investment for inheritance tax advantage in the future.

Both A and B shares currently rank *pari passu* for dividend and voting rights, save in respect of specific resolutions impacting their class, such as in the case of a reconstruction. Each A and B share is currently entitled to one vote.

Following the end of the third year from the closing of the original Offer of Subscription, B Ordinary shareholders may elect to convert all (but not part) of their shareholding into A Ordinary shares. For the remaining B Ordinary shareholders (following approval by B Ordinary shareholders of the Distribution in Specie at a general meeting) it is intended that the Distribution in Specie will occur within five months of the third anniversary of the first allotment of B Ordinary shares.

There are no restrictions on the transfer of securities or on voting rights known to the Company.

The principal activity of the Company is that of a Venture Capital Trust. It has been approved by HM Revenue & Customs as a Venture Capital Trust in accordance with Part 6 of the Income Tax Act 2007. In the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30 November 2007 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

The Company is not a close company for taxation purposes.

The Company is an investment company as defined by 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.

Investment policy

The Directors do not foresee any major changes in activity or in the investment policy adopted by the Investment Manager, Close Investments Limited, (CIL) which is to seek to achieve such capital appreciation as is consistent with a prudent approach to investment in companies traded on AIM or PLUS which qualify for venture capital trust purposes. It is the Investment Manager's intention to manage a broadly based portfolio of investments in companies which have traded for three years or more. Start-up companies will usually be avoided.

It is intended that, in time, the Company's investment portfolio will be split approximately as follows:

- 80 per cent to be invested in qualifying AIM or PLUS quoted investments
- 20 per cent to be invested in non-qualifying investments, principally comprising gilts, floating rate securities and short term money market deposits with, or issued by, major companies and institutions with a minimum Moody's long term debt rating of 'A'.

In addition, the Company may invest up to 20 per cent of the net monies raised in an authorised UK smaller company unit trust managed by the Investment Manager.

In order to maintain status under Venture Capital Trust legislation, the following tests must be met:

- (1) The Company's income must be derived wholly or mainly from shares and securities.
- (2) At least 70 per cent of the value of its investments must have been represented throughout the year by shares or securities that are classified as qualifying holdings (following the initial three year investment period).

Directors' Report and Business Review

(continued)

Investment policy (continued)

- (3) At least 30 per cent by value of its total qualifying holdings must have been represented throughout the year by holdings of eligible shares',
- (4) At no time during the year must the Company's holdings in any one company (other than another VCT) have exceeded 15 per cent by value of its investments,
- (5) The Company must not have retained greater than 15 per cent of its income earned in the year from shares and securities,
- (6) Eligible shares must comprise at least 10 per cent by value of the totality of the shares and securities that the Company holds in any one investee company, and
- (7) The Company's shares, throughout the year must have been listed in the Official List of the Stock Exchange

Qualifying holdings, for Close IHT AIM VCT PLC include shares or securities in AIM or PLUS quoted companies which operate a qualifying trade wholly or mainly in the United Kingdom. Qualifying trade excludes amongst other sectors, dealing in property or shares and securities, insurance, banking, agriculture and operating or managing hotels or residential care homes

Investee company gross assets must not exceed £15 million immediately prior to investments and £16 million immediately thereafter and there is an annual investment limit of £1 million in each company

These tests have been carried out and independently reviewed for the year ended 30 November 2007. The Company has until 30 November 2008 to meet the minimum 70 per cent qualifying level stated in (2) above and is confident of doing so. The Company continues to comply with all of the other VCT tests

As defined under the Articles of Association, the Company's maximum exposure in relation to gearing is restricted to 10 per cent of the adjusted share capital and reserves. As at 30 November 2007, this maximum exposure could have been up to £2,351,800. As at 30 November 2007 the Company had no gearing. The Directors do not currently have any intention to utilise long term gearing

(Source: Close Ventures Limited)

The above graphically represents the split of the portfolio valuation by industrial or commercial sector as at 30 November 2007. As at 30 November 2007 the portfolio was 45.83% invested for HM Revenue & Customs purposes

Details of the principal investments made by the Company are shown in the portfolio of investments on page 10. A detailed review of the Company's business during the year and future prospects is contained in the Chairman's Statement on page 4. Details of significant events which have occurred since the end of the financial year are listed in note 22

Directors' Report and Business Review (continued)

Investment policy (continued)

The Company has delegated the investment management of the portfolio to Close Investments Limited (CIL), a subsidiary of Close Brothers Group plc which is authorised and regulated by the Financial Services Authority. Close Investments Limited provides administrative support to the Company. Close Ventures Limited, a subsidiary of Close Brothers plc, is the Company Secretary. Further detail regarding the terms of engagement of the Investment Manager are shown on page 23.

Results, dividends and performance

	2007 £'000	2006 £'000
Revenue return for the year end	479	428
Dividends paid	(500)	(158)
Transferred to revenue reserves	(21)	270
Realised capital (loss) for the year transferred to reserves	(209)	(209)
Unrealised capital gain/(loss) for the year transferred to reserves	92	(12)
Net assets at the year end	23,518	23,675
Net asset per share at the year end (pence)	94.15	94.70

Dividends

The Company paid dividends of 2.00 pence per share during the year ended 30 November 2007 (2006: 1.40 pence per share).

A first dividend of 1.00 pence per share was paid on 23 March 2007 and a second dividend of 1.00 pence per share was paid on 24 August 2007.

