Annual Report and Financial Statements for the period ended 31 March 2008

Close Enterprise VCT plc

closeventures

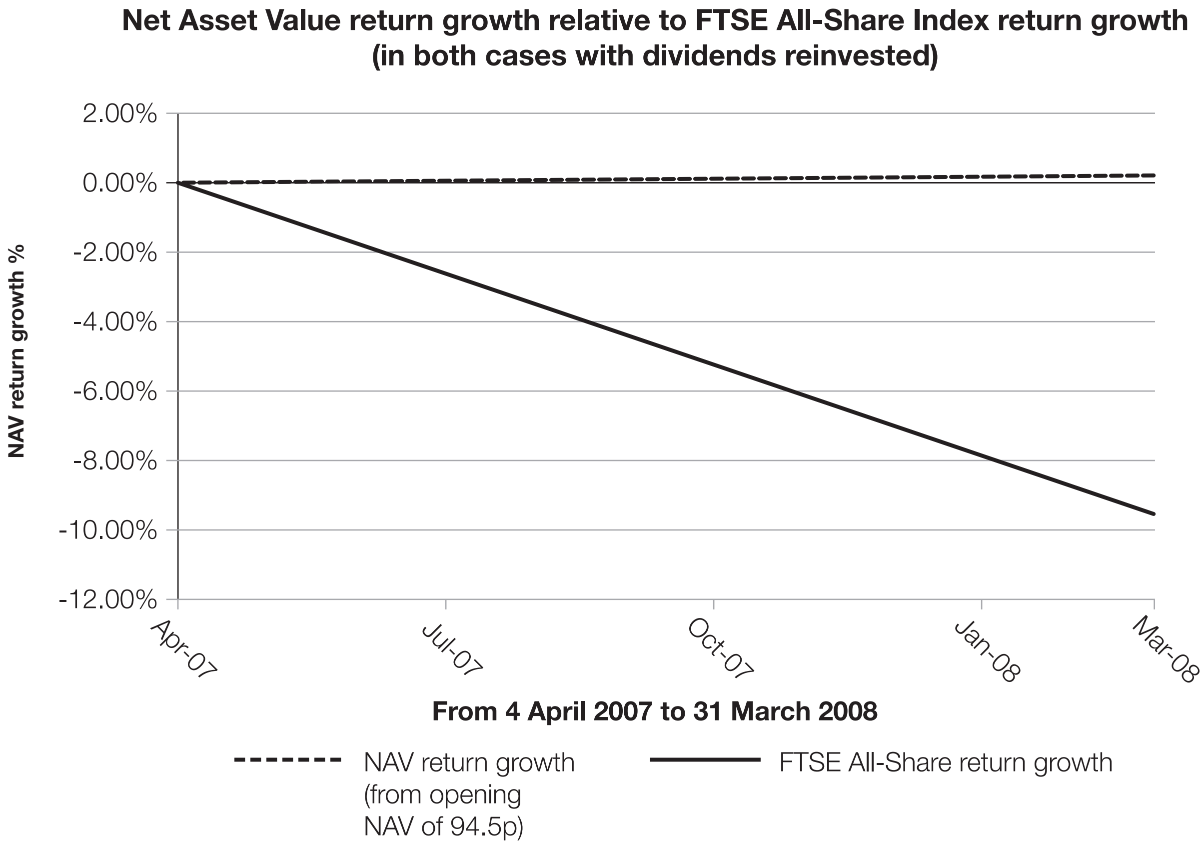
Contents

Financial Highlights

94.7p Net asset value total return, comprising net asset value as at 31 March 2008 and dividends paid to that date.

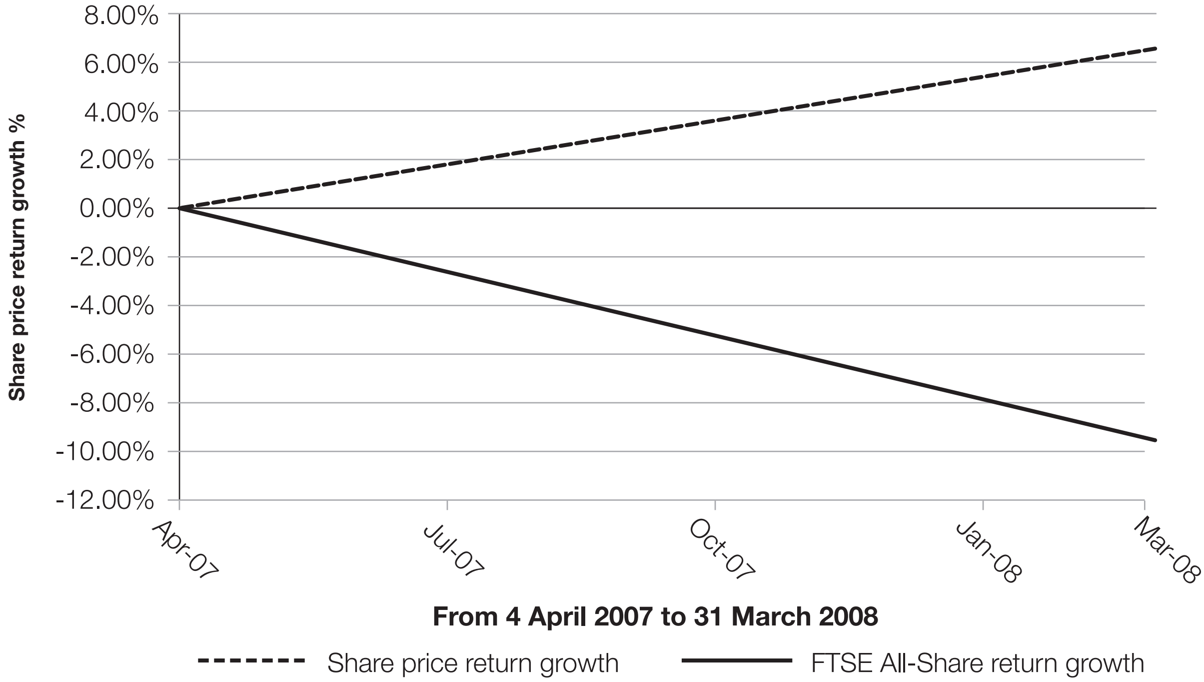
0.7p Tax free dividend per share for the period to 31 March 2008.

94.0p Net asset value per share as at 31 March 2008.



Financial Highlights continued

Share price return growth relative to FTSE All-Share Index return growth (in both cases with dividends reinvested)



	31 March 2008 pence per share
Net asset value total return to shareholders since launch:	
Total dividends paid during the period ended 31 March 2008	0.7
Net asset value as at 31 March 2008 (i)	94.0
Total return to 31 March 2008	**94.7**

In addition to the dividends summarised above, the Directors have declared a first dividend for the new financial year of 0.4 pence per share (to be paid out of revenue profits) to be paid on 15 August 2008 to shareholders on the register at 18 July 2008. This dividend will be paid to shareholders who subscribed in the 2006/2007 offer only.

Notes

(i) Compares to the net asset value per share of 94.5 pence (after costs) immediately following the closing of the 2006/2007 Offer.

Investment Objectives

The aim of Close Enterprise VCT is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a growth portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held in gilts, on deposit or invested in floating rate notes, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

Financial Calendar

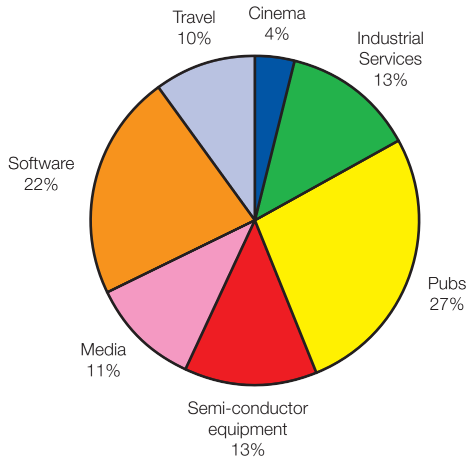
Annual General Meeting	14 August 2008
Announcement of interim results for the six months ended 30 September 2008	November 2008
Record date for first dividend	18 July 2008
Payment of first dividend	15 August 2008
Payment of second dividend	January 2009

Chairman's Statement

Introduction

I am pleased to report the financial results for your Company's initial period of trading from incorporation on 7 November 2006 to 31 March 2008. Over the period, the Company saw a revenue return of 2.8 pence per share and a total return of 0.3 pence per share, while net asset value at 31 March 2008 was 94.0 pence per share. Under the initial offer for subscription, a total of 19.8 million shares were issued on 5 April 2007, with a further 10.6 million shares issued under the further offer subsequent to the year end, on 4 April 2008. Over the period, some £3.1 million was invested in nine unquoted qualifying investments, with a further three investments made in the new financial year, which now takes the total invested to £3.9 million in 11 businesses, representing 19 per cent. of the net cash raised under the initial offer for subscription.

Split of investment portfolio by sector

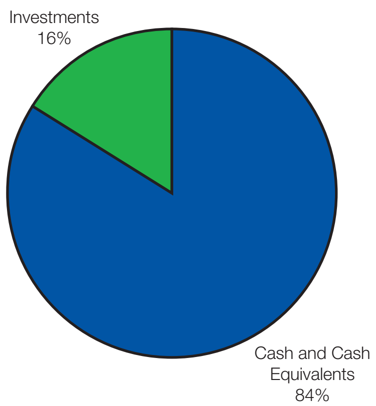


Source: Close Ventures Limited

Investment progress

It is the Company's aim to provide investors with an unquoted investment portfolio balanced between asset-based businesses, principally in the leisure sector, and high growth businesses across a variety of sectors of the UK economy. To date, the investments made have been predominantly within the second category with asset based investments only currently accounting for 27 per cent. of the portfolio. This reflects our caution during the current downturn in property related sectors and is also reflected in the partial provisions against two of the asset-based investments, Bravo Inns Limited and Churchill Taverns VCT Limited. Both of these investments reflect the current depressed valuations in the public house and related sectors.

