

# 06

## Aberdeen Growth Opportunities VCT PLC

Annual Report and Accounts  
30 November 2006



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## Financial Calendar

26 April 2007                      Annual General Meeting

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## Dividend Schedule

	Rate	XD date	Record date	Payment date
<b>Ordinary shares</b>				
Interim 2006	4.5p	21 February 2007	23 February 2007	30 March 2007
<b>C Ordinary shares</b>				
Interim 2006	1.0p	21 February 2007	23 February 2007	30 March 2007

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# Corporate Summary

## Company Profile

Aberdeen Growth Opportunities VCT PLC is a venture capital trust and a constituent of the FTSE All-Share Index. It has two classes of share, Ordinary 10p and C Ordinary 10p, and was incorporated on 7 September 2001.

## Objective

The Company aims to achieve long term capital appreciation principally through investment in smaller unquoted companies in the United Kingdom with strong growth potential. Part of the portfolio may be invested in AIM.

## Benchmark

There is no meaningful venture capital trust index against which to compare the performance of the Company. Accordingly, the Manager uses peer group comparisons for reporting to the Board.

## Capital Structure

The Company's issued share capital as at 30 November 2006 consisted of 9,744,243 Ordinary shares of 10p each and 14,954,494 C Ordinary shares of 10p each.

## Total Net Assets and Net Asset Value

At 30 November 2006 the Company had total net assets of £24,572,000 and net asset values of 104.8p per Ordinary share and 96.0p per C Ordinary share.

## Continuation Date

The Articles of Association require the Directors to put a proposal for the continuation of the Company, in its then form, to Shareholders at the Company's tenth Annual General Meeting, and thereafter at five yearly intervals. For such a resolution not to be passed, Shareholders holding at least 25% of the Shares then in issue must vote against the resolution.

## Risk

Many of the stocks in which the Company invests are exposed to the risk of political change, exchange controls, tax or other regulations, which may affect their value and marketability. Investments in smaller unquoted companies are substantially riskier than investments in larger companies or in companies listed on the Official List.

The levels and bases of tax reliefs may change.

As the volume of shares traded on the market in the early years of the Company is likely to be small, the shares may trade at a significant discount to net asset value.

## Management Agreement

The Company has an agreement with Aberdeen Asset Managers Limited for the provision of management services. Please refer to pages 23 and 24 for details of the management and secretarial fees payable.

## Share Classes

There are two classes of share, Ordinary and C Ordinary. At present, each class of share owns a separate pool of assets, but expenses are shared. On a conversion date, no later than 28 February 2010, the C Ordinary shares will convert to Ordinary shares according to the ratio of net asset value of the C Ordinary share portfolio to the net asset value of the Ordinary share portfolio, as set out in the Prospectus issued on 25 January 2006.

The Ordinary and C Ordinary shareholders will be entitled to receive dividends, returns of capital or proceeds of winding up arising from their separate portfolios before Conversion. After Conversion, New Ordinary shares arising on conversion of C Ordinary shares will rank with Ordinary shares for all distributions

The Ordinary and C Ordinary shares carry the same rights to attend and vote at general meetings of the Company.

## Your Board

The Board of Directors, the majority of whom are non-executive and are independent of the Manager, supervises the management of Aberdeen Growth Opportunities VCT PLC and looks after the interests of its Shareholders.

### Gregor Michie *Chairman*

**Relevant experience and other directorships:** Mr Michie graduated with a Scottish law degree in 1968 and qualified as a chartered accountant in 1972. He joined Morgan Grenfell & Co Limited in 1972 and worked internationally and in the UK in banking and corporate finance, latterly diversifying into investment management, until leaving the Deutsche Bank Group in 1998.