In addition to the above dividends, the Board has declared a dividend of 1.00 pence per share (which will be paid on 22 April 2008 to shareholders on the register on 25 March 2008). 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 36 of the financial statements, the Company's investment income for the year ended 30 November 2007 has increased to £858,000 (2006: £760,000) which is mainly due to further investments by the Company in floating rate notes and higher interest earned on cash deposits. Following a full year of trading and increased investment in companies, gains on investments have increased to £230,000 (2006: £56,000). The total revenue return for the year is £479,000 (2006: £428,000) and the total capital return is £(117,000) (2006: £(221,000)) following the deduction of capitalised management expenses. Thus the total return for the year ended 30 November 2007 is £362,000 (2006: £207,000) equivalent to 1.44 pence per share (2006: 0.90 pence per share).

The Balance Sheet on page 37 of the financial statements shows that the Company's net assets total £23,518,000 (2006: £23,675,000) and the net asset value per share is 94.15 pence per share (2006: 94.70 pence per share). This is following the payment of the dividends of 2.00 pence per share (2006: 1.40 pence per share).

Cash flow for the business has been positive for the period due to sale of Floating Rate Notes which are now gradually being invested in qualifying investments.

Details of important events occurring after the balance sheet date can be found in note 22 to the financial statements on page 49.

Directors' Report and Business Review

(continued)

Key performance indicators

A graph of the performance of the growth of the Company's cumulative net asset value total return compared with the cumulative growth in the FTSE AIM Index (in both cases with dividends invested) is shown below

Total Return ("NAV")

Source: Close Ventures Limited

The total expense ratio for the Company for the year to 30 November 2007 was 3.0 per cent (2006: 2.5 per cent). The Company started trading on 24 January 2006 following the first allotment.

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. The Investment Manager has an objective of maintaining the discount of the share price to net asset value at below 8.0 per cent.

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 reduces 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 and as part of the Investment Manager's report at quarterly board meetings.

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.

Directors' Report and Business Review (continued)

2 Venture Capital Trust approval risk (continued)

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 advisers. PricewaterhouseCoopers LLP report regularly to the Board to independently confirm compliance with the venture capital trust legislation, to highlight areas of risk and to inform on changes in legislation.

3 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 Company 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 on page 23). 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, fair value and cash flow, interest rate risks. 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. The Company does not use derivative financial instruments.

Environment

Management and administration of Close IHI AIM VCI 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, as shown in the financial statements of Close Investments Limited.

Directors' Report and Business Review

(continued)

Employees

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

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

Directors

The biographies of Directors are shown on page 6

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

	30 November 2007		30 November 2006	
	A Ordinary Shares held	B Ordinary Shares held	A Ordinary Shares held	B Ordinary Shares held
Keith Mullins	–	50,000	–	50,000
Andrew Raynor	20,700	–	20,700	–
Christopher Holdsworth Hunt	–	51,500	–	51,500

There have been no changes in the holdings of the Directors between 30 November 2007 and the date of this Report

Each Director is remunerated personally

No Director has a service contract with the Company and there are no agreements with Directors providing compensation in the event of a takeover bid

The Company does not have any employees

No options over the share capital, long term incentives or retirement benefits have been granted to Directors, nor does the Company make a contribution to any pension scheme on behalf of the Directors

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, Christopher Holdsworth Hunt 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. The Investment Management Agreement contains provisions indemnifying the Investment Manager against any liability not due to its default, negligence, fraud, breach of the Financial Services and Markets Act 2000 or the rules of the Financial Services Authority.

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 per cent 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.

Directors' Report and Business Review

(continued)

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 an 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 per cent of the excess. For the year to 30 November 2007, no incentive fee became due to the Investment Manager.

Evaluation of the Investment Manager

The Board, through the Audit Committee, has evaluated the performance and remuneration of the Investment Manager and compared this to the key targets set in the original prospectus to shareholders issued in October 2005. On the basis that the Investment Manager is steadily building up to the 70 per cent qualifying investment target by the deadline of 30 November 2008, the Board believes 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 and co-investment

The Company co-invests with other venture capital trusts and funds managed by Close Investments Limited. Allocation of investments is on the basis of an allocation agreement which is based, inter alia, on a ratio of funds available for investments.

Auditors

During the year, the Board, advised by the Audit Committee, decided to put the audit of the Company out to tender. Following a formal selection process, the Board have decided to propose a resolution for the appointment of PKF (UK) LLP at the forthcoming Annual General Meeting.

In view of the proposed change in auditors, Deloitte and Touche LLP who are the auditors for the financial year ended 30 November 2007 have informed the Company of their intention not to seek reappointment at the forthcoming Annual General Meeting.

Substantial interests

As at the year 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. There are no persons who hold securities carrying special rights with regard to the control of the Company.

Statement of Directors' responsibilities for the preparation of the financial statements

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

Company law requires the Directors to prepare such financial statements for each financial year which give a true and fair view in accordance with the UK GAAP of the state of affairs of the Company and of the total return of the Company for that year 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report and Business Review

(continued)

Statement of Directors' responsibilities for the preparation of the financial statements (continued)

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.

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

Disclosure of information to auditors

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.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT on 18 April 2008 at 12.00 noon. The notice of the Annual General Meeting is at the end of this document. The proxy form enclosed with this Report and Financial Statements permits shareholders to disclose votes for, against, withheld and discretionary. 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 the resolution.

A summary of proxies lodged at the Annual General Meeting will be published at www.closeventures.co.uk within the Our Funds section by clicking on Close IHT AIM VCT PLC. Resolutions will be proposed as special business at the Annual General Meeting for the following purpose:

Power to allot shares

Ordinary resolution number 5 in the notice of the meeting will request the authority to allot up to 10 per cent of the A and B Ordinary share capital of the Company (excluding shares held in treasury).