Split of portfolio as at 31 March 2008



Source: Close Ventures Limited

In contrast to this, a variety of interesting investments have been made in the "growth" portfolio, including two in the environmental sector and three in IT services and products.

Risks, uncertainties, and future prospects

The key risk remains the outlook for the UK economy which looks likely to be affected by the current unease in the finance and housing markets, and which has already had some effect on our consumer based businesses as mentioned above. Further detailed analysis of the other risks and uncertainties, facing the business are shown on page 17 of the Directors' Report.

Nevertheless, your Company's policy of ensuring that it has a first charge, wherever possible, over the investee companies assets should help mitigate any risks. Furthermore, the significant cash balances, including those raised in April of this year, should enable the Company to take advantage of downward movements in prices as they occur, not least in respect of the asset-based segment of our portfolio, as prices begin to stabilise. This, in turn, will underpin your Board's strategy of creating a strong, sustainable flow of dividends to shareholders.

Proposed change to the Company's Articles of Association

At the Annual General Meeting, special resolutions will be proposed to adopt new Articles (the "New Articles") in order to update the Company's existing Articles of Association (the "Current Articles") for the changes that have been brought

Chairman's Statement continued

into force by the Companies Act 2006. A further resolution will be proposed to enable the Company to manage the conflict of interest provisions that will come into force on 1 October 2008 or such later date as section 175 of Companies Act 2006 provides. The Directors are proposing a resolution to allow Directors to approve actual or potential conflicts 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. A summary of the principal changes that are proposed to be made to the Current Articles by resolution 10 are contained in the Directors report and Business Review on page 20 along with details of these changes that will come into force on 1 October 2008 as a result of resolution 11.

Results and dividends

As at 31 March 2008 the net asset value of the Company was £18.6 million, equivalent to 94.0 pence per share. Net revenue income attributable to shareholders was £559,000 for the period, out of which the Board paid a total dividend of 0.7 pence per share. Your Board now declares a first dividend for the new financial year of 0.4 pence per share which will be paid on 15 August 2008 to those shareholders who subscribed in the 2006/2007 Offer who are on the register at 18 July 2008.

Maxwell Packe

Chairman 4 July 2008

The Board of Directors

The following are the Directors of the Company, all of whom operate in a non-executive capacity.

Maxwell Packe (63) FCA (appointed 28 November 2006) is also chairman of Schroder UK Mid & Small Cap Fund plc, Kelvin Hughes Limited and Vibrant Energy Limited (a company in which Close Enterprise VCT PLC has invested). Since 1996 he has been chairman of a number of private equity-backed companies with successful trade sales, including Crestacare PLC, Corgi Classics Limited and Paragon Book Services Limited. Previously he was founder and chief executive of Household Mortgage Corporation PLC from 1986 until its sale in 1996 to Abbey National Plc. Mr Packe was previously chairman of Murray VCT 2 PLC (which subsequently merged with Murray VCT PLC and Murray VCT 3 PLC and renamed Crown Place VCT PLC).

Lady Balfour of Burleigh (62) CBE (appointed 28 November 2006) is a non-executive director of Murray International Trust plc, Stagecoach Group plc and Scottish Oriental Smaller Companies Trust plc. She is also chairman of the Nuclear Liabilities Fund. She was formerly a director of Cable and Wireless plc, Midland Electricity plc and WH Smith plc.

Lord Anthony St. John of Bletso (50) (appointed 28 November 2006) is a qualified solicitor and Chairman of Spiritel plc, a telecommunication services and solutions provider. He acts as a consultant to Merrill Lynch and 2e2, a provider of mission critical IT services and solutions. He is also Chairman of the Governing Boards of Certification International and Eurotrust International. He has been a Crossbench Member of the House of Lords since 1979 and an extra Lord-in-Waiting to HM The Queen since 1999. He serves on several EU Select Committees.

Patrick Reeve (48) MA, ACA, (appointed 28 November 2006) qualified as a chartered accountant with Deloitte Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group plc in 1989, initially in the development capital subsidiary, where he was a director specialising in the financing of smaller unquoted companies. He joined the corporate finance division in 1991, where he was also a director. He established Close Ventures Limited with the launch of Close Brothers Venture Capital Trust PLC in the spring of 1996. He is a director of Close Brothers Protected VCT PLC, Close Income & Growth VCT PLC and Close Technology & General VCT PLC, all managed by Close Ventures Limited. He is also a director of Healthcare & Leisure Property Fund PLC, to which Close Ventures Limited acts as investment adviser.

The Manager

Close Ventures Limited, is authorised and regulated by the Financial Services Authority and is the Manager of Close Enterprise VCT PLC. In addition to Close Enterprise VCT PLC, it manages a further six venture capital trusts, and has currently total funds under management of approximately £255 million.

The Manager's ultimate parent company is Close Brothers Group plc, an independent merchant banking group incorporated in Great Britain and listed on the London Stock Exchange.

The following are specifically responsible for the management and administration of the VCTs managed by Close Ventures Limited, including Close Enterprise VCT PLC.

Patrick Reeve, (48), MA, ACA, details included in the Board of Directors section.

Isabel Dolan, (43), BSc (Hons), ACA, MBA, is Operations Director of Close Ventures Limited having previously been Finance Director for a number of unquoted companies. From 1993-1997 she was Head of Recoveries at the Specialised Lending Services of the Royal Bank of Scotland plc and from 1997-2001 she was a Portfolio Director at 3i plc. She joined Close Ventures Limited in 2005.

Dr Andrew Elder, (37), MA, FRCS. After qualifying as a surgeon he practised for six years, specialising in neurosurgery before joining the Boston Consulting Group as a consultant in 2001, specialising in healthcare strategy. He joined Close Ventures Limited in 2005.

Will Fraser-Allen, (37), BA (Hons), ACA, Deputy Managing Director of Close Ventures Limited, qualified as a chartered accountant with Cooper Lancaster Brewers in 1996 before specialising in corporate finance and investigation. He joined Close Ventures Limited in 2001.

Emil Gigov, (37), BA (Hons), ACA, qualified as a chartered accountant with KPMG in 1997 and subsequently worked in KPMG's corporate finance division working on the media, marketing and leisure sectors. He joined Close Ventures Limited in 2000.

David Gudgin, (36), BSc (Hons), ACMA, after working for ICL from 1993 to 1999 where he qualified as an accountant, he joined 3i plc as an investment manager based in London and Amsterdam. In 2002 he joined Foursome Investments, the venture capital arm of the Englehorn family, responsible for investing an evergreen fund of US$80 million, before joining Close Ventures Limited in 2005.

Michael Kaplan, (31), BA, MBA. After graduating from the University of Washington in 1999 with a BA in International Finance, he joined Marakon Associates as an Analyst. In 2000, he became the Chief Financial Officer of Widevine Technologies, a security software company based in Seattle. Then, after graduation with his MBA from INSEAD, in 2004 he joined the Boston Consulting Group focusing on the retail and financial services industries. He joined Close Ventures Limited in 2007.

Ed Lascelles, (32), BA (Hons), joined the corporate broking department of Charterhouse Securities in 1998 focusing on primary and secondary equity fundraisings. He then moved to the corporate finance department of ING Barings in 2000, retaining his focus on smaller UK companies. He joined Close Ventures Limited in 2004.

Henry Stanford, (43), MA, ACA, qualified as a chartered accountant with Arthur Andersen before joining the corporate finance division of Close Brothers Group plc in 1992. He transferred to Close Ventures Limited in 1998 to focus on VCT investment.

Robert Whitby-Smith, (33), BA (Hons), MSI, ACA, qualified as a chartered accountant with KPMG in their corporate finance division. From 2000 to early 2005 he worked in the UK corporate finance departments of Credit Suisse First Boston and subsequently ING Barings, where he was a vice president. He joined Close Ventures Limited in 2005.

Marco Yu, (30), MPhil, MA, MRICS, qualified as a chartered surveyor in 2004. From 2002 to 2005, he worked at Bouygues (UK), developing cost management systems for PFI schemes, before moving to EC Harris in 2005, where he advised senior lenders on large capital projects. He joined Close Ventures Limited in 2007.

Portfolio of Investments

The following is a summary of investments as at 31 March 2008:

Qualifying portfolio	At 31 March 2008 % voting rights	Investment at cost £'000	Cumulative movement in carrying/ fair value[(1)] £'000	Total carrying/ fair value £'000
Asset-based investments				
Bravo Inns Limited	8.4%	750	(198)	552
Churchill Taverns VCT Limited	2.6%	260	(43)	217
CS (Norwich) Limited	6.3%	100	5	105
Total asset-based investments		**1,110**	**(236)**	**874**
Growth investments				
Point 35 Microstructures Limited	5.1%	384	–	384
Oxsensis Limited	4.1%	380	–	380
Mi-Pay Limited	3.8%	340	1	341
Opta Sports Data Limited	3.0%	300	3	303
Process Systems Enterprise Limited	2.1%	295	–	295
Resort Hoppa Limited	5.6%	270	–	270
Total growth investments		**1,969**	**4**	**1,973**
Total qualifying investments		**3,079**	**(232)**	**2,847**

[(1)] Included in this movement is net capital depreciation of equity and loan instruments amounting to £240,000 and an increase in carrying value of £8,000 for loans and receivables.

Non-qualifying Investments	At 31 March 2008 % voting rights	Investment at cost £'000	Cumulative movement in carrying/ fair value[(1)] £'000	Total carrying/ fair value £'000
Nationwide Floating Rate Note 07/06/2010		1,496	(22)	1,474
Total non-qualifying investments		**1,496**	**(22)**	**1,474**
Total investments		**4,575**	**(254)**	**4,321**

[(1)] This movement comprises net capital depreciation of equity and loan instruments amounting to £22,000.

Portfolio Companies

Unquoted loan stock held as investments are classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the effective interest rate. The qualifying investments by aggregate value of equity and loan stock are as follows:

Bravo Inns Limited

The company currently owns seven freehold pubs in and around Bolton. Refurbishment of these sites is in progress, and the decrease in the valuation reflects the current fall in asset values generally. The company is managed by the team which recently successfully exited from The Bold Pub Company Limited.

Latest audited results
As a new company, Bravo Inns Limited has not yet filed statutory accounts. The first accounts will be prepared for the period to 31 March 2008.

Basis of equity valuation: Cost less impairment using third party valuation

Investment at value

	£'000
Equity	46
Loan stock	506
Voting rights	8.4 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 50 per cent.

Point 35 Microstructures Limited

This company is a refurbisher of semiconductor fabrication equipment and a producer of proprietary MEMS device fabrication equipment. The proprietary equipment business is a potentially high growth area, and the refurbishment business has been grown from start up over a four year period.

Latest audited results – year to 30 April 2007
As a small company, Point 35 Microstructures is exempt from filing full accounts.

	£'000
Net liabilities	(208)
Basis of equity valuation:	Cost
Website:	www.pt35.com

Investment at value

	£'000
Equity	192
Loan stock	192
Voting rights	5.1 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 26 per cent.

Portfolio Companies continued

Oxsensis Limited

The company develops and produces industrial sensors for use in ultra high temperature environments including gas and aerospace turbines. The investment took place in an early stage business and sales are expected to take place over the next year.

Latest audited results – year to 31 December 2006

	£'000
Turnover	25
Loss before tax	(371)
Loss after tax	(336)
Net assets	313
Basis of valuation:	Cost
Website:	www.oxsensis.com

Investment at value

	£'000
Equity	380
Voting rights	4.1 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 22.3 per cent.

Mi-Pay Limited

The company provides a range of mobile payment services. The investment took place in an early stage business, and the main focus of the company to date has been increasing resources and capacity. The company aims to increase sales over the next year through targeting significant contracts.

Latest audited results – year to 31 December 2006

As a small company, Mi-Pay Limited is exempt from filing full accounts.

	£'000
Net assets	103
Basis of equity valuation:	Cost
Website:	www.mi-pay.com

Investment at value

	£'000
Equity	249
Loan stock	92
Voting rights	3.8 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 20.3 per cent.

Portfolio Companies continued

Opta Sports Data Limited

The company is one of Europe's leading compilers of sports performance data, covering over 3,000 football and other sport matches across Europe. Since investment it has traded in line with expectations.

Latest audited results – year to 30 June 2007

	£'000
Turnover	3,000
Loss before tax	(459)
Loss after tax	(466)
Net assets	1,075
Basis of equity valuation:	Cost
Website:	www.optasportsdata.com

Investment at value

	£'000
Equity	150
Loan stock	153
Voting rights	3.0 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 15.3 per cent.

Process Systems Enterprise Limited

The company undertakes process systems modelling to increase profitability, reduce risk and enhance innovation for businesses using complex industrial processes, such as those involved in the petrochemical industry. PSE recently won the prestigious Royal Academy of Engineering MacRobert Award for Innovation & Engineering.

Latest audited results – year to 31 July 2007
As a small company Process Systems Enterprise Limited is exempt from filing full accounts.

	£'000
Net assets	1,178
Basis of equity valuation:	Cost
Website:	www.psenterprise.com

Investment at value

	£'000
Equity	221
Loan stock	74
Voting rights	2.1 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 14.5 per cent.

Portfolio Companies continued

Resort Hoppa Limited

The company is the largest UK operator providing airport transfers across Europe and the rest of the world. Passenger numbers are steadily increasing on last year.

Latest audited results – year to 31 December 2006

As a small company, Resort Hoppa Limited is exempt from filing full accounts.

	£'000
Net assets	422
Basis of valuation:	Cost
Website:	www.resorthoppa.com

Investment at value

	£'000
Equity	270
Voting rights	5.6 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 43.2 per cent.

Churchill Taverns VCT Limited

The company was formed to acquire and manage public houses in and around Northamptonshire.

The company has purchased and operates six units. The decrease in the valuation reflects the current fall in asset values in this sector generally.

Latest audited results – year to 30 September 2006

As a small company, Churchill Taverns is exempt from filing full accounts.

	£'000
Net assets	1,247
Basis of equity valuation:	Cost less impairment using third party valuation

Investment at value

	£'000
Equity	32
Loan stock	185
Voting rights	2.6 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 50 per cent.

Portfolio Companies continued

CS (Norwich) Limited

The company owns and operates the Picturehouse cinema in the centre of Norwich. Since the last set of published accounts, CS (Norwich) Limited has refurbished the cinema and began trading in October 2007.

Latest audited results – year to 31 December 2006
The last accounts produced by this company were dormant accounts.

	£'000
Net assets	–
Basis of equity valuation:	Net asset value

Investment at value

	£'000
Equity	38
Loan stock	67
Voting rights	6.3 per cent.

Other funds managed by Close Ventures Limited have invested in this company. The total equity held by all Close Ventures Limited managed funds is 50 per cent.

Net assets of investee companies where a recent third party valuation has taken place may have a higher valuation in Close Enterprise VCT PLC accounts than in their own in cases where the investee company does not have a policy of revaluing their fixed assets.

Directors' Report and Business Review

The Directors submit their Annual Report and the audited Financial Statements of Close Enterprise VCT PLC (the "Company") for the period from the date of incorporation on 7 November 2006 to 31 March 2008.

First reporting period

The Company was incorporated in Great Britain on 7 November 2006. The Registrar of Companies issued the Company with a certificate under section 117 of the Companies Act 1985, entitling it to commence business on 28 November 2006. The first reporting period for the Company is from 7 November 2006 to 31 March 2008.

The Company is an investment company as defined in Section 266 of the Companies Act 1985.

BUSINESS REVIEW

Principal activity and status

The principal activity of the Company is that of a venture capital trust. It has received provisional approval by H.M. Revenue & Customs as a venture capital trust in accordance with Part 6 of the Income Taxes Act 2007 and 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 period ended 31 March 2008 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. Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the tax reliefs some investors would have obtained when they invested in fundraisings.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the period are shown in note 15.

The Company's share capital comprises Ordinary shares. The Ordinary shares are designed for individuals who are professionally advised private investors seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments spread over a number of sectors which produce a regular and predictable source of income combined with the prospect of longer term capital growth.

Close Enterprise VCT PLC closed its further Offer for subscription of new Ordinary shares on 4 April 2008, whereby 10,567,738 new shares were allotted. The Ordinary shares and the new Ordinary shares will rank pari passu for dividends (save for the first dividend for the financial year to 31 March 2009) and voting rights. Each Ordinary share and new Ordinary share is currently entitled to one vote.

Investment policy

The Company's investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of long term capital growth. The Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a growth portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be invested in gilts, held on deposit or invested in floating rate notes, in the latter two cases with banks with a Moody's credit rating of 'A' or above. In neither category would investee companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the investee company's assets.

The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

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 after the first year;

(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, which includes the period to 31 March 2008);

(3) At least 30 per cent. by value of its total qualifying holdings must have been represented throughout the period by holdings of 'eligible shares';

(4) At no time in the period 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 period from shares and securities;

(6) Eligible shares must comprise at least 10 per cent. by value of the total of the shares and securities that the Company holds in any one investee company; and

(7) The Company's shares, throughout the period must have been listed in the Official List of the London Stock Exchange.

These tests have been carried out and independently reviewed for the period ended 31 March 2008. The Company has complied with all of these tests.

'Qualifying holdings', for Close Enterprise VCT PLC include shares or securities (including loans with a five year or greater maturity period) in 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 £7 million immediately prior to the investment and £8 million immediately thereafter and there is an annual investment limit of £1 million in each company.

From the current tax year onwards, the further restriction of investment in companies having less than 50 full time employees and the £2 million cap on the amount of funds which a company can raise in any 12 month period from VCTs, may limit the number of new investment opportunities available.

As defined by 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 31 March 2008, the Company's maximum exposure was £1,860,406 and its actual short term and long term gearing at this date was £nil. The Directors do not currently have any intention to utilise long term gearing.

Details of the principal investments made by the Company are shown in the portfolio of investments on page 9. A detailed review of the Company's business during the period and future prospects is contained in the Chairman's Statement on page 5. Details of significant events which have occurred since the end of the financial year are listed in note 21.

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

The Company has delegated the investment management of the portfolio to Close Ventures Limited, a subsidiary of Close Brothers Group plc, which is authorised and regulated by the Financial Services Authority. Close Ventures Limited also provides company secretarial and other accounting and administrative support to the Company. Further details regarding the terms of engagement of the Manager are shown on page 18.

Results and dividends

	£'000
Net revenue return for the period ended 31 March 2008	559
Revenue dividend of 0.7p per share paid on 28 December 2007	(139)
Transferred to revenue reserve	420
Net capital loss for the period ended 31 March 2008 and transferred to realised and unrealised capital reserve	(500)
Net assets as at 31 March 2008	18,604
Net asset per share as at 31 March 2008 (pence)	94.0p

The Company paid dividends of 0.7 pence per share during the period ended 31 March 2008.

As described in the Chairman's Statement, the Board has declared a dividend of 0.4 pence per share payable on 15 August 2008 to shareholders on the register as at 18 July 2008.

As shown in the Company's Income Statement on page 30 of the financial statements, the investment income was £1,065,000, derived from loan stock interest, income from floating rate notes and bank interest. Revenue return to equity holders was £559,000.

Capital return for the year was a loss of £500,000, primarily as a result of the investments being immature, being mainly valued at cost with provisions made on two investments which were taken to unrealised losses made during the period, as well as a result of the capitalisation of management fees.

The total return per share was 0.3 pence per share.

The Balance Sheet on page 31 of the financial statements shows that the net asset value per share has decreased since inception of the fund from 94.5 pence per share to 94.0 pence per share as a result of the payment of 0.7 pence per share dividends during the period. This also reflects capitalisation of management fees and the unrealised losses on investments during the period.

Cash flow for the business has been positive for the period, reflecting the allotment of shares, set against the payment of dividends and purchase of qualifying and non-qualifying investments.

Key Performance Indicators

The graph on page 2 shows Close Enterprise VCT PLC's net asset value return growth against the FTSE All-Share Index return growth, in both instances with dividends reinvested.

The total expense ratio for the period to 31 March 2008 was 3.46 per cent.

The Company operates a policy of buying back shares either for cancellation or for holding in Treasury. The Manager has an objective of maintaining the discount of the share price to net asset value at around 10 per cent. During the period, no shares were repurchased for cancellation or to be held in Treasury.

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

Principal risks and uncertainties

In addition to the current economic risks outlined in the Chairman's Statement, 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. By nature, smaller unquoted businesses, such as those that qualify for venture capital trust purposes, are more fragile than larger, long established businesses.

   To reduce this risk, the Board places reliance upon the skills and expertise of the Manager and their strong track record for investing in this segment of the market. In addition, the Manager operates a formal and structured investment process, which includes an Investment Committee, comprising investment professionals from the Manager and senior investment personnel from within the Close Brothers Group plc. The Manager also invites comments from all non-executive Directors on investments discussed at Investment Committee meetings. Investments are actively and regularly monitored by the Manager (investment managers normally sit on investee company boards) and the Board receives detailed reports on each investment as part of the Manager's report at quarterly board meetings.

2. *Venture Capital Trust approval risk*

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

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

3. *Compliance risk*

   The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, 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 Manager have considerable experience of operating at the most senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation

Directors' Report and Business Review continued

from the auditors, lawyers and other professional bodies.

4. *Internal control risk*
   Failures in key controls, within the Board or within the 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 Internal Audit department from Close Brothers Group plc at least once a year, receiving a report regarding the last formal internal audit performed on the Manager, and providing the opportunity for the Audit Committee to ask specific and detailed questions. The Manager has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Further details regarding the Board's management and review of the Company's internal controls through the implementation of the Turnbull guidance are detailed on page 26.

   Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.

5. *Reliance upon third parties risk*
   The Company is reliant upon the services of Close Ventures Limited for the provision of investment management and administrative functions. There are provisions within the Management Agreement for the change of Manager under certain circumstances (for more detail, see the Management Agreement paragraph on page 18). In addition, the Manager has demonstrated to the Board that there is no undue reliance placed upon any one individual within Close Ventures Limited, or its parent company Close Brothers Group plc.

6. *Financial risks*
   By its nature, as a venture capital trust, the Company is exposed to investment risk, credit risk and liquidity risk. The Company's policies for managing these risks and its financial instruments are outlined in full in note 20 to the financial statements.

   The Company is financed through equity and does not have any borrowings.

Environment
The management and administration of Close Enterprise VCT PLC is undertaken by the Manager. Close Ventures 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 Ventures Limited.

Employees
The Company is managed by Close Ventures Limited and hence has no employees other than its Directors.

Directors
The Directors who held office throughout the period, and their interests in the shares of the Company (together with those of their immediate family) are shown below:

	31 March 2008 Shares	4 July 2008 Shares
Maxwell Packe	40,000	102,100
Lady Balfour of Burleigh	–	10,350
Lord St. John of Bletso	–	20,700
Patrick Reeve	31,201	41,551

No Director has a service contract with the Company.

All Directors, except for Patrick Reeve, who is a director of the Manager, are members of the Audit Committee, of which Lord St. John of Bletso is Chairman.

Patrick Reeve, as director of Close Ventures Limited, is deemed to have an interest in the management contract and management performance incentive to which the Company is party.

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

Directors' retirement and re-election is subject to the Articles of Association and the Combined Code on Corporate Governance. At the forthcoming Annual General Meeting, Maxwell Packe and Patrick Reeve, will retire and offer themselves for re-election.

Management agreement
The Company and Close Ventures Limited have entered into a Management Agreement dated 8 December 2006, which may be terminated by either party on 12 months' notice. Under this agreement, the Manager also provides secretarial and administrative services to the Company. The Management Agreement is subject to earlier termination in

Directors' Report and Business Review continued

the event of certain breaches or on the insolvency of either party. Under the terms of the Management Agreement, the Manager is paid an annual fee equal to 2.5 per cent. (plus any applicable VAT) of the net asset value of the Company. The fee is payable quarterly in arrears.

In line with common practice, the Manager is also entitled to an arrangement fee, payable by each investee company, of approximately 2 per cent. on each investment made.

Management Performance Incentive

In order to provide the Manager with an incentive to maximise the return to investors, the Company has entered into a management performance incentive arrangement with the Manager. Under the incentive arrangement, the Company will pay an incentive fee to the Manager of an amount equal to 20 per cent. of the excess return that will be calculated for each financial year. The minimum target level, comprising dividends and net asset value, will be equivalent to an annualised rate of return of the average base rate of the Royal Bank of Scotland plc plus 2 per cent. per annum on the original subscription price of £1. Any shortfall of the target return will be carried forward into subsequent periods and the incentive fee will only be paid once all previous and current target returns have been met.

Evaluation of the Manager

The Board has evaluated the performance of the Manager based on the returns generated by the Company, progress on reaching the 70 per cent. investment target for Venture Capital Trust status, the long term prospects of the current investments, a review of the management agreement and the services provided therein, and benchmarking the performance of the Manager to other service providers. The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

Investment and co-investment

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

Auditors

During the period, the Board, advised by the Audit Committee, decided to put the audit of the Company out to tender. Following a formal selection process which considered expertise within the VCT market, depth of expertise within the audit firm and value for money, the Board has appointed PKF (UK) LLP as auditors to fill the casual vacancy which arose with the resignation of Deloitte & Touche following the tender process.

A resolution to re-appoint PKF (UK) LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Substantial interests

As at 31 March 2008 and at the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent. of the issued share capital, and there have been no disclosures in accordance with Disclosure and Transparency Rule 5 made to the company during the period ended 31 March 2008, and to the date of this report.

Supplier payment policy

The Company's policy is to pay all supplier invoices within 30 days of the invoice date, or as otherwise agreed. There were no overdue trade creditors at 31 March 2008. Creditor days at 31 March 2008 were 4 days.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT at 12 noon on 14 August 2008. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution.

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 Enterprise VCT PLC.

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

Power to allot shares

Ordinary resolution number 7 will request the authority for directors to allot up to an aggregate nominal amount of £1,518,044 representing approximately 10 per cent. of the issued ordinary share capital of the Company (excluding shares held in Treasury) as at 4 July 2008.

The Directors do not currently have any intention to allot shares, with the exception of reissuing shares where it is in the Company's interest to do so. This resolution replaces the authority given to the directors at the Annual General Meeting in 2007. The authority sought at the Annual General Meeting will expire on 14 February 2010.

Dis-application of pre-emption rights

Special resolution number 8 will request authority for directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to up to £759,022 of nominal capital representing 5 per cent. of the issued ordinary share capital of the Company as at 4 July 2008. The authority sought at the Annual General Meeting will expire on 14 February 2010. Members will note that this resolution also relates to treasury shares.

Purchase of own shares

The Company is seeking authority to purchase approximately 14.99 per cent. of the Company's issued ordinary share capital subject to the provisions shown in the notice of the meeting attached to the back of the financial statements. Shares bought back under this authority may be cancelled and up to 10 per cent. can be held in Treasury.

The authority sought at the Annual General Meeting will expire eighteen months from the date this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

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 2007 authority, which was in similar terms. The Company holds no shares in Treasury, and did not purchase any shares for cancellation during the period.

Treasury shares

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, shares purchased by the Company out of distributable profits can be held as Treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 9 is intended to apply equally to shares to be held by the Company as Treasury shares in accordance with the Regulations. The Board will only authorise repurchases of Treasury shares at prices representing a discount to the NAV per share which would have the effect of enhancing the NAV per share for remaining holders.

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

Changes to the Company's Articles of Association

At the Annual General Meeting, special resolution number 10 will be proposed to adopt new Articles of Association (the "New Articles") in order to update the Company's existing Articles of Association (the "Current Articles") and to benefit from these changes that have been brought into force by the Companies Act 2006. A further special resolution 'special resolution number 11' will be proposed to enable the Company to benefit from the conflict of interest provisions that will come into force on 1 October 2008 or such later date as section 175 of Companies Act 2006 provides.

The principal changes introduced in the New Articles are set out below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted below. A copy of the New Articles showing all the changes to the Current Articles will be available for inspection at the Company's registered office from the date of the Notice during normal business hours until the conclusion of the Annual General Meeting, and at the place of the Annual General Meeting for at least 15 minutes prior to the Annual General Meeting until its conclusion.

PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. *Articles which duplicate statutory provisions*

Provisions in the Current Articles which duplicate statutory provisions already contained in the Companies Act 2006 are being removed in line with the approach advocated by the Government that a company's constitution ought not to duplicate the statutory provisions contained in the Companies Act 2006. This includes, for example, provisions as to the form of resolutions, variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes being made to reflect this approach are detailed on page 21.

2. *Form of resolution*

Under the Companies Act 2006, the concept of an extraordinary resolution has been abolished. As a result, requirements under the Current Articles for an extraordinary resolution will be replaced in the New Articles by the requirement for a special resolution.

Directors' Report and Business Review continued

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions are, therefore, being removed in the New Articles.

3. *Variation of class rights*

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions are, therefore, being amended in the New Articles.

4. *Convening general meetings*

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform with the revised notice periods set out in the new provisions of the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. *Votes of members*

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that they must be received no later than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. A company's articles cannot shorten these time limits by specifying that they should be received before the time limits provided for in the Companies Act 2006. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles are being amended to reflect all of these new provisions.

6. *Conflicts of interest*

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, and where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give 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 which 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 New Articles 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. 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.

7. *Notice of board meetings*

Under the Current Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision is being removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad. It is being replaced with a more general provision that a director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

8. *Records to be kept*

The provision in the Current Articles requiring the Board to keep accounting records is being amended to refer to the relevant provisions of the Companies Act 2006.

9. *Electronic and web communications*

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the

Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information. Whilst the Company will be incorporating the new provisions of the Companies Act 2006 in relation to electronic and/or website communications, it does not yet intend to communicate with its Shareholders via such means. If and at such time as the Company deems it appropriate to communicate with Shareholders via electronic and/or website communications, it shall write to Shareholders, as described above, regarding such use.

10. *Directors' indemnities and loans to fund expenditure*
The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

Recommendation
Your Board believes that the resolutions above are in the best interest of the Company and its Shareholders as a whole and, accordingly, unanimously recommend that you vote in favour of the resolutions.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the income statement of the Company for the year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether all applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with the risks and uncertainties it faces.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report and Business Review continued

- In the case of the persons who are Directors of the Company at the date of approval of this report: so far as each of the Directors are aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This disclosure is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By Order of the Board

Close Ventures Limited
Company Secretary

10 Crown Place
London, EC2A 4FT

4 July 2008

Statement of Corporate Governance

Background
The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code issued by the Financial Reporting Council ("FRC") in July 2003 ("the Code") and updated in June 2006.

The Board of Close Enterprise VCT plc has also considered the principles and recommendations of the 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 Enterprise VCT 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.

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

Maxwell Packe is the Chairman and Senior Independent Director. Lord St. John of Bletso and Lady Balfour of Burleigh are considered independent Directors. Patrick Reeve is not considered an independent Director as he is the Managing Director of Close Ventures Limited, the Manager. 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 7.

Directors are provided with key information on the Company's activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has direct access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the Combined Code, the Company has in place Directors' & Officers' Liability Insurance.

The Board met six times during the period as part of its regular programme of Board meetings. All Directors have received a detailed induction to the Company. All of the Directors attended each meeting, with the exception of Patrick Reeve who was unable to attend one meeting on 21 August 2007.

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 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 Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

The 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 recommendation to shareholders for the appointment and remuneration of auditors;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price; and
- monitoring shareholder profile and considering shareholder communications.

Statement of Corporate Governance continued

Committees' and Directors' performance evaluation
Performance of the Board and the Directors is assessed on the following:

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman.

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

Maxwell Packe and Patrick Reeve will be proposed for re-election at the forthcoming Annual General Meeting. As a result of the performance evaluation process, Maxwell Packe is considered to be independent and both Directors are considered effective and demonstrate strong commitment to the role; on this basis, the Board believes it to be in the best interest of the Company to reappoint these Directors at the forthcoming Annual General Meeting.

Remuneration committee
Since the Company has no executive directors, the detailed Directors' Remuneration disclosure requirements set out in Listing Rules 12.43A (a), 12.43A (b) and 12.43A (c) as they relate to Combined Code Provisions B.1 to B.2, B1.1 to B1.6, and B2.1 to B2.4 are not relevant.

Audit Committee
The Audit Committee consists of all Directors excluding Patrick Reeve. Lord St. John of Bletso is Chairman of the Audit Committee. In accordance with the Code, the members of the Audit Committee have recent and relevant financial experience. The Committee met once during the period ended 31 March 2008; all members attended.

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

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

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

- formally reviewing the final report and accounts, the half-yearly report, and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with a member of the department of Internal Audit of Close Brothers Group plc;
- meeting with the external auditors and reviewing their findings;
- undertaking a tender process for the provision of audit services to the Company, evaluating the tenders, and recommending the appointment of PKF (UK) LLP to the Board with a view to their re-appointment at the Annual General Meeting; and
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board.

Statement of Corporate Governance continued

Nomination Committee
The Nomination Committee consists of all Directors, apart from Patrick Reeve, with Maxwell Packe as Chairman. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during the period and will meet when it is appropriate for it to do so.

It is the policy of the Company that all of the Directors are nominated for re-election every three years. The next re-election is at the Annual General Meeting on 14 August 2008. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

Internal Control
In accordance with principle C.2 of the Combined Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the period and continues to be subject to regular review by the Board in accordance with the Internal Control Guidance for Directors in the Combined Code published in September 1999 and updated in 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 Manager a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps are, and continue to be taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the Board's attention.

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

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

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

Relationships with shareholders
The Company's Annual General Meeting on 14 August 2008 will be used as an opportunity to communicate with investors. The Board and the Chairman of the Audit Committee will be available to answer questions at the Annual General Meeting. At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, will be announced after the resolution has been voted on by a show of hands.

The Annual General Meeting will also include a presentation from the Manager on the portfolio and on the Company, and a presentation from an investee company.

Shareholders are able to access the latest information on the Company via the Close Ventures Limited website www.closeventures.co.uk under the "Our Funds" section.

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

Tel: 0871 664 0300
(calls cost 10p per minute plus network extras)
E-mail: ssd@capitaregistrars.com

Specific enquiries relating to the performance of the Fund should be directed to Close Ventures Limited:

Tel: 020 7422 7830
E-mail: enquiries@closeventures.co.uk

Statement of Corporate Governance continued

The company's share buy-back programme operates in the market through brokers. In order to sell shares, as they are quoted on the London Stock Exchange, investors should approach a broker to undertake the sale. Banks may be able to assist shareholders with a referral to a broker within their banking group.

Statement of compliance

With the exception of the requirement to have a Remuneration Committee, the Directors consider that the Company has complied throughout the period ended 31 March 2008 with all the relevant provisions set out in Section 1 of the Code, and with the AIC Code of Corporate Governance. The Company continues to comply with the Code as at the date of this report.

Directors' Remuneration Report

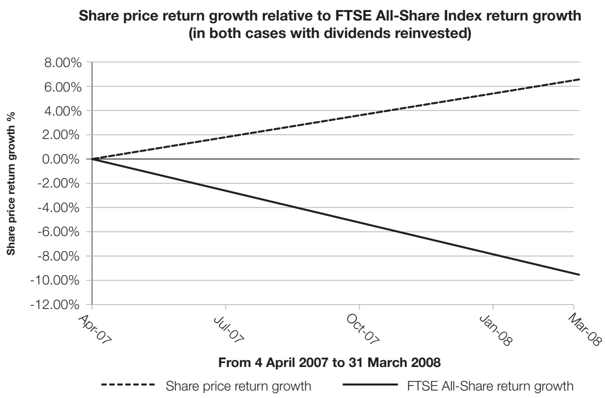
Introduction
This report is submitted in accordance with Schedule 7a of the Companies Act 1985. The report also meets the relevant rules of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the Director's remuneration. As required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

UNAUDITED INFORMATION
Remuneration Committee
Since the Company consists solely of non-executive Directors, a Remuneration Committee is not considered necessary.

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

The maximum level of non-executive Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £100,000 per annum; amendment to this is by way of a special resolution subject to ratification by shareholders.

Performance graph
The graph below shows Close Enterprise VCT PLC's share price growth against the FTSE All-Share Index growth, in both instances with dividends reinvested. The Directors consider this to be the most appropriate benchmark. Investors should however be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.



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

Service contracts
None of the Directors has a service contract with the Company.

The Company's Articles of Association provide for the resignation and, if approved, re-election of the Directors every three years at the Annual General Meeting. At the forthcoming Annual General Meeting Maxwell Packe and Patrick Reeve will retire and be proposed for re-election.

Directors' remuneration
The following items have been audited.

The following table shows an analysis of the remuneration of individual directors, exclusive of National Insurance or VAT:

	7 November 2006 to 31 March 2008 Fees
	£'000
Maxwell Packe	18
Lady Balfour of Burleigh	16
Lord St. John of Bletso	16
Close Ventures Limited (for Patrick Reeve's services)	16
	66

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

Each Director of the Company was remunerated personally, save for Patrick Reeve whose services are provided by Close Ventures Limited.

In addition to Directors' remuneration, the Company pays annual premiums in respect of Directors' & Officers' Liability Insurance of £9,135.

By Order of the Board

Close Ventures Limited
Company Secretary

10 Crown Place
London, EC2A 4FT

4 July 2008

Independent Auditors' Report
To the Members of Close Enterprise VCT PLC

We have audited the Financial Statements of Close Enterprise VCT PLC for the period ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds, the Cash Flow Statement and the related notes. The 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 in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced 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 other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Chairman's Statement, Portfolio of Investments, Portfolio Companies, Directors' Report and Business Review, the Statement of Corporate Governance and the unaudited part of the Directors' Remuneration Report. 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 other information.

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

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its return for the period 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.

PKF (UK) LLP
Registered Auditors
London, UK

4 July 2008

Income Statement

		From 7 November 2006 to 31 March 2008		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**
Losses on investments	3	–	(262)	(262)
Investment income	4	1,065	–	1,065
Investment management fees	5	(117)	(352)	(469)
Other expenses	6	(175)	–	(175)
Return/(loss) on ordinary activities before tax		773	(614)	159
Tax (charge)/credit on ordinary activities	8	(214)	114	(100)
Return/(loss) attributable to shareholders		559	(500)	59
Basic and diluted return per share (pence)	10	2.8	(2.5)	0.3

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

The accompanying notes on pages 34 to 44 form an integral part of these financial statements.

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

There are no recognised gains or losses other than the results for the period disclosed above. Accordingly, a statement of total recognised gains and losses is not required.

Note of Historical Cost Profits and Losses

	31 March 2008 £'000
Return on ordinary activities before taxation	773
Less: unrealised losses on investments	(262)
Historical cost return on ordinary activities before taxation	511
Historical cost return for the year after taxation and dividends	272

Balance Sheet

	Note	31 March 2008 £'000
Fixed asset investments		
Qualifying		2,847
Non-qualifying		1,474
Total fixed asset investments	11	4,321
Current Assets		
Debtors	13	141
Cash at bank	18	14,363
		14,504
Creditors: amounts falling due within one year	14	(221)
Net current assets		14,283
Net assets		18,604
Capital and reserves		
Called up share capital	15	9,897
Special reserve	16	8,787
Realised capital reserve		(238)
Unrealised capital reserve		(262)
Revenue reserve		420
Total equity shareholders' funds		18,604
Net asset value per share (pence)	17	94.0

The accompanying notes on pages 34 to 44 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 4 July 2008 and were signed on its behalf by

Maxwell Packe
Chairman

Reconciliation of Movement in Shareholders' Funds

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
As at 7 November 2006	–	–	–	–	–	–	–
Issue of share capital	9,897	9,897	–	–	–	–	19,794
Issue costs	–	(1,089)	–	–	–	–	(1,089)
Cost of cancellation of share premium account	–	–	(21)	–	–	–	(21)
Cancellation of share premium account	–	(8,808)	8,808	–	–	–	–
Capitalised investment management and performance fees	–	–	–	(352)	–	–	(352)
Tax relief on costs charged to capital	–	–	–	114	–	–	114
Unrealised losses on investments	–	–	–	–	(262)	–	(262)
Revenue return attributable to shareholders	–	–	–	–	–	559	559
Dividends paid	–	–	–	–	–	(139)	(139)
As at 31 March 2008	9,897	–	8,787	(238)	(262)	420	18,604

Cash Flow Statement

	Note	From 7 November 2006 to 31 March 2008 £'000
Operating activities		
Investment income received		138
Deposit interest received		903
Investment management fees paid		(408)
Other cash payments		(239)
Net cash inflow from operating activities	19	394
Capital expenditure and financial investments		
Purchase of investments		(4,575)
Net cash outflow from investing activities		(4,575)
Equity dividends paid	9	(139)
Net cash outflow before financing		(4,320)
Financing		
Issue of ordinary share capital	15	19,794
Expenses of issue of ordinary share capital		(1,111)
Net cash inflow from financing		18,683
Cash inflow in the year	18	14,363

Notes to the Financial Statements

1. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of 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.

2. Accounting policies

Investments

Quoted and unquoted equity investments

In accordance with FRS 26 “Financial Instruments Measurement”, quoted and unquoted equity investments are designated as fair value through profit or loss (“FVTPL”). Unquoted investments’ fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income Statement in accordance with the AITC SORP and realised gains or losses on the sale of investments will be reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the unrealised capital reserve.

Unquoted loan stock

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method (“EIR”) less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income Statement, and hence are reflected in the Revenue reserve, and movements in respect of capital provisions are reflected in the capital column of the Income Statement and are reflected in the Realised capital reserve following sale, or in the Unrealised capital reserve on revaluation.

Loan stocks which are not impaired or past due are considered fully performing in terms of contractual interest and capital repayments and the Board does not consider that there is a current likelihood of a shortfall on security cover for these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset’s carrying value and the present value of estimated future cash flows, discounted at the effective interest rate.

Floating rate notes

In accordance with FRS 26 “Financial Instruments: Recognition and Measurement”, floating rate notes are designated as fair value through profit or loss (“FVTPL”). Floating rate notes are valued at market bid price at the balance sheet date.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the Revenue reserve when a share becomes ex-dividend.

Loan stock accrued interest is recognised in the Balance Sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

It is not the Company’s policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9 “Associates and joint ventures”, those undertakings in which the Company holds more than 20 per cent. of the equity are not regarded as associated undertakings.

Investment income

Quoted and Unquoted equity income

Dividend income is included in revenue when the investment is quoted ex-dividend.

Unquoted loan stock income

The fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument.

Bank interest income

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

Investment management fees and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the Revenue account except the following which are charged through the Realised capital reserve:

- 75 per cent. of Management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board’s expectation that over the long term 75 per cent. of the Company’s investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the Realised capital reserve.

Under the terms of the Management Agreement, total expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of net asset value per annum.

Notes to the Financial Statements continued

2. Accounting policies (continued)

Taxation
Taxation is applied on a current basis in accordance with FRS 16 “Current tax”. Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 “Deferred tax”, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those 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 FRS 19 and do not believe that any provision should be made.

Performance incentive fee
In the event that a performance incentive fee crystallises, the fee will be allocated between Revenue and Realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Reserves
Realised capital reserves
The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies.

Unrealised capital reserves

The following are disclosed in this reserve:

- increases and decreases in the valuation of investments against cost held at the period end.

Special reserve
This reserve was created on the cancellation of the Company’s share premium account, is distributable and amongst other purposes can be used for making market purchases and effecting tender offers of Ordinary Shares, offsetting of losses to enable the Company to pay dividends, or can be used for the same purposes that the Company could use a share premium account.

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 has been paid or approved by shareholders in an Annual General Meeting.

Notes to the Financial Statements continued

3. Losses on investments

	7 November 2006 to 31 March 2008 £'000
Unrealised losses on investments held at fair value through profit and loss account	(262)
Total	**(262)**

4. Investment income

	7 November 2006 to 31 March 2008 £'000
Income recognised on investments held at fair value through profit and loss	
Floating rate note interest	61
Bank deposit interest	913
	974
Income recognised on investments held at amortised cost	
Return on loan stock investments	91
	1,065

5. Investment management fees

	7 November 2006 to 31 March 2008 £'000
Investment management fee charged to revenue	117
Investment management fee charged to capital	352
	469

Total management fees for the period ended 31 March 2008 include irrecoverable VAT amounting to approximately £70,000. Further details of the Management Agreement under which the investment management fee is paid are given in the Report of the Directors on page 18.

6. Other expenses

	7 November 2006 to 31 March 2008 £'000
Directors' fees	66
Auditors' remuneration – audit fees	20
Assurance services pursuant to legislation	12
Other	77
	175

Fees of £11,750 were paid to Deloitte & Touche LLP in the period for assurance services pursuant to legislation.

Notes to the Financial Statements continued

7. Directors' fees

The amounts paid to Directors during the period are as follows:

	7 November 2006 to 31 March 2008 £'000
Directors' fees	66
National Insurance and/or VAT	6
Expenses	3
	75

Expenses charged relate to travel expenses in furtherance of their duties as Directors. Further information regarding Directors' remuneration can be found on the Directors' Remuneration Report on page 28.

8. Tax charge/(credit) on ordinary activities

	7 November 2006 to 31 March 2008		
	Revenue £'000	Capital £'000	Total £'000
Return before taxation	773	(614)	159
Tax on profit at the standard rate of 30%	232	(184)	48
Factors affecting the charge			
Non-deductible losses	–	79	79
Marginal relief	(18)	(9)	(27)
	214	**(114)**	**100**

The tax charge for the period is lower than the standard rate of corporation tax of 30 per cent. The differences are explained above.

Notes

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

(ii) Tax relief on expenses charged to capital has been determined by allocating tax relief to expenses by reference to the applicable corporation tax rate of 30 per cent. and allocating the relief between revenue and capital in accordance with the SORP.

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

9. Dividends

	7 November 2006 to 31 March 2008		
	Revenue £'000	Capital £'000	Total £'000
Dividend of 0.7p per share paid on 28 December 2007	(139)	–	(139)
	(139)	**–**	**(139)**

In addition to the dividends summarised above, the Directors have declared a first dividend for the year ending 31 March 2009 of 0.4 pence per share to be paid on 15 August 2008 to shareholders who subscribed to the 2006/2007 Offer only on the register at 18 July 2008.

10. Basic and diluted return per share

	7 November 2006 to 31 March 2008		
	Revenue	Capital	Total
Return attributable to equity shares (£'000)	559	(500)	59
Return attributable per Ordinary share (pence) (Basic and diluted)	2.8	(2.5)	0.3

Return per share has been calculated on 19,793,147 shares, being the weighted number of shares in issue for the period since the allotment of shares under the 2006/2007 Offer on 4 April 2007.

There are no convertible instruments, derivatives or contingent share agreements in issue for Close Enterprise VCT PLC hence there are no dilution effects to the return per share. The basic return per share is therefore the same as the diluted return per share.

Notes to the Financial Statements continued

11. Fixed asset investments

	31 March 2008 £'000
Qualifying investments	2,847
Non-qualifying investments	1,474
Total	**4,321**

	Qualifying investments £'000	Non-qualifying Investments £'000	Total £'000
Opening valuation as at 7 November 2006	–	–	–
Purchases at cost	3,079	1,496	4,575
Movement in loan stock carrying value	8	–	8
Unrealised losses	(240)	(22)	(262)
Closing valuation as at 31 March 2008	2,847	1,474	4,321
Movement in loan stock carrying value			
Opening accumulated movement in loan stock carrying value as at 7 November 2006	–	–	–
Movement in loan stock carrying value	8	–	8
Closing accumulated movement in loan stock carrying value as at 31 March 2008	8	–	8
Movement in unrealised losses			
Opening accumulated unrealised (losses)/gains as at 7 November 2006	–	–	–
Movement in unrealised losses	(240)	(22)	(262)
Closing accumulated unrealised losses as at 31 March 2008	(240)	(22)	(262)
Historic cost basis			
Opening book cost as at 7 November 2006	–	–	–
Purchases at cost	3,079	1,496	4,575
Closing book cost as at 31 March 2008	**3,079**	**1,496**	**4,575**

Fixed asset investments held at fair value through the profit or loss account total £3,053,000. Investments held at amortised cost total £1,268,000. There has been no re-designation of fixed asset investments during the period.

	7 November 2006 to 31 March 2008 £'000
Unquoted equity	1,297
Unquoted loan stock	1,268
Floating rate notes	1,474
Warrants and convertibles	282
Total	**4,321**

Fixed asset investment class valuation methodologies

Floating rate notes are valued at market bid price as at the balance sheet date.

Unquoted loan stock investments are valued on an amortised cost basis. All loan stock in the portfolio uses a fixed interest rate.

The Directors believe that the amortised cost basis approximates to fair value.

Notes to the Financial Statements continued

11. Fixed asset investments (continued)

The Company does not hold any assets as the result of the enforcement of security during the period, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

Unquoted equity investments, warrants and convertibles are valued in accordance with the IPEVCV guidelines as follows;

Investment methodology	Period ended 31 March 2008 £'000
Cost	1,462
Net asset value	116
Total	**1,578**

Investments held for less than 12 months are valued at cost in the absence of a more appropriate valuation methodology. Thereafter, the valuation will move to the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEVCV Guidelines. The Directors believe that, within these parameters, there are no reasonable possible alternative methods of valuation of the investments as at 31 March 2008, other than those used.

12. Significant interests

The Company does not have interests of greater than 20 per cent. in the nominal value of the allotted shares of any class of shares in the investee companies as at 31 March 2008.

13. Debtors

	31 March 2008 £'000
Prepayments and accrued income	21
Other debtors	120
	141

The Directors consider that the carrying amount of debtors approximates their fair value.

14. Creditors: amounts falling due within one year

	31 March 2008 £'000
UK corporation tax payable	100
Accruals and deferred income	119
Other creditors	2
	221

The Directors consider that the carrying amount of creditors approximates their fair value.

15. Called up share capital

	31 March 2008 £'000
Authorised	
50,000,000 shares of 50p each	25,000
Allotted, called up and fully paid	
19,793,147 shares of 50p each	9,897

The Company did not purchase any shares for cancellation or to be held in Treasury during the period.

The Company was incorporated on 7 November 2006, with an authorised share capital of £20,000,000 divided into 39,900,000 Ordinary shares of 50p each and 50,000 redeemable preference shares of £1 each, of which two ordinary shares were issued to the subscribers to the Memorandum of Association.

Notes to the Financial Statements continued

15. Called up share capital (continued)

By ordinary and special resolutions passed on 23 November 2006:

(a) the Directors were generally and unconditionally authorised in accordance with section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £19,999,999, such authority to expire on 1 November 2011 (unless previously revoked, extended or varied by the Company in general meeting);

(b) the Directors were empowered (pursuant to section 95(1) of the Act) to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in sub-paragraph 2.2(b) above as if section 89(1) of the Act did not apply to any such allotment, such powers to expire on 1 November 2011 (unless previously revoked, extended or varied by the Company in general meeting). This power was limited to the allotment of equity securities in connection with:
  - (i) the issue of 50,000 Preference Shares to Close Ventures Limited;
  - (ii) the 2006/2007 Offer;
  - (iii) an offer of equity securities by way of rights;
  - (iv) any dividend reinvestment scheme which may be introduced by the Company;
  - (v) the sale of shares out of treasury; and
  - (vi) otherwise than pursuant to sub-paragraphs (i), (ii), (iii) and (iv) above, an offer of equity securities up to an aggregate nominal amount of 10 per cent. of the issued share capital of the Company immediately following the closing of the Offer;

(c) the Company was authorised to make one or more market purchases (within the meaning of section 163 (3) of the Act) of Shares provided that:
  - (i) the aggregate maximum number of Shares authorised to be purchased is an amount equal to 14.99 per cent. of the Shares in issue following the Offer;
  - (ii) the minimum price which may be paid for a Share is 50 pence;
  - (iii) the maximum price which may be paid for a Share is the higher of (i) an amount equal to the average of 105 per cent. of the middle market prices shown in the quotations for a Share in the Official List for the five business days immediately preceding the day on which that Share is purchased; and (ii) the higher of the price of the last independent trade in Shares and the highest then current independent bid for Shares on the London Stock Exchange; and
  - (iv) the authority expires on 22 May 2008.

(d) it was resolved that the amount standing to the credit of the share premium account of the Company as at the date immediately following Admission be cancelled.

On 23 November 2006, 50,000 Preference Shares were allotted and issued to Close Ventures Limited pursuant to a letter of undertaking so as to enable the Company to obtain a certificate under section 117 of the Act. The Preference Shares were redeemed by the Company out of the proceeds of the 2006/2007 Offer. Each Preference Share redeemed was automatically redesignated on redemption as, and sub-divided into, two Shares in the authorised but unissued capital of the Company.

During the period, 19,793,147 shares of 50 pence each with a total nominal value of £9,896,574 were allotted in accordance with the terms of the Offer for Subscription dated 23 November 2006. These were issued at a premium of 50 pence each. These shares were admitted to the Official List of the UK Listing Authority on allotment on 5 April 2007.

At the Extraordinary General Meeting on 19 December 2007, an Ordinary resolution was approved to increase the Company's authorised share capital from £20,000,000 to £25,000,000 by the creation of 10,000,000 Ordinary Shares of 50p each, such shares having attached thereto the respective rights and being subject to the respective limitations set out or provided in the Articles of Association of the Company. These shares were used for the Further Offer for Subscription which closed on 4 April 2008.

16. Share premium account

On 6 July 2007, the Company registered the Court Order dated 4 July 2007, which cancelled the whole of the share premium account amounting to £8,807,950 as at 4 July 2007. The purpose of the cancellation was to create a special capital reserve which may be treated as distributable profits, and amongst other purposes can be used for making market purchases and effecting tender offers of Ordinary Shares, offsetting of losses to enable the Company to pay dividends, or can be used for the same purposes that the Company could use a share premium account.

17. Net asset value per share

	31 March 2008
Net asset value per share attributable (pence)	94.0

The net asset value per share at the period end is calculated in accordance with the Articles of Association and is based upon total shares in issue of 19,793,147 at 31 March 2008.

Notes to the Financial Statements continued

18. Analysis of changes in cash during the period

	Period ended 31 March 2008 £'000
Beginning of the period	–
Net cash inflow	14,363
End of the period	**14,363**

19. Reconciliation of net return on ordinary activities before taxation to net cash inflow from operating activities

	Period ended 31 March 2008 £'000
Revenue return on ordinary activities before taxation	773
Investment management fee charged to capital	(352)
Movement in accrued amortised loan stock interest	(8)
Increase in debtors	(141)
Increase in creditors	122
Net cash inflow from operating activities	**394**

20. Capital and financial instruments risk management

The Company's capital and financial assets comprise equity and loan stock investments in unquoted companies, floating rate notes, cash balances, short term debtors and creditors which arise from its operations. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term creditors. The Company does not use any derivatives for the management of its balance sheet.

The principal risks arising from the Company's operations are:

- Investment (or market) risk (which comprises investment price and cash flow interest rate risk);
- credit risk; and
- liquidity risk.

The Board regularly reviews and agrees policies for managing each of these risks. There have been no changes in the nature of the risks that the Company has faced during the period, and apart from where noted below, there have been no changes in the objectives, policies or processes for managing risks during the period. The key risks are summarised below:

Investment risk

As a venture capital trust, it is the Company's specific nature to evaluate and control the investment risk of its portfolio in unquoted and in quoted investments, details of which are shown on page 9. Investment risk is the exposure of the Company to the revaluation and devaluation of investments. The main driver of investment risk is the operational and financial performance of the investee companies. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment risk.

The Manager and the Board formally review investment risk (which includes market price risk), both at the time of initial investment and at quarterly Board meetings.

The Board monitors the prices at which sales of investments are made to ensure that profits to the Company are maximised, and that valuations of investments retained within the portfolio appear sufficiently prudent and realistic compared to prices being achieved in the market for sales of unquoted investments.

The maximum investment risk as at the balance sheet date is the value of the fixed asset investment portfolio which is £4,321,000. Fixed asset investments form 23 per cent. of the net asset value as at 31 March 2008.

More details regarding the classification of fixed asset investments are shown in Note 11.

Investment price risk

Investment price risk is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. To mitigate the investment price risk for the Company as a whole, the strategy of the Company is to invest in a broad spread of industries with approximately two-thirds of the unquoted investments comprising debt securities, which, owing to the structure of their yield and the fact that they are usually secured, have a lower level of price volatility than equity. Details of the industries in which investments have been made are contained in the Portfolio of Investments section on page 10 and in the Chairman's Statement.

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

The sensitivity to a 5 per cent. increase or decrease in the unquoted equity (keeping all other variables constant) would be an increase or decrease in return or net asset value of £78,000.

The assumptions used in determining the fair values of unquoted investments are disclosed in note 2.

Cash flow interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a fall of one percentage point in all interest rates would have reduced profits before tax for the year by approximately 78.3 per cent.

The weighted average interest rate applied to the Company's fixed rate assets during the period was approximately 10.5 per cent. The weighted average period to maturity for the fixed rate assets is approximately 4.37 years.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit risk through its debtors, investment in unquoted loan stock, floating rate notes, and through the holding of cash on deposit with banks.

The Manager evaluates credit risk on loan stock instruments prior to investment, and as part of its ongoing monitoring of investments. In doing this, it takes into account the extent and quality of any security held. Typically loan stock instruments have a first fixed charge or a fixed and floating charge over the assets of the investee company in order to mitigate the gross credit risk. The Manager receives management accounts from investee companies, and members of the investment management team often sit on the boards of unquoted investee companies; this enables the close identification, monitoring and management of investment-specific credit risk.

Floating rate note investments and bank deposits are held with banks which have a Moody's credit rating of at least 'A'.

Since the year end, the Company has been moving towards achieving an informal threshold for counterparty banking, treasury gilts and floating rate note exposure of a maximum of 20 per cent. of net asset value for any one counterparty.

The Manager and the Board formally review credit risk (including debtors) and other risks, both at the time of initial investment and at quarterly Board meetings.

The Company's total gross credit risk at 31 March 2008 is limited to £2,847,000 of unquoted loan stock and equity instruments, £14,363,000 cash deposits with banks and £1,474,000 held in floating rate notes.

The cash held by the Company is held with the Royal Bank of Scotland plc and Bank of Scotland plc. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

Liquid assets are held as cash on current account, cash on deposit or short term money market account and as floating rate notes. Under the terms of its Articles, the Company has the ability to borrow up to 10 per cent. of its net assets, which amounts to £1,860,000 as at 31 March 2008.

The Company has no committed borrowing facilities as at 31 March 2008 and had cash balances of £14,363,000, together with £1,474,000 invested in floating rate notes, which are considered to be readily realisable within the timescales required to make cash available for investment. The main cash outflows are for new investments, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis as part of its review of management accounts and forecasts. All the Company's financial liabilities are short term in nature and total £221,000 at 31 March 2008.

In view of this, the Board considers that the Company is subject to low liquidity risk.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2008 are stated at fair value as determined by the Directors, with the exception of loans and receivables, which are carried at amortised cost, in accordance with FRS 26. In the opinion of the Directors, the amortised cost of loan stock approximates to the fair value of the loan stock. There are no financial liabilities other than creditors. See note 2 of the financial statements for accounting policies. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the fair value of the financial liabilities approximates to the book value and all are payable within one year and that the Company is subject to low financial risk.

Notes to the Financial Statements continued

20. Capital and financial instruments risk management (continued)

The Company's financial assets and liabilities as at 31 March 2008, all denominated in pounds sterling, consist of the following:

	31 March 2008			
	Fixed rate £'000	Floating rate £'000	Non-interest £'000	Total £'000
Listed	–	1,474	–	1,474
Unlisted	1,268	–	1,579	2,847
Cash and other assets and liabilities	5,000	9,363	(80)	14,283
Total net assets	**6,268**	**10,837**	**1,499**	**18,604**

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value at 31 March 2008:

	2008 Fair value £'000
Assets at fair value through profit and loss	
Unquoted equity	1,297
Warrants and convertibles	282
Floating rate note	1,474
Cash	14,363
Debtors	141
Creditors	(221)
Loans and receivables	
Investment in loan stock	1,268
Total	**18,604**

The carrying value of loan stock investments held at amortised cost at 31 March 2008 as follows:

	Fully performing loan stock £'000	Renegotiated loan stock £'000	Total £'000
Less than one year	–	–	–
1-2 years	–	–	–
2-3 years	–	–	–
3-5 years	1,084	184	1,268
Total	**1,084**	**184**	**1,268**

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

21. Post balance sheet events

Since 31 March 2008, the Company has completed the following investments:

- Investment in Vibrant Energy Limited of £378,000
- Investment in Churchill Taverns VCT Limited of £4,300
- Investment in Dexela Limited of £430,000

The Company also purchased a Treasury Gilt at a cost of £12,000,000.

The allotment of 10,567,738 new Ordinary shares with a nominal value of 50p each took place on 4 April 2008, raising net proceeds after issue costs of £9,986,512.

22. Contingencies, guarantees and financial commitments

At 31 March 2008 the Company had no guarantees or commitments.

Notes to the Financial Statements continued

23. Related party transactions

The Manager, Close Ventures Limited, is considered to be a related party by virtue of the fact that it is party to a management agreement from the Company (details disclosed on page 18 of this report). During the period, services of a total value of £469,000 were purchased by the Company from Close Ventures Limited. At the financial period end, the amount due to Close Ventures Limited disclosed as accruals and deferred income was £62,000.

Patrick Reeve, a Director of the Company, is also the Managing Director of Close Ventures Limited, which is the Manager of the Fund and received Director's fees of £19,000. At the financial period end, the amount due to Close Ventures Limited in respect of these fees, disclosed as accruals and deferred income was £5,000.

Fees of £120,000 were receivable by Close Investments Limited, a subsidiary of Close Brothers Group plc, as at 31 March 2008 in association with the issue costs of the Offer for Subscription in April 2008.

Maxwell Packe is the Chairman of the Board of Vibrant Energy Limited, a company in which Close Enterprise VCT plc invested after the period end.

Company Information

Company Number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P H Reeve
Company secretary and registered office	Close Ventures Limited 10 Crown Place London, EC2A 4FT
Manager	Close Ventures Limited 10 Crown Place London, EC2A 4FT Tel: 020 7422 7830 Fax: 020 7422 7849 Website: www.closeventures.co.uk Email: enquiries@closeventures.co.uk
Registrar and shareholders' helpline	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA Tel: 0871 664 0300 (calls cost 10p per minute plus network extras) Email: ssd@capitaregistrars.com
Custodian	Capita Trust Company Limited Phoenix House 7th Floor 18 King William Street London, EC4N 7HE
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	Ernst & Young LLP 1 More London Place London, SE1 2AF
Legal advisers	Berwin Leighton Paisner Adelaide House London Bridge London, EC4R 9HA

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

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Close Enterprise VCT PLC (the "Company") will be held at 12 noon on 14 August 2008 at 10 Crown Place, London, EC2A 4FT for the purpose of dealing with the following business, of which items 8 to 11 are special business.

Ordinary Business

1. To receive and adopt the Company's accounts and the reports of the Directors and auditors for the period ended 31 March 2008.

2. To appoint PKF (UK) LLP as auditors of the Company from the conclusion of the meeting to the conclusion of the next meeting at which accounts are to be laid.

3. To authorise the Directors to agree the auditors' remuneration.

4. To approve the Directors' remuneration report for the period ended 31 March 2008.

5. To re-elect Maxwell Packe as a Director of the Company.

6. To re-elect Patrick Reeve as a Director of the Company.

7. 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 in the case of Ordinary shares of 50p each in the capital of the Company ("Ordinary shares") of £1,518,044 (which comprises 10 per cent. of the Ordinary share capital as at 4 July 2008) such authority to expire on 14 February 2010, 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.

Special Business

8. 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 7, 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 7 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 shares on the register of members at such record date as the Directors shall determine where the equity securities respectively attributable to the interest of the shareholder are proportionate (as nearly as may be) to the respective numbers of 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 whatsoever;

   (b) otherwise than pursuant to sub-paragraph (a) above, to an aggregate nominal amount of £759,022 (equal to 5 per cent. of the Company's ordinary share capital as at 4 July 2008);

   and shall expire on 14 February 2010, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

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

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of the resolution the words "pursuant to the authority conferred by resolution number 7" were omitted.

9. 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 Act) of Ordinary Shares of 50 pence each in the capital of the Company ("Ordinary Shares") on such terms as the Directors think fit, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 162D of the Act, provided that:

(a) the maximum aggregate number of shares hereby authorised to be purchased is 4,551,097 Ordinary Shares (representing approximately 14.99 per cent. of the issued Ordinary share capital as at 4 July 2008);

(b) the minimum price exclusive of any expenses which may be paid for an Ordinary Share is 50p;

(c) the maximum price exclusive of any expenses that may be paid for each Ordinary Share is an amount equal to 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 a share over the five business days immediately preceding the date on which the Ordinary Share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation 2003;

(d) this authority hereby conferred shall, unless previously revoked or varied, expire 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 Ordinary 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 Ordinary Shares in pursuance of any such contract or contracts.

Under the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, shares purchased by the Company out of distributable profits can be held as Treasury shares, which may then be cancelled or sold for cash. The authority sought by this special resolution number 9 is intended to apply equally to shares to be held by the Company as Treasury shares in accordance with the Regulations.

The Directors seek authority to sell Treasury shares at a price not less than that at which they were purchased.

10. Changes to the Current Articles

That, with immediate effect, the Articles of Association of the Company contained in the document produced to the Annual General Meeting (and signed by the Chairman for the purposes of identification) be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Current Articles.

Notice of Meeting continued

11. Changes to the New Articles

    That, subject to resolution 10 set out in this Notice of the Annual General Meeting of the Company convened for 14 August 2008 being passed and with effect on and from 1 October 2008 or such later date as section 175 of the Companies Act 2006 shall be brought into force (i) article 95 of the New Articles adopted pursuant to resolution 10 be deleted in its entirety and articles 93 and 94 as set out in the document produced to the Annual General Meeting (and signed by the Chairman for the purposes of identification) be substituted therefor and the remaining articles be re-numbered and (ii) article 101 of the New Articles adopted pursuant to resolution 9 be deleted in its entirety and article 102 as set out in the document produced to the Annual General Meeting (and signed by the Chairman for the purposes of identification) be substituted therefor.

BY ORDER OF THE BOARD

Close Ventures Limited
Company Secretary

Registered Office
10 Crown Place, London, EC2A 4FT

4 July 2008

Notes

1. This Notice is being sent to all members and to any person nominated by a member of the Company under section 146 of the Companies Act 2006 to enjoy information rights.
2. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend, vote and speak at the meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend, speak and vote on his/her behalf. A proxy form is enclosed with this Notice. To be valid a proxy appointment must reach the office of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4BR not less than 48 hours before the time fixed for the meeting or any adjournment thereof.
3. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered member who hold shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members on the register of members of the Company as at 12 noon on 12 August 2008 (or, if the meeting is adjourned, members on the register of members not later than 48 hours before the time fixed for the adjourned meeting) are entitled to attend and vote at the meeting in respect of the shares registered in their names at that time. Subsequent changes to the register shall be disregarded in determining the rights of any person to attend and vote at the meeting.
5. Copies of contracts of service and letters of appointment between the Directors and the Company will be available for inspection at the Registered Office of the Company during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the new and the revised Articles of Association will be available for inspection at the Company's registered office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
6. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Close Enterprise VCT plc

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