



Aberdeen

*Growth Opportunities VCT*  
PLC



To achieve long term capital appreciation principally through investment in the United Kingdom in smaller unquoted companies with strong growth potential

Interim Report  
**38 weeks ended**  
**31 May 2002**

## Investment Manager's Review

### Investment Activity

Since the fund was launched on 27 September 2001, a total of £10.1 million has been subscribed by shareholders. It has been invested in a range of bonds, gilts, unit trusts and cash to await investment in qualifying companies as required by the VCT legislation. Since 31 May 2002, one transaction has been completed in an unquoted company, although this investment falls outside the definition of a qualifying investment for VCT purposes. It is nevertheless regarded as an exceptional opportunity, being a company which other clients of the Manager have already supported and therefore is well known to the Manager.

The following new investment has been made since 31 May 2002:

**Transrent Holdings Limited (June 2002) – £119,004 (committed).** Operating from Stafford, Transrent is one of the fastest growing companies in the UK trailer rental market providing finance packages and transport solutions for all types of hauliers from single unit operators to major blue chip organisations. The total fundraising was £4.25 million and Murray VCT PLC, Murray VCT 2 PLC, Murray VCT 3 PLC, Murray VCT 4 PLC and Aberdeen Growth VCT I PLC were co-investors.

### Market Conditions

Consumer confidence remains high, underpinned by unemployment rates at 26-year lows and mortgage rates at their lowest levels in 38 years, and household credit has continued to accelerate.

The only apparent risk to the consumer in the medium term came in the recent Budget, with the announcement of a 1% increase in both employer and employee National Insurance Contributions starting in 2003.

The Manager has downgraded its 2002 GDP forecast because of a weaker March quarter projection but expects moderate growth acceleration through 2002.

Activity in the manufacturing sector remains weak, with production in March cut back at the fastest pace since 1991 and employment in the sector continuing to fall. However, forward-looking indicators of the sector have improved sharply over the past month. CBI surveys of small, medium and large manufacturers in April recorded the first increases in business confidence in almost two years.

The Bank of England sees the possibility that inflation could fall back over the next few months as the impact of recent erratic changes in the prices of seasonal foods and utilities unwinds. However, their central projection also has inflation subsequently moving slightly above the target at the two year forecast horizon. There have also been some signs recently that inflation pressures may be building.

The British Retail Consortium Shop Price index recorded a 1.1% rise in retail prices over the year to April, the largest annual increase since the index began. Produce prices have also risen in the past five months, with the March increase being the largest since September 2000.

## Investment Manager's Review

The Manager expects that the Bank of England will raise base rates by 50 basis points in the September quarter to 4.5%. There is a risk of further moves to 5% by end 2002 although this seems less likely.

### **Portfolio Developments**

The stock market remains highly volatile, with substantial falls in indices recently. The Manager has invested principally in bonds, gilts and cash and, contrary to the performance in equity markets, modest growth has been achieved with encouragingly high levels of yield being maintained.

The equity element of the fund is modest but, in line with markets generally, has performed disappointingly over the period. At cost funds totalling £0.8m are invested in the Aberdeen UK Growth and Aberdeen UK Blue Chip unit trusts. Despite achieving an early premium to cost, subsequent to 31 May 2002, material falls in the UK stock market have reduced the value of this holding to £0.71m as at 1 July 2002.

However, the proportion of the fund exposed to UK equities has decreased to less than 9% of total monies raised and, given the continuing volatility in equity markets, it is unlikely further equity exposure will be assumed in the near future.

### **Net Asset Value**

The Net Asset Value per share at 31 May 2002 was 94.7p compared with 95p immediately after launch. This limited fall in asset value reflects the defensive stance of the Fund during a period of volatility in global capital markets.

The unlisted companies in which Aberdeen Growth Opportunities VCT is invested will be valued in accordance with the British Venture Capital Association guidelines. Investments are normally valued at cost or cost less a provision until they have been held for at least one year. As a result, should performance be ahead of plan, which may imply an increase in the value of the investment, this would not be reflected for at least 12 months; on the other hand any material underperformance would be immediately reflected in a reduced valuation. Listed equities and AIM stocks are valued at their mid-market price, discounted where necessary to reflect any trading restrictions.

### **Dividends**

The Board does not intend to declare an interim dividend for the period ended 30 November 2002.

Dividends from capital gains will be paid tax-free to shareholders following Inland Revenue approval and will depend on the achievement of realisations.

### **Dividend reinvestment**

Shareholders may opt to reinvest their dividends in new Aberdeen Growth Opportunities VCT shares and enjoy the same tax reliefs as were available on their initial investments. Full details of the terms and conditions applicable to the reinvestment of dividends are available from the Manager.

## Investment Manager's Review

### **Outlook**

Deal flow is strong with a growing number of investment opportunities under consideration throughout Aberdeen Murray Johnstone Private Equity's regional network of seven offices, ensuring a continual flow of opportunities in which the company can invest.

The Board is confident that Aberdeen Growth Opportunities VCT will achieve the minimum investment target of 70% to comply with the Venture Capital Trust legislation within the three year qualifying period which ends on 30 November 2004.

12 July 2002

**Aberdeen Asset Managers Limited**

# Independent Review Report to Aberdeen Growth Opportunities VCT PLC

## **Introduction**

We have been instructed by the company to review the financial information for the 38 weeks ended 31 May 2002 which comprises the Statement of Total Return, Balance Sheet, Cash Flow Statement and the related notes 1 to 3. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## **Directors' Responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the annual accounts.

## **Review Work Performed**

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## **Review Conclusion**

On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented for the 38 weeks ended 31 May 2002.

12 July 2002

**Ernst & Young LLP**  
Glasgow

## Statement of Total Return

(incorporating the Revenue Account of the Company\*)

For the 38 weeks ended 31 May 2002 (unaudited)

	38 weeks ended		
	31 May 2002		
	Revenue	Capital	Total
	£'000	£'000	£'000
Unrealised gains on investments	–	10	10
Income from investments	60	–	60
Other income	22	–	22
Investment management fees	(5)	(20)	(25)
Other expenses	(98)	–	(98)
<b>Net return on ordinary activities before taxation</b>	<b>(21)</b>	<b>(10)</b>	<b>(31)</b>
Tax on ordinary activities	3	(3)	–
<b>Return attributable to equity shareholders</b>	<b>(18)</b>	<b>(13)</b>	<b>(31)</b>
Ordinary dividends on equity shares	–	–	–
<b>Transfer from reserves</b>	<b>(18)</b>	<b>(13)</b>	<b>(31)</b>
<b>Return per Ordinary share (pence)</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.7)</b>

\* The revenue column of this statement is the profit and loss account of the Company.  
The accompanying notes form an integral part of these financial statements.

## Balance Sheet

As at 31 May 2002 (unaudited)

		As at 31 May 2002	
	Notes	£'000	£'000
<b>Fixed assets</b>			
Investments			7,315
<b>Current assets</b>			
Debtors		434	
Cash and overnight deposits		1,247	
		1,681	
<b>Creditors</b>			
Amounts falling due within one year		335	
Net current assets			1,346
			<b>8,661</b>
<b>Capital and reserves</b>			
Called-up share capital			915
Share premium	2		7,777
Capital reserve – realised	2		(20)
Capital reserve – unrealised	2		7
Revenue reserve	2		(18)
<b>Equity shareholders' interest</b>			<b>8,661</b>
<b>Net Asset Value per Ordinary share (pence)</b>			<b>94.7</b>

The financial statements were approved by the Board of Directors on 12 July 2001 and were signed on its behalf by:

**Gregor Michie**, Director  
12 July 2002

*The accompanying notes form an integral part of these financial statements.*

## Cash Flow Statement

For the 38 weeks ended 31 May 2002 (unaudited)

	38 weeks ended 31 May 2002	
	£'000	£'000
<b>Operating activities</b>		
Investment income received	28	
Deposit interest received	8	
Directors' expenses paid	(25)	
Other cash payments	(7)	
<b>Net cash inflow from operating activities</b>		4
<b>Taxation</b>		
Corporation tax		(3)
<b>Financial investment</b>		
Purchase of investments		(7,427)
<b>Net cash outflow from financial investment</b>		(7,427)
<b>Net cash outflow before use of liquid resources and financing</b>		(7,426)
Issue of Ordinary shares	9,149	
Expenses of share issue	(476)	
<b>Net cash inflow from financing</b>		8,673
<b>Increase in cash</b>		<b>1,247</b>

*The accompanying notes form an integral part of these financial statements.*

## Notes to the Financial Statements (unaudited)

### I. Accounting policies

#### (a) Basis of preparation

The Financial Statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice (the SORP) "Financial Statements of Investment Trust Companies". The accounts are prepared under the historical cost convention, modified to include the revaluation of fixed asset investments.

#### (b) Income

Dividends receivable on equity shares and unit trusts are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the period end are treated as revenue for the period. Provision is made for any dividends not expected to be received.

The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares. Provision is made for any fixed income not expected to be received.

Interest receivable from cash and short term deposits and interest payable are accrued to the end of the period.

#### (c) Expenses

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

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment.
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- expenses are charged to realised capital reserves where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 20% to revenue and 80% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

#### (d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### (e) Investments

Listed investments and unit trusts are valued in the accounts at middle market prices and unlisted investments, which include shares quoted on the Alternative Investment Market (AIM), at a valuation determined by the directors. In determining the valuation of unlisted investments the

## Notes to the Financial Statements (unaudited)

Directors adopt the middle market price where a dealing facility exists and apply a discount if considered appropriate. Where no dealing facility exists the factors which the directors have regard to include, inter alia, the earnings record and growth prospects of the security, the rating of comparable listed companies, the yield of the security, where appropriate, and any recent transactions.

	<b>Share premium account £'000</b>	<b>Capital reserve realised £'000</b>	<b>Capital reserve unrealised £'000</b>	<b>Revenue reserve £'000</b>
2. <b>Movement in reserves</b>				
At 7 September 2001	–	–	–	–
Issue of shares	8,234	–	–	–
Expenses of share issue	(457)	–	–	–
Increase in unrealised appreciation	–	–	10	–
Investment management fees	–	(20)	–	–
Provision for taxation attributable to unrealised gain on loan relationships	–	–	(3)	–
Loss for period	–	–	–	(18)
As at 31 May 2002	<b>7,777</b>	<b>(20)</b>	<b>7</b>	<b>(18)</b>

### 3. **Earnings per share**

Earnings per Ordinary share have been calculated using the weighted average number of shares in issue during the period of 4,379,765. Net Asset Values per Ordinary share have been calculated using the number of shares in issue at 31 May 2002 of 9,149,312.

## Summary of Investment Changes

For the 38 weeks ended 31 May 2002

	Net proceeds of share issue*		Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation 31 May 2002	
	£'000	%			£'000	%
<b>Listed investments</b>						
Unit trusts	–	–	2,594	16	2,610	30.1
Fixed income	–	–	4,711	(6)	4,705	54.3
<b>Total investments</b>	<b>–</b>	<b>–</b>	<b>7,305</b>	<b>10</b>	<b>7,315</b>	<b>84.4</b>
Other net assets	8,692	100.0	(7,346)	–	1,346	15.6
<b>Total assets</b>	<b>8,692</b>	<b>100.0</b>	<b>(41)</b>	<b>10</b>	<b>8,661</b>	<b>100.0</b>

\* After issue expenses of £457,466 which were equivalent to 5% of monies raised.

## Investment Portfolio Summary

As at 31 May 2002

	Valuation £000	% of Total Assets
<b>Listed unit trusts</b>		
Aberdeen Sterling Bond – Income units	917	10.6
Aberdeen Fixed Interest – Income units	913	10.5
Aberdeen UK Growth – Income units	391	4.5
Aberdeen UK Blue Chip – Income units	389	4.5
	2,610	30.1
<b>Listed fixed income investments</b>		
Treasury 8.5% 7/12/2005	774	8.9
Treasury 5% 7/6/2004	662	7.6
Treasury 6.5% 7/12/2003	651	7.5
Treasury 7.5% 7/12/2006	491	5.7
Bank Nederlandse Gemeenten 6.375% 30/3/2005	307	3.6
Sweden 7.5% 30/12/2002	305	3.5
KFW International Finance 6% 27/10/2003	304	3.5
European Investment Bank 6% 26/11/2004	304	3.5
European Investment Bank 6% 7/5/2003	303	3.5
Asian Development Bank 5.75% 12/11/2002	302	3.5
KFW International Finance 5.5% 18/6/2004	302	3.5
	4,705	54.3
<b>Equity shareholders' interest</b>	<b>7,315</b>	<b>84.4</b>

## Corporate Summary

<b>Directors</b>	W G M Michie (Chairman) I A Craig J B Diggines M J Gilbert A H Murison S Wood
<b>Manager</b>	Aberdeen Asset Managers Limited One Albyn Place Aberdeen AB10 1YG
<b>Secretaries and Registered Office</b>	Aberdeen Asset Management PLC One Bow Churchyard, Cheapside, London EC4M 9HH  Company Registration Number: 4283350
<b>Registrars</b>	Capita IRG Plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ
<b>Stockbrokers</b>	UBS Warburg
<b>Bankers</b>	J P Morgan Chase Bank
<b>Solicitors</b>	S J Brewin
<b>Auditors</b>	Ernst & Young LLP



Aberdeen

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