The Directors do not currently have any intention to allot shares, with the exception of reissuing treasury shares where it is in the Company's interest to do so.

Disapplication of pre-emption rights

Special resolution number 6 will request the authority to disapply pre-emption rights in circumstances of a rights issue or other pre-emptive issue the allotment of up to 5 per cent 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 per cent 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 0.01 pence,

Directors' Report and Business Review (continued)

Purchase of own shares (continued)

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

This resolution is intended to apply equally to shares to be cancelled or to be held by the Company as treasury shares in accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003

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 Annual General Meeting on 18 April 2007 which was in similar terms. During the financial year under review the Company purchased 20,400 shares for cancellation

Treasury shares

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

Powers to authorise Directors' conflicts of interest

At the Annual General Meeting, a special resolution will be proposed to insert a new Article into the Company's Articles of Association with effect from 1 October 2008

The Companies Act 2006 sets out Directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a Director must avoid a situation where he has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts where appropriate where the Articles of Association contain a provision to this effect. The Companies Act 2006 also allows the Articles to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The Articles gives the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the Article should contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

Directors' Report and Business Review (continued)

Powers to authorise Directors' conflict of interest (continued)

It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed

Suppliers 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 2007 (2006: nil)

Re-election of Directors

In accordance with the Articles of Association, one third of the Directors of the Company retire by rotation. At the forthcoming Annual General Meeting, Christopher Holdsworth Hunt will retire and offer himself for re-election



By Order of the Board
Close Ventures Limited
Company Secretary

10 Crown Place
London EC2A 4FT

10 March 2008

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 and updated in June 2006 (the Code)

The Board of Close IHT AIM VCI PLC has also considered the principles and recommendations of the Association of Investment Companies (AIC) Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code as explained by the AIC Guide addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to Close IHT AIM VCI PLC.

The Board considers that reporting against the principles and recommendations of the AIC Code and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code except as set out below.

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 and this is likely to remain the position for the foreseeable future.

Board of Directors

The Board consists wholly of non-executive and independent directors and on this basis it is not considered necessary to appoint a senior non-executive Director. Keith Mullins is Chairman. 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.

Christopher Holdsworth Hunt is a director of Close Brothers Protected VCI PLC which is managed by Close Ventures Limited, a subsidiary of Close Brothers Group plc, the ultimate parent company of Close Investments Limited.

Andrew Raynor is Chief Executive of Tenon Group PLC which is an investment held by Close Special Situations Fund.

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 6. 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 company secretarial advice and compliance services by the Investment Manager who is responsible for ensuring that Board procedures are followed and applicable regulations complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met five times during the year ended 30 November 2007. All Directors attended each meeting.

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

Corporate governance statement (continued)

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 including the appointment, evaluation and remuneration of auditors,
- 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 between the net asset value and the share price, and
- monitoring shareholder profile and considering shareholder communications

Committees' and 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

The Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the Company. The Board considers any skills gaps in existence and takes action to remedy this when necessary.

In light of this evaluation the Director who will retire and be subject to re-election at the Annual General Meeting, Christopher Holdsworth Hunt, is considered to be independent, effective and demonstrates a 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.

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

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, B.1.1 to B.1.6, and B.2.1 to B.2.4 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 twice during the year ended 30 November 2007 and all members attended.

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

- 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,

Corporate governance statement (continued)

Audit Committee (continued)

- meeting the Company's external auditors annually, making recommendations to the Board in relation to the appointment, and reappointment of the external auditors and approving their remuneration and terms of engagement,
- monitoring and reviewing the external auditors' independence and objectivity and the effectiveness of the audit process
- 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
- meeting external auditors at least once a year without the presence of the Investment Manager
- ensuring that all Directors of the Company, and staff of companies who provide services to the Company feel able to raise matters of serious concern with the Chairman of the Audit Committee and that these issues where raised are subject to proportionate and independent investigation and appropriate action
- reporting to the Board, identifying any matters in respect of which action or improvement is needed and recommending appropriate steps to be taken, and
- undertaking the duties of the Engagement Committee and therefore reviewing the performance of the Investment Manager and all matters arising under the management agreement

During the year under review the Company discharged the responsibilities described above. Its activities included

- formally reviewing the annual financial report and financial statements, the half-yearly reports and the associated announcements with particular focus on the main areas requiring judgement and on critical accounting policies
- reviewing the effectiveness of internal control systems by examining the Internal Controls Report produced by the Investment Manager,
- meeting with the Head of Internal Audit of Close Brothers Group plc and
- meeting with the external auditors and reviewing their findings

In addition, the Board, through the Audit Committee, reviewed the performance of the Investment Manager and made recommendations regarding their re-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 the principle C.2 of the Combined Code, the Board has established an ongoing process for identifying, evaluating and managing those significant risks faced by the Company. This process is subject to regular review by the Board and accords with the revised guidance on internal control published in October 2005 (the 'Turnbull guidance'). The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. The Board receives each year from the Investment Manager a formal report which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Investment Manager, and which reports the details of any known internal control failures.

Corporate governance statement

(continued)

Internal control (continued)

Steps will 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 comes to management's and the Board's attention.

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

As the Company has delegated the investment management and administration to Close Investments Limited, a subsidiary of Close Brothers Group plc, 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 to the Board on an annual basis. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going concern

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

Relationships with shareholders

The Company's Annual General Meeting on 18 April 2008 will be used as an opportunity to communicate with private investors. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting. At the Annual General Meeting the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands. A summary of proxies lodged at the Annual General Meeting will be published on the Close Ventures Limited website www.closeventures.co.uk within the 'Our Funds' section by clicking on Close IHT AIM VCT PLC.

The Annual General Meeting will also include a presentation from the Investment Manager on the portfolio.

Shareholders are able to access the latest information on the Company via the Close Ventures Limited website (www.closeventures.co.uk).

Any queries relating to shareholdings and share certificates or changes to personal details can be directed to Capita Registrars plc.

Tel 0871 664 0300 (calls cost 10 pence per minute plus network extras)

E-mail ssd@capitaregistrars.com

Specific queries relating to the performance of the fund should be directed to Close Investments Limited.

Tel 020 7426 4000

E-mail enquiries@closeventures.co.uk

The Company's share buy back programme operates in the market through brokers. In order to sell shares, it is recommended that shareholders contact the Investment Manager, Close Investments Limited (telephone number 0207 426 4139).

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, a Nomination Committee and the appointment of a senior non-executive director, the Directors consider that the Company has complied throughout the year ended 30 November 2007 with all the relevant provisions set out in Section 1 of the Code on Corporate Governance issued by the Financial Services Authority and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Directors' remuneration report

Introduction

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

Unaudited information

Remuneration committee

As at 30 November 2007, the Board comprised three non-executive Directors. The Board as a whole considers the Directors remuneration. Under the Listing Rules of the UK Listing Authority, where a Venture Capital Trust has no executive directors, it is not required to appoint a separate remuneration committee.

Directors' remuneration policy

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

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, 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.

Performance graph

The graph below shows the cumulative percentage growth of Close IIII AIM VCI PLC's share price against the FTSE AIM Index in both instances with dividends reinvested, since incorporation. The Directors consider this to be the most appropriate benchmark but would remind investors that approximately 30 per cent of the FTSE AIM Index is attributable to resources sector stocks which venture capital trusts cannot invest in. The graph does not take into account the initial tax benefits on subscription received by shareholders. 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.

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

Source: Close Ventures Limited

Directors' remuneration report

(continued)

Service contracts

None of the Directors have service contract with the Company

Audited Information

Directors' remuneration

The following items have been audited

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

	Year to 30 November 2007 £	4 August 2005 to 30 November 2006 £
Keith Mullins	16,000	13,677
Andrew Raynor	13,000	11,112
Christopher Holdsworth Hunt	13,000	11,112
	<u>42,000</u>	<u>35,901</u>

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 2007

Each Director of the Company is remunerated personally

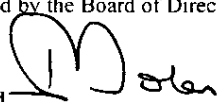
In addition to Director s remuneration the Company paid annual premiums of £13,000 in respect of Directors & Officers Liability Insurance

This report was approved by the Board of Directors on 10 March 2008

By Order of the Board

Close Ventures Limited

Company Secretary



10 Crown Place
London EC2A 4FT

10 March 2008

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 year ended 30 November 2007 which comprise the income statement, the balance sheet, the reconciliation of movement in shareholders' funds, the cash flow statement and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of Directors and Auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Report that is cross-referred from the Business Review section of the Directors' Report.

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 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Report and Financial Statements 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 further information outside the Report and Financial Statements.

Basis of audit opinion

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

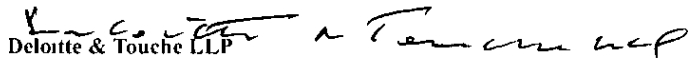
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from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

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 2007 and its total returns for the year then ended,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London, United Kingdom

10 March 2008

Income statement

		Year ended 30 November 2007			4 August 2005 to 30 November 2006		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £ 000	Capital £ 000	Total £ 000
Gains on investments at fair value	3	–	230	230	–	56	56
Investment income	4	858	–	858	760	–	760
Investment management fees	5	(144)	(432)	(576)	(114)	(342)	(456)
Other expenses	6	(138)	–	(138)	(119)	–	(119)
Return/(loss) on ordinary activities before finance costs and tax		576	(202)	374	527	(286)	241
Finance costs		–	–	–	(4)	–	(4)
Return/(loss) on ordinary activities before tax		576	(202)	374	523	(286)	237
Tax (charge)/credit on ordinary activities	7	(97)	85	(12)	(95)	65	(30)
Return/(loss) attributable to equity shareholders		479	(117)	362	428	(221)	207
– Basic and diluted return/(loss) per A and B Ordinary share (pence)	9	1 91p	(0 47)p	1 44p	1 86p	(0 96)p	0 90p

The accompanying notes on pages 40 to 49 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 disclosed 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 AITC Statement of Recommended Practice

Balance sheet

	Note	As at 30 November 2007 £'000	As at 30 November 2006 £'000
Fixed asset investments			
Investments at fair value through profit or loss	10	22,531	22,342
Current assets			
Debtors	12	123	139
Cash at bank		1,754	1,551
		1,877	1,690
Creditors amounts falling due within one year	13	(890)	(357)
Net current assets		987	1,333
Net assets		23,518	23,675
Capital and reserves			
Called up share capital	14	3	3
Capital redemption reserve	15	—	—
Special reserve		23,604	23,623
Realised capital reserve		(418)	(209)
Unrealised capital reserve		80	(12)
Revenue reserve		249	270
Equity shareholders' funds		23,518	23,675
Net asset value per Ordinary share (pence)	16	94 15p	94 70p

The notes on pages 40 to 49 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 10 March 2008 and were signed on its behalf by

Keith Mullins
Chairman

10 March 2008



Reconciliation of movements in shareholders' funds

	Called up	Share	Special	Realised capital	Unrealised capital	Revenue	Total
	share capital	premium	reserve	reserve	reserve	reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 30 November 2006	3	–	23,623	(209)	(12)	270	23,675
Net return after taxation	–	–	–	(209)	92	479	362
Shares purchased for cancellation	–	–	(19)	–	–	–	(19)
Dividends paid to equity holders	–	–	–	–	–	(500)	(500)
As at 30 November 2007	3	–	23,604	(418)	80	249	23,518
As at 4 August 2005	–	–	–	–	–	–	–
Net return after taxation	–	–	–	(209)	(12)	428	207
Issue of equity	3	24,998	–	–	–	–	25,001
Issue costs of equity	–	(1,375)	–	–	–	–	(1,375)
Transfer to special reserve	–	(23 623)	23 623	–	–	–	–
Dividends paid to equity holders	–	–	–	–	–	(158)	(158)
As at 30 November 2006	3	–	23 623	(209)	(12)	270	23 675

Cash flow statement

	Note	Year ended 30 November 2007 £'000	4 August 2005 to 30 November 2006 £ 000
Operating activities			
Investment income		808	192
Interest received		79	438
Investment management fees paid		(631)	(409)
Other cash payments		(138)	(66)
Net cash inflow from operating activities	17	118	155
Return on investments and servicing of finance			
Interest paid		(1)	(4)
Taxation		(29)	—
Capital expenditure and financial investment			
Purchase of qualifying investments		(5,770)	(4,176)
Purchase of non-qualifying investments		(16)	(18,272)
Disposal of qualifying investments		419	380
Disposal of non-qualifying investments		6,001	—
Net cash inflow/(outflow) from investing activities		634	(22,068)
Equity dividends paid			
Revenue dividends paid		(500)	(158)
Net cash inflow/(outflow) before financing		222	(22,075)
Financing			
Issue of Ordinary share capital		—	23,626
Cancellation of shares		(19)	—
Net cash (outflow)/inflow from financing		(19)	23,626
Increase in cash	18	203	1,551

The notes on pages 40 to 41 form an integral part of these financial statements

Notes to the financial statements

for the year ended 30 November 2007

1 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 Trust Companies ("AITC") in January 2003 and revised in December 2005. Accounting policies have been applied consistently in current and prior periods.

2 Accounting policies

The financial statements are prepared in accordance with United Kingdom applicable accounting standards. The particular accounting policies are described below.

Investments

In accordance with Financial Reporting Standard ("FRS") 26 "Financial Instruments: Measurement", equity investments, units in an authorised UK smaller company unit trust and debt securities are designated as fair value through profit or loss ("FVTPL").

Investments listed on recognised exchanges are valued at the closing bid prices or last traded price 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 AITC's SORP.

Investments are recognised as financial assets on legal completion of the investment contract and 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 and units in an authorised UK smaller company unit trust are 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 objective and appropriate method of valuation.

Investment income

Dividends receivable on quoted equity shares and units from an authorised UK smaller company unit trust, are taken to revenue on an ex-dividend basis. Returns on listed debt 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 per cent has been allocated to the realised capital reserve and 25 per cent 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.

Notes to the financial statements

for the year ended 30 November 2007

(continued)

2 Accounting policies (continued)

Debtors and creditors

Debtors are non-interest bearing, are short term in nature and are accordingly stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Directors consider that the carrying amount of debtors approximates their fair value.

Creditors are non-interest bearing and are stated at their nominal value. The Directors consider that the carrying amount of creditors approximates their fair value.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 'Current Tax', and is based on the profit before taxation for the year. Taxation associated with capitalised expenses is applied in accordance with the SORP. In accordance with FRS 19 'Deferred Tax', deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those 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 of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS19 and do not believe any provision should be made.

Reserves

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

Dividends

In accordance with FRS 21 'Events after the balance sheet date', dividends declared by the Company are accounted for in the period in which the dividend is paid or approved by shareholders at an annual general meeting.

3 Gains on investments

	Year to 30 November 2007 £'000	4 August 2005 to 30 November 2006 £ 000
Realised gains on disposals	138	68
Unrealised appreciation/(depreciation)	92	(12)
Total	230	56

4 Investment income

	Year to 30 November 2007 £'000	4 August 2005 to 30 November 2006 £ 000
Dividend income	25	1
Floating Rate Note interest	685	284
Bank deposit interest	92	451
Management fee rebates	56	24
Total	858	760

All of the Company's income is derived from operations based in the United Kingdom.

Notes to the financial statements

for the year ended 30 November 2007

(continued)

5 Investment management fees

	Year to 30 November 2007 £'000	4 August 2005 to 30 November 2006 £ 000
Charged to revenue	144	114
Charged to capital	432	342
Total	576	456

Under the terms of the Investment Management Agreement referred to on page 23 of this Report and Financial Statements, the Investment Manager (Close Investments Limited) is entitled to a fee of two per cent (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.

6 Other expenses

	Year to 30 November 2007 £'000	4 August 2005 to 30 November 2006 £ 000
Directors' fees (including VAI or NIC)	46	39
Auditors' remuneration – audit fees	18	16
– other services	2	–
Bank charges and safe custody fees	(3)	14
Other administrative expenses	75	50
Total	138	119

Details regarding the Directors' remuneration are shown on page 33 in the Directors' Remuneration Report.

7 Tax charge/(credit) on ordinary activities

	Year to 30 November 2007			4 August 2005 to 30 November 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £ 000	Capital £ 000	Total £ 000
UK corporation tax	97	(85)	12	95	(65)	30

Approved Venture Capital Trusts are exempt from taxation on investment gains made.

Notes to the financial statements

for the year ended 30 November 2007

(continued)

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

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30 per cent as it is subject to the smaller companies tax rate of 19 per cent to 31 March 2007 and 20 per cent from 1 April 2007 (2006 19 per cent). The actual tax charge for the current and previous year is below the smaller companies rate for the reasons set out in the following reconciliation

	Year to 30 November 2007			4 August 2005 to 30 November 2006		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£ 000	£'000	£ 000
Return on ordinary activities before taxation	576	(202)	374	523	(286)	237
UK corporation tax at 20% (2006 19%)	115	(40)	75	99	(54)	45
Factors affecting the charge						
Non-taxable income	(18)	—	(18)	(4)	—	(4)
Non-taxable gains on investments	—	(45)	(45)	—	(11)	(11)
Total	97	(85)	12	95	(65)	30

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

8 Dividends

	Year to 30 November 2007 £'000	4 August 2005 to 30 November 2006 £ 000
Dividends of 2.00 pence per share (2006 1.40 pence) paid March and August 2007	500	158

In addition to the dividend above, the Board has declared a dividend of 1.00 pence per A and B Ordinary share to be paid on 22 April 2008 to shareholders on the register as at 25 March 2008

9 Basic and diluted return/(loss) per A and B Ordinary share

	Year ended 30 November 2007			4 August 2005 to 30 November 2006		
	Revenue (pence)	Capital (pence)	Total (pence)	Revenue (pence)	Capital (pence)	Total (pence)
Basic pence per Ordinary share	1.91	(0.47)	1.44	1.86	(0.96)	0.90

Revenue return per share is based on the net profit on ordinary activities after taxation of £479,000 (2006 £428,000) in respect of 25,053,501 (2006 23,046,946) being the weighted average number of A and B Ordinary shares in issue during the year

Capital return per A and B Ordinary share is based on net capital loss on ordinary activities after taxation for the year of £117,000 (2006 £221,000) in respect of the same weighted average number of shares in issue as stated above

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 par 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

Notes to the financial statements
for the year ended 30 November 2007
(continued)

10 Fixed asset investments

	30 November 2007 £'000	30 November 2006 £'000
Qualifying AIM investments	9,820	3,768
Non-qualifying AIM investments	14	—
Investments in collective investment schemes	3,741	3,561
Floating interest rate securities	8,956	15,013
Total	22,531	22,342

	Qualifying AIM investments £'000	Non- qualifying AIM investments £'000	Investments in collective investment schemes £'000	Floating interest rate securities £'000	Total £'000
Valuation basis					
Opening valuation 1 December 2006	3,768	—	3,561	15,013	22,342
Purchases at cost	6,363	16	—	—	6,379
Sales – Proceeds	(419)	—	—	(6,001)	(6,420)
– Realised gains/(losses) on disposal	154	—	—	(16)	138
(Decrease)/increase in unrealised appreciation	(46)	(2)	180	(40)	92
Closing valuation 30 November 2007	9,820	14	3,741	8,956	22,531

	Year to 30 November 2007 £'000	4 August 2005 to 30 November 2006 £'000
Realised (losses)/gains on disposals	(1)	68
Opening unrealised gains realised in the year	139	—
	138	68
Unrealised gains/(losses) for the year	92	(12)
Total gains	230	56

	Qualifying AIM £'000	Non- qualifying AIM £'000	Investments in collective investment schemes £'000	Floating interest rate securities £'000	Total £'000
Historic cost basis					
Opening book cost 1 December 2006	4,082	—	3,250	15,022	22,354
Purchases at cost	6,363	16	—	—	6,379
Disposals at cost	(265)	—	—	(6,017)	(6,282)
Closing book cost 30 November 2007	10,180	16	3,250	9,005	22,451
Opening unrealised (losses)/gains	(314)	—	311	(9)	(12)
Unrealised appreciation/(depreciation)	(46)	(2)	180	(40)	92
Closing unrealised (depreciation)/appreciation	(360)	(2)	491	(49)	80

A full list of the portfolio holdings is set out on pages 10 to 12 of this report

Transaction costs incidental to the acquisitions and disposals of investments totalled £82 (2006 £1 083) in the year

As at 30 November 2007, investments held at fair value through profit and loss amounted to £22 530 851 (2006 £22,341 721)

Notes to the financial statements

for the year ended 30 November 2007

(continued)

11 Significant shareholdings

As at 30 November 2007 the Company has a holding of 3 per cent or more of the voting rights in the following investments

	Share class	% Held
Mount Engineering Plc	Ordinary	3.2
Twenty Plc	Ordinary	7.8
Work Group plc	Ordinary	3.3
Fishworks plc	Ordinary	6.2

Details of all material investments are set out in the portfolio of investments on pages 10 to 12 of this report

12 Debtors

	30 November 2007 £'000	30 November 2006 £'000
Prepayments and accrued income	123	139

13 Creditors amounts falling due within one year

	30 November 2007 £'000	30 November 2006 £'000
Purchases awaiting settlement	810	216
Other creditors	80	141
	890	357

14 Called up share capital

	30 November 2007 £'000	30 November 2006 £'000
Authorised		
275,000,000 A Ordinary shares of 0.01p each	27	27
275,000,000 B Ordinary shares of 0.01p each	27	27
Allotted, called-up and fully paid	£'000	£'000
7,299,461 (2006: 7,319,861) A Ordinary shares of 0.01p each	1	1
17,680,650 (2006: 17,680,650) B Ordinary shares of 0.01p each	2	2
Total	3	3

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

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

On 23 February 2007 the Company purchased for cancellation 20,400 A Ordinary shares at a cost of £18,360. This represented 0.28 per cent of the A Ordinary shares.

Notes to the financial statements

for the year ended 30 November 2007

(continued)

15 Capital redemption reserve

On 23 February 2007 the Company purchased for cancellation 20,400 A Ordinary shares at a cost of £18,360. Accordingly a capital redemption reserve was set up to account for the amounts by which the issued capital is diminished through the repurchase of the Company's own shares. As at 30 November 2007 the balance of the capital redemption reserve is £2 (2006: nil).

16 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 £23,518,203 (2006: £23,675,116) and on 24,980,111 (2006: 25,000,511) A and B Ordinary shares in issue at the year end.

17 Reconciliation of cash inflow from operating activities

	Year ended 30 November 2007 £'000	4 August 2005 to 30 November 2006 £'000
Return on ordinary activities before finance costs and taxation	374	241
Net capital return before finance costs and taxation	202	286
Investment management fees charged to capital	(432)	(342)
Decrease/(increase) in operating debtors	16	(139)
(Decrease)/increase in operating creditors	(42)	109
Net cash inflow from operating activities	118	155

18 Reconciliation of net cash flow to net funds

	Year ended 30 November 2007 £'000	4 August 2005 to 30 November 2006 £'000
Opening net funds	1,551	—
Net cash inflow	203	1,551
Closing net funds	1,754	1,551

Notes to the financial statements

for the year ended 30 November 2007

(continued)

19 Financial instruments and risk management

The Company's financial instruments comprise equity and authorised unit trust investments, floating rate notes, 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,
- cash flow interest rate risk,
- liquidity risk,
- credit risk and,
- fair value interest rate risk

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

i) *Market price risk*

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

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) *Cash flow interest rate risk*

It is the Company's policy to accept a degree of interest rate risk in its financial assets through the effect of interest rate changes. On the basis of the Company's analysis it is estimated that a fall in one percentage point in all interest rates would have reduced the profit before tax for the year by approximately £133,000 (2006: £150,000).

The Company does not have any interest bearing liabilities.

The Company holds floating rate note securities and money 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. The Company had no committed borrowing facilities as at 30 November 2007 (2006: nil). In view of this, the Board considers that the Company is subject to low liquidity risk.

iv) *Credit risk*

Floating rate note investments are made in notes issued by banks with a Moody's credit rating of at least A. In this way the Investment Manager seeks to limit credit risk to the Company. The Company's total credit risk is limited to £10,710,000 of floating rate notes and deposits with UK clearing banks.

Notes to the financial statements

for the year ended 30 November 2007

(continued)

19 Financial instruments and risk management (continued)

v) Fair value interest rate risk

Floating rate note investments, due to the floating rate nature of these instruments, are not subject to significant price movements as a result of interest rate movements

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, listed on the London Stock Exchange or units in a UK authorised unit trust. These assets are discussed fully in the Investment Manager's report and are listed on pages 10 to 12.

The interest rate profile of the Company's financial assets and liabilities at 30 November 2007 was as follows:

	Total £'000	Non-interest bearing financial assets/(liabilities) £'000	Floating rate financial assets £'000
Equity shares	9,834	9,834	—
Floating rate interest securities	8,956	—	8,956
Units in authorised unit trust	3,741	3,741	—
Cash	1,754	—	1,754
Other net current liabilities	(789)	(789)	—
	23,496	12,786	10,710

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	4,079	4,079	—
Floating rate interest securities	15,013	—	15,013
Units in authorised unit trust	3,250	3,250	—
Cash	1,551	—	1,551
Other net current liabilities*	(227)	(227)	—
	23,666	7,102	16,564

*Other net current liabilities excludes prepayments which under FRS 25 are not classified as financial assets

The cash at bank interest rate is currently based on Royal Bank of Scotland plc base rate less 0.05 per cent

The maturity value of the floating rate note investments held at fair value is as follows:

	30 November 2007 £'000	30 November 2006 £ 000
Less than one year	2,996	—
1–2 years	2,996	3,000
2–3 years	2,964	6,010
3–5 years	—	6,003
Total	8,956	15,013

Notes to the financial statements

for the year ended 30 November 2007

(continued)

19 Financial instruments and risk management (continued)

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

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

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 13. No interest is paid on these liabilities and they are all denominated 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 2007, 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 2007 (2006 nil) which have been accrued for, except those funds scheduled for investment.

21 Related party transactions

Close Investments Limited, as Investment Manager of the Company is considered to be a related party by virtue of its management contract with the Company. During the year services of a total value of £576,000 (2006 £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 nil (2006 £47,000), the amount due from Close Investments Limited disclosed under debtors was £8,000 (2006 nil). Details of this remuneration can be found in note 5 of the financial statements.

As at 30 November 2007, the Company held 3,412,432 units in Close Special Situations Fund, an authorised unit trust managed by Close Investments Limited. The Company received a rebate of £56,000 (2006 £24,000) on the management fees charged by Close Special Situations Fund in the year under review. The Close Special Situations Fund held an investment in Tenon Group PLC, a company of which Andrew Raynor is Chief Executive Director.

Buybacks of shares for cancellation during the year were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc, the ultimate parent company of the Investment Manager, Close Investments Limited. A total of 20,400 (2006 nil) A ordinary shares were purchased at a price of 90 pence per share.

22 Post balance sheet events

The following investments have been completed since 30 November 2007:

- Invested £750,000 in Research Now plc,
- Invested £600,000 in Ritchey plc and,
- Invested £375,000 in Lombard Medical Technologies plc

The following investments have been disposed of since 30 November 2007:

- Abbey National Treasury Floating Rate Note 22/09/08 for proceeds of £2,997,000 and,
- BBI Holdings plc for proceeds of £434,000

On 8 February 2008, it was announced that Hatpin plc had been temporarily suspended from AIM.

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 noon on 18 April 2008 at 10 Crown Place, London EC2A 4FT for the purpose of dealing with the following business, of which items 5 to 7 are special business

Ordinary Business

- 1 To receive and adopt the accounts and the reports of the Directors and Auditors for the year ended 30 November 2007
- 2 To receive and approve the Directors' remuneration report for the year ended 30 November 2007
- 3 To appoint PKF (UK) LLP as Auditors for the ensuing year and to authorise the Directors to fix their remuneration
- 4 To re-elect Christopher Holdsworth Hunt 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 £73 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 2009 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 (a) above up to an aggregate nominal amount of £36 equal to 5 per cent of the A Ordinary Share capital and £88 equal to 5 per cent of the B Ordinary share capital,

and shall expire on the expiry of the general authority conferred by resolution 5, 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 each ('Ordinary shares') in the capital of the Company provided that

- (a) the maximum aggregate number of shares authorised to be purchased is 729,946 A shares representing approximately 10 per cent of the A Ordinary issued share capital and 1,768,065 B shares 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) an amount equal to 105 per cent of the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for the shares over the five business days immediately preceding the date 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

This resolution is intended to apply equally to shares to be cancelled or to be held by the Company as treasury shares in accordance with the companies (Acquisition of own shares) (Treasury shares) Regulation 2003

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

That (with effect from 1 October 2008) the Articles of Association be amended by the insertion of the following new Article

Subject to the provisions of the Acts and as contemplated by section 175 of the Companies Act 2006, the Directors may authorise in such manner and on such terms as they think fit, any matter in which a Director and/or such connected persons of the Director has, or can have, a direct or indirect interest which conflicts, or could reasonably be regarded to conflict, with the interest of the Company. Where such authorisation is given, the duty of the Director in question to avoid conflicts of interest shall not be infringed in relation to that matter. Neither the Director in question nor any other interested Director shall vote on or if he does, his vote shall not be counted as part of the quorum in relation to any resolution of the Directors concerning such authorisation. Where a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company and that conflict or potential conflict has been authorised by the Company or by the Directors in accordance with this Article, subject to the terms on which any authorisation has been given

- (a) The Director in question need not disclose to or use for the benefit of the Company any information relating to that matter which he obtains or has obtained otherwise than as a Director and in respect of which he owes a duty of confidentiality to a person or persons other than the Company,
- (b) The Director in question need not consider board papers of the Company, nor participate in discussions of the Directors, relating to that matter,
- (c) Any Director may act in any way authorised by any guidance for dealing with conflicts of interest issued by the Directors from time to time,

Notice of Annual General Meeting (continued)

(d) Where a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company, the duties which the Directors owe to the Company shall not be infringed by anything done (or omitted) by the Directors, or any of them, in accordance with Articles,

(e) For the purposes of the Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties

By order of the Board
Clove Ventures Limited
Company Secretary



Registered Office
10 Crown Place
London EC2A 4H 1

10 March 2008

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 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the register of members of the Company as at 12.00 noon on 16 April 2008 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 2008, or in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 6 Copies of the Company's existing Articles of Association are available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays and public holidays) from the date of this notice until close of business on 16 April 2008 and 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.

Close Investments Limited
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London
EC2A 2BY

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E-mail enquiries@closeventures.co.uk

A subsidiary of Close Brothers Group plc

Authorised and regulated by the Financial Services Authority

CLOSE IHT AIM VCT PLC
Registered Office 10 Crown Place, London EC2A 4F1
Registered in England Company Number 5528235

10 March 2008

Dear Shareholder,

Close IHT AIM VCT PLC Annual General Meeting to be held at 10 Crown Place London EC2A 4F1 on 18 April 2008 at 12 00 noon

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

We very much look forward to seeing you then.

Yours sincerely

Keith Mullins
Chairman



Close Brothers Group plc

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

Form of Proxy

Form of proxy for the Annual General Meeting to be held on 18 April 2008

I/We

(BLOCK CAPITALS please)

being a holder/s of A and/or B Ordinary Shares in Close IHT AIM VCI 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 2008 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	Appointment of PwC (UK) LLP as auditors				
Resolution Number 4	Re-election of Christopher Holsworth Hunt				
Resolution Number 5	(Special business) Authority to allot shares				
Resolution Number 6	(Special Resolution) Disapplication of pre-emption rights				
Resolution Number 7	(Special Resolution) Purchase of own shares				
Resolution Number 8	(Special Resolution) Change to Articles regarding the handling of Directors' conflicts				

Signed

Date

NOTES

- * 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.
- 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.
- Please insert an 'X' in either the columns. If all spaces are left blank the proxy will exercise his discretion as to whether and if so how he votes.
- 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.
- 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.
- 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 4JU, not later than 48 hours prior to the time fixed for the holding of the Meeting.
- In the case of joint holders, only one needs sign but the names of all joint holders should be shown.
- 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.