**Length of service:** He was appointed a Director and Chairman in September 2001.

**Age:** 59

**Committee Member:** Audit (Chairman), Management Engagement (Chairman), Nomination (Chairman) and Remuneration.

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared directorships with other Directors:** None

**Shareholding in Company:** 15,495 Ordinary shares and 10,425 C Ordinary shares

### Alex Craig *Independent Non-executive Director*

**Relevant experience and other directorships:** Mr Craig graduated with a law degree in 1982 and became a partner of Halliwell Landau, a law firm, in 1990 and the head of its corporate department in 1995. His areas of expertise include all forms of corporate transactions, including venture capital investments, development capital investments and flotations, acting for individuals, corporations and companies. In October 2000, he became Senior Partner of Halliwell Landau. During his time at Halliwell Landau he has held various company secretarial and non-executive director positions with public and private companies.

**Length of service:** He was appointed a Director in September 2001.

**Age:** 49

**Committee Member:** Audit, Management Engagement, Nomination and Remuneration.

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared directorships with other Directors:** None

**Shareholding in Company:** 10,000 Ordinary shares and 10,000 C Ordinary shares

### Martin Gilbert *Non-executive Director*

**Relevant experience and other directorships:** Mr Gilbert qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management. He was one of the founding directors and is chief executive and investment director of Aberdeen Asset Management PLC. He is Chairman of FirstGroup plc and a director of a number of investment trusts and of Lombard International Assurance SA.

**Length of service:** He was appointed a Director in September 2001.

**Age:** 51

**Committee Member:** Nomination, Remuneration

**Employment by the Manager:** Chief Executive of Aberdeen Asset Management PLC since July 1983.

**Shared directorships with other Directors:** Mr Wood is also a director of The Enhanced Zero Trust PLC.

**All other public company directorships:** Aberdeen Football Club PLC, Chaucer Holdings PLC, FirstGroup PLC, Lombard International Assurance SA, Primary Health Properties PLC, Healthcare Reform Investment Trust PLC, Aberdeen Asian Smaller Companies PLC, Aberdeen Growth VCT I PLC, Aberdeen Growth Opportunities VCT 2 PLC, Aberdeen Convertible Income Trust PLC, Aberdeen Emerging Economies Investment Trust PLC, The Enhanced Zero Trust PLC, The London Market Fund plc, Midas Income & Growth Trust PLC.

**Other connections with Manager:** Director of Aberdeen Asset Managers Limited

**Shareholding in Company:** 25,000 Ordinary shares and 25,000 C Ordinary shares

### Bill Nixon *Alternate Director for Martin Gilbert*

**Relevant experience and other directorships:** Mr Nixon is Head of the Growth Capital team at Aberdeen Asset Management Private Equity (AAMPE) and a member of the executive management committee of AAMPE. He has led more than 40 completed private equity transactions throughout the UK since commencing his career in private equity in 1991. He is a Fellow of the Chartered Institute of Bankers in Scotland and obtained a Masters of Business Administration degree from Strathclyde University in 1996. Before joining Aberdeen in 1999, he was Head of the private equity business at Clydesdale Bank plc, a subsidiary of National Australia Bank.

**Length of service:** He was appointed alternate Director on 1 November 2005.

**Age:** 43

**Committee Member:** per Martin Gilbert

**Employment by the Manager:** Since 1999.

**Shared directorships with other Directors:** Mr Nixon is alternate director for Martin Gilbert on Aberdeen Growth VCT I PLC and Aberdeen Growth Opportunities VCT 2 PLC.

**Other connections with Manager:** None.

**Shareholding in Company:** 74,254 Ordinary shares and 10,425 C Ordinary shares

**Andrew Murison** *Independent Non-executive Director*

**Relevant experience and other directorships:** Mr Murison began his career in 1970 as an investment analyst at fund managers John Govett & Co Limited, followed by three years as a financial correspondent of The Economist. He then returned to investment banking and spent fourteen years as a private investor in, and/or advisor to, companies mainly in the United States. Between 1995 and 2003 he was a Fellow and Senior Bursar of Peterhouse, Cambridge, in which capacity he was responsible for its finance and investments. He is Chairman of JPMorgan European Investment Trust plc and a director of Hg Capital Trust PLC, a private equity investment trust.

**Length of service:** He was appointed a Director in September 2001.

**Age:** 58

**Committee Member:** Audit, Management Engagement, Nomination and Remuneration (Chairman).

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared directorships with other Directors:** None

**Shareholding in Company:** 10,000 Ordinary shares and 10,000 C Ordinary shares

**Stephen Wood** *Independent Non-executive Director*

**Relevant experience and other directorships:** Mr Wood is an actuary with 35 years fund management experience and was responsible for the investment portfolios of The Co-operative Insurance Society Limited for seventeen years. He is a non-executive director of The Enhanced Zero Trust PLC.

**Length of service:** He was appointed a Director in September 2001.

**Age:** 68

**Committee Member:** Audit, Management Engagement, Nomination and Remuneration.

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared directorships with other Directors:** Mr Gilbert is also a director of The Enhanced Zero Trust PLC.

**Shareholding in Company:** 10,000 Ordinary shares and 10,425 C Ordinary shares

# Financial History

	30 November 2006	30 November 2005 (restated)
<b>Ordinary shares</b>		
Net asset value	£10,210,000	£9,623,000
Net asset value per Ordinary share	104.8p	96.9p
Total return (without initial tax relief) <sup>1</sup>	109.8p	99.9p
Total return (with initial tax relief) <sup>2</sup>	129.8p	119.9p
Share price <sup>3</sup>	88.0p	86.5p
Discount to net asset value	(16.0)%	(10.7)%
Ordinary shares issued during year	–	10,039
Ordinary shares bought back during year	190,000	451,064
Ordinary shares in issue	9,744,243	9,934,243

<sup>1</sup> Sum of current net asset value and dividends paid to date

<sup>2</sup> Sum of current net asset value, initial income tax relief at 20% and dividends paid to date

<sup>3</sup> Source: Bloomberg

## Dividends

Year ended November	Payment date	Revenue/Capital	Interim/final	Rate (p)
2003	30 April 2004	Revenue	Final	2.0
2004	29 April 2005	Revenue	Final	1.0
2005	28 April 2006	Revenue	Final	0.5
2006	28 April 2006	Capital	Final	1.5
<b>Total paid</b>				<b>5.0</b>
2006 (proposed)	30 March 2007	Revenue	Interim	0.5
2006 (proposed)	30 March 2007	Capital	Interim	4.0
<b>Total paid or declared</b>				<b>9.5</b>

	30 November 2006
<b>C Ordinary shares</b>	
Net asset value	£14,362,000
Net asset value per C Ordinary share	96.0p
Total return (without tax reliefs) <sup>1</sup>	96.0p
Total return (with tax reliefs) <sup>2</sup>	136.0p
Share price <sup>3</sup>	100.0p
Premium to net asset value	4.2%
C Ordinary shares issued during year	14,954,494
C Ordinary shares bought back during year	–
C Ordinary shares in issue	14,954,494

<sup>1</sup> Sum of current net asset value and dividends paid to date

<sup>2</sup> Sum of current net asset value, initial income tax relief at 40% and dividends paid to date

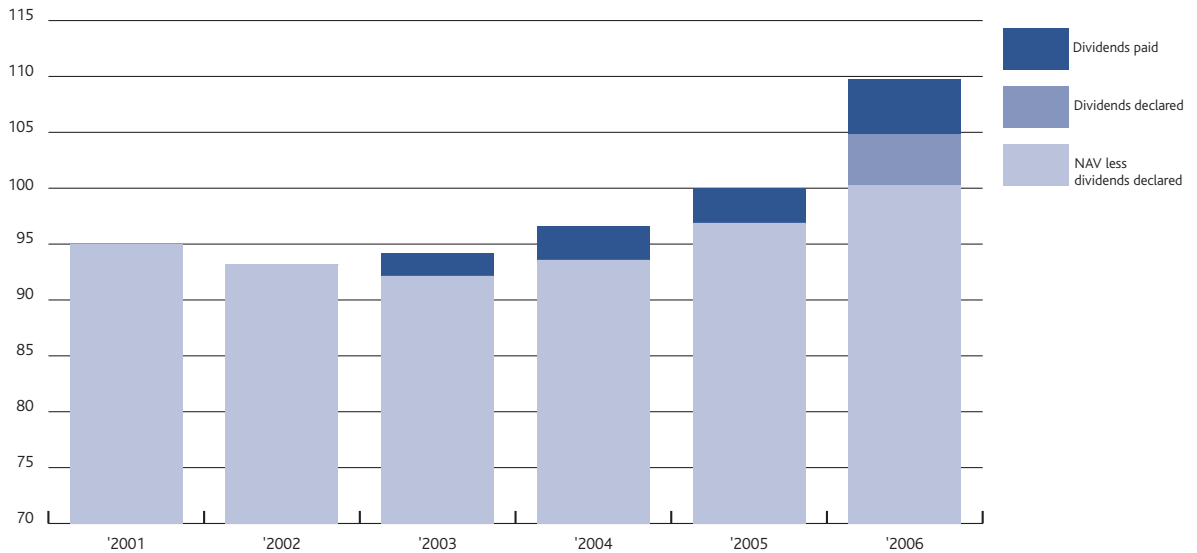
<sup>3</sup> Source: Bloomberg

## Dividends

Year ended November	Payment date	Revenue/Capital	Interim/final	Rate (p)
2006 (proposed)	30 March 2007	Revenue	Interim	1.0
<b>Total paid or declared</b>				<b>1.0</b>

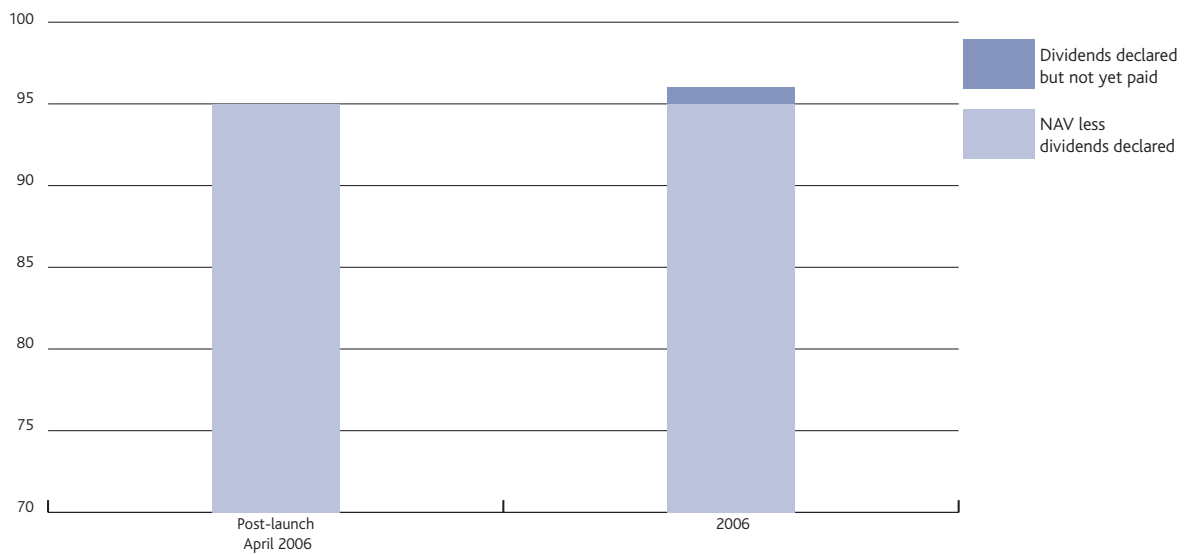
# Net asset value total return since launch

## Ordinary shares



The bar chart shows the net asset value total return (net asset value plus dividends paid) at 30 November for each year since launch. Dividends that have been declared but not yet paid are not deducted from the NAV at the balance sheet date.

## C Ordinary shares



The bar chart shows the increase in net asset value total return (net asset value plus dividends paid) from launch to 30 November 2006. Dividends that have been declared but not yet paid are not deducted from the NAV at the balance sheet date.



# Analysis of Unlisted & AIM Portfolio

As at 30 November 2006

## Ordinary Share Portfolio

	Valuation £'000	%
<b>FT Industrial Sector</b>		
<b>AIM</b>		
Support Services	668	10.0
Telecommunication Services	585	8.8
Engineering & Machinery	472	7.1
Media & Entertainment	455	6.8
Software & Computer Services	315	4.7
Food Producers & Processors	285	4.3
Health	129	1.9
Electronic & Electrical Equipment	114	1.7
Speciality & Other Finance	105	1.6
Household Goods & Textiles	96	1.5
	<b>3,224</b>	<b>48.4%</b>
<b>Unlisted</b>		
Support Services	1,170	17.6
Insurance	535	8.0
Household Goods & Textiles	349	5.2
Media & Entertainment	285	4.3
Construction & Building Materials	277	4.2
Software & Computer Services	269	4.0
Transport	187	2.8
Telecommunication Services	150	2.3
Beverages	100	1.5
Utilities (ex-electricity)	100	1.5
Oil & Gas	14	0.2
	<b>3,436</b>	<b>51.6%</b>
<b>Total Unlisted &amp; AIM</b>	<b>6,660</b>	<b>100.0</b>

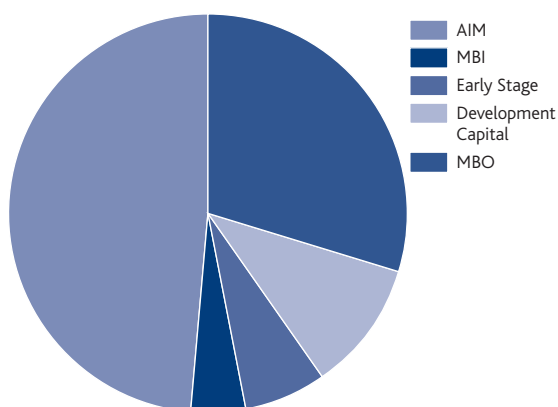
Deal Type	No. of deals	Valuation £'000	%
<b>Unlisted</b>			
MBO	9	1,981	29.8
Development Capital	10	714	10.7
Early Stage	5	441	6.6
MBI	1	300	4.5
	<b>25</b>	<b>3,436</b>	<b>51.6%</b>
<b>AIM</b>			
AIM Placing	28	3,224	48.4
<b>Total unlisted &amp; AIM</b>	<b>53</b>	<b>6,660</b>	<b>100.0</b>

### C Ordinary Share Portfolio

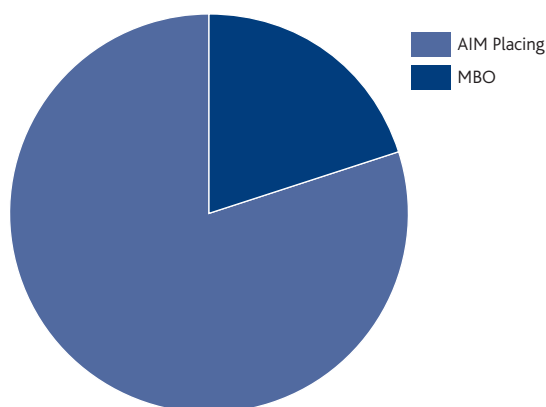
FT Industrial Sector	Valuation £'000	%
<b>AIM</b>		
Food Producers & Processors	384	20.7
Support Services	380	20.5
Engineering & Machinery	314	17.0
Media & Entertainment	196	10.6
Telecommunication Services	78	4.2
Speciality & Other Finance	53	2.9
Software & Computer Services	39	2.1
Leisure & Hotels	33	1.8
	<b>1,477</b>	<b>79.8%</b>
<b>Unlisted</b>		
Household Goods & Textiles	274	14.8
Utilities (ex-electricity)	100	5.4
	<b>374</b>	<b>20.2%</b>
<b>Total Unlisted &amp; AIM</b>	<b>1,851</b>	<b>100.0</b>

Deal Type	No. of deals	Valuation £'000	%
<b>Unlisted</b>			
MBO	2	374	20.2
	<b>2</b>	<b>374</b>	<b>20.2%</b>
<b>AIM</b>			
AIM Placing	11	1,477	79.8
<b>Total unlisted &amp; AIM</b>	<b>13</b>	<b>1,851</b>	<b>100.0</b>

AGO Ordinary Share Pool



AGO C Ordinary Share Pool



The pie charts illustrate deal type by valuation rather than cost and reflect only the invested portfolio excluding cash.

# Chairman's Statement

I am delighted to report a very successful year for your company. Among the highlights are:

- £15 million raised in the C Ordinary share issue
- Ordinary share NAV at year end of 104.8p per share (pps) up 8.2% over the year
- Ordinary share total return 109.8pps at year end
- 4 successful exits from unlisted companies during the year generating gains of 13.7pps
- Net realised gains from AIM stocks of 4.5pps for the year
- Dividends declared of 4.5p per Ordinary share and 1.0p per C Ordinary share

These highlights relate almost entirely to the Ordinary Share portfolio; however, the new C Ordinary Share Portfolio has already achieved modest realised gains from AIM stocks, which are showing an increase of more than 11% compared to cost.

## Performance

The Net Asset Value (NAV) per Ordinary share at 30 November 2006, before payment of a dividend in respect of the year then ended, was 104.8p compared with 96.9p at 30 November 2005 restated for the new Accounting Standards adopted this year. The increase in NAV of 8.2% compares with an increase in the FTSE AIM Index which rose by 0.7% over the same period. The effect of paying the proposed dividends will be to reduce the NAV to 100.3p.

The NAV per C Share at 30 November 2006 was 96.0p which compares with 95.0p immediately after launch expenses.

The most important measure for a VCT is the total return, which is the long term record of income and capital dividend payments plus the current NAV. In the short term, the NAV on its own is a less important measure of the performance as the underlying investments are long-term in nature and not readily realisable. The Total Return per Ordinary Share at 30 November 2006 was 109.8pps, an increase of 9.9% over the equivalent figure at November 2005, while for the C Ordinary Share portfolio it was 96.0pps which compares with 95.0pps immediately after launch.

## Dividends - Ordinary Shares

It was stated in the Company's Prospectus that dividends, if any, would be small until such times as capital

realisations occurred. The Board is pleased to announce an interim dividend of 4.5p per Ordinary share in respect of the year ended 30 November 2006, to be paid on 30 March 2007 to shareholders on the register on 23 February 2007. The dividend is comprised of 0.5p from revenue and 4.0p from the realised gains made on investments to date. The Board does not intend to propose a final dividend in respect of the year ended 30 November 2006. All dividends are paid tax free to shareholders and a net dividend of 4.5p is equivalent to a yield of 7.5% to a higher rate taxpayer. The yield rises to 9.4% if the initial income tax relief of 20% is taken into account. Since the Company's launch, Ordinary shareholders will have received 9.5p per share in tax free dividends.

## Dividends - C Ordinary Shares

As with the Ordinary shares, in the early years of the C share portfolio dividends, if any, are likely to be small until such times as capital realisations occur. The Board has declared a revenue dividend of 1.0p per C share to be paid concurrently with the Ordinary share dividend.

## Investment Strategy

The strategy for both the Ordinary share pool and the C share pool remains to build a diversified portfolio of unlisted and AIM investments which offer excellent growth prospects and therefore the opportunity for capital gains in the medium and longer term while maintaining VCT qualifying status.

## Valuation Process

Investments held by Aberdeen Growth Opportunities VCT in unquoted companies are valued in accordance with the International Private Equity And Venture Capital Valuation Guidelines which superseded the British Venture Capital Association Guidelines for reporting periods after 1 January 2005.

Investments quoted or traded on a recognised stock exchange including the Alternative Investment Market (AIM) are valued at their bid price.

## Dividend Re-investment

The Board suspended the operation of the dividend re-investment scheme following the changes made in the 2006 Budget to the VCT regulations, in particular the change to the gross assets test which applies to amounts raised after April 2006. The situation is being kept under review and shareholders will be notified if and when it becomes feasible to re-introduce the dividend reinvestment scheme.

### Portfolio Developments

The year has seen four successful exits from unlisted investments which together have generated gains of more than £1.3 million while a sale has concluded after the reporting period end realising a further gain of £280,000. Net gains have also been realised from the AIM portfolio totalling £181,000.

The valuations of two unlisted investments have changed significantly at this year end. Despite being profitable at a pre-interest level, Transrent could not meet its debt obligations due to a continuing downturn in its market and, despite the efforts of the Manager, the company ceased to trade in early January 2007. A full provision against the value of the investment has been taken although some recovery should be possible as security was held over certain assets. In contrast, the valuation of Cash Bases has been increased significantly in recognition of the profitability of that company and the early repayment of its bank debt as a result of the strong operating cashflow, both of these factors combining to increase the equity value of the business.

Details of all major realisations from the portfolio are given in the table which follows the Investment Review later in this report.

### Share Buy-back Policy

Purchases of the Company's shares will be made within guidelines established by the Board, at prices below the prevailing NAV per Share and in accordance with the rules of the UK Listing Authority. Share purchases will be funded from distributable reserves and, to the extent that shares are purchased at a discount, the net asset value of the remaining shares will increase. The Board has adopted a policy of purchasing shares in the market at a discount of 10% to the prevailing NAV. During the year 190,000 shares were bought back for cancellation at an average price of 87.4p .

### C Share Issue

The Board announced proposals in November 2005 to raise up to £15 million before the deduction of expenses in a C share issue. I am pleased to say that £14.95 million was raised in the issue, almost exactly the target the Board had agreed with the Manager.

The Directors believe that the C shares benefit the Company, as it approaches full investment, by reducing the total expense ratio, increasing the spread of risk across a

larger number of investments, offering the opportunity to invest in larger investments after consolidation of the C shares and, due to an increased fund size, an improvement in the liquidity of the Company's shares in the secondary market.

### Co-Investment Scheme of the Manager

A Co-Investment scheme which allows executive members of the Manager to invest alongside the Company was implemented during the year. The scheme operates through a nominee company which invests alongside the Company in each and every transaction made by the Company, including any follow-on investments.

The impact of the scheme on shareholders is small but the scheme more closely aligns the interests of the executives and the Company's shareholders while introducing an incentive to enable the Manager to retain the existing skills and capacity of the Manager's investment team in a highly competitive market. Both Mr. Gilbert and his alternate, Mr. Nixon, have participated in the co-investment scheme since its inception.

### The Future

Following the successful realisations which occurred during the year, the immediate focus has changed to rebuilding the unlisted portfolio within the Ordinary share pool in tandem with investing the proceeds of the C share in a similar, diversified portfolio of good quality smaller company assets which will deliver sustained long term performance. The Manager has a number of potential investments in hand which will form the basis of the first step in this process.

16 March 2007

**Gregor Michie**  
Chairman

# Investment Manager's Report

## Investment Activity

During the year ended 30 November 2006, twenty-one new unlisted and AIM investments were completed and a total of £3.9 million was invested of which £2.2 million was from the Original pool and £1.7 million was from the C share pool. At the year end, the portfolio stood at 57 unlisted and AIM investments at a total cost of £8.5 million. Since 30 November 2006, two further new unlisted investments have been made at a cost of £1.3 million of which £512,000 was made from the original pool and £781,000 from the C share pool.

The following are the largest new investments completed during the year:

Investment	Date	Activity	Investment Cost £'000		Website
			Original Pool	C Share Pool	
<b>Unlisted</b>					
Buildstore	Sep 2006	Online services to the self build sector	98		www.buildstore.co.uk
Enpure	Nov 2006	Project engineering in the water and waste water sector	100	100	www.enpure.co.uk
Homelux Nenplas	May 2006	Manufacturer of tile trims and other wet room furnishing accessories	199	274	www.homelux.co.uk
Styles & Wood	Dec 2005	Provider of store fit-out and refurbishment programmes to the UK retail sector	200		www.stylesandwood.co.uk
<b>AIM</b>					
Brulines	Oct 2006	Monitoring systems for public houses	67	33	www.brulines.co.uk
Concateno	Oct 2006	Testing services for alcohol and drugs for employers	98	148	www.concateno.com
Fairground Gaming	Jun 2006	On-line Gaming		148	www.fairgroundgaming.com
Hasgrove	Nov 2006	Communication services for public relations	74	49	www.hasgrove.com
Gold Frost	March 2006	Developer of kosher food products	151		No website available
Interactive World	April 2006	Digital media content provider.	175		www.interactiveworld.com
Invocas	March 2006	Insolvency practitioner	172		www.invocas.com
Litcomp	March 2006	National supplier of medical reports in support of legal actions.	150		www.legal-reports.co.uk
Velosi	Aug 2006	Quality control services to the oil and gas sector	136		www.velosi.com
Work Group	Feb 2006	UK recruitment service provider	200		www.workcomms.com
Worthington Nicholls	Jun 2006	Installation and maintenance of air conditioning systems	99	148	www.worthington-nicholls.com

Aberdeen Growth Opportunities VCT has co-invested with Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Talisman First Venture Capital Trust and Murray VCT 4 in some or all of the above transactions and is expected to continue to do so with these as well as other clients of the Manager. The advantage is that, together, the funds are able to underwrite a wider range and size of transaction than would be the case on a stand alone basis.

### Portfolio Developments

Aberdeen Growth Opportunities VCT is continuing to build a diversified portfolio of unlisted and AIM investments with good growth prospects and, therefore, the opportunity to generate capital gains in the medium and longer term. In the Interim Report reference was made to the increasing maturity of a number of the private equity investments and further realisations being expected over the course of the remainder of the year. This has proved to be the case with four substantial sales achieved from unlisted investments in the second half of the year. Bond Aviation Solutions was sold to an Indian investment company realising £507,000 compared to the cost of £300,000 and therefore generating a gain of £207,000. Styles & Wood achieved a listing on the London Stock Exchange and the holding was sold. Proceeds were £799,000 providing a gain of £599,000 over cost. Vibration Technology was sold to a major seismic exploration company 13 months after the investment was completed generating a gain of £189,000 from proceeds of £339,000 with a cost of £150,000. In each case the holding period has been shorter than would normally be the case for an unlisted investment ranging from 11 to 13 months with cash multiples of 1.7x to 4.0x; additionally, the holding in Original Shoe was sold for cost early in the second half of the year following an approach to the majority shareholder.

The AIM portfolio continued to be actively traded when the opportunity arose, recognising the second half of the reporting year covers the summer period when markets are traditionally quieter and the market correction which occurred in May 2006. Net gains of £42,000 were generated for the Original Pool and a gain of £29,000 for the C Share pool in the second half of the year. The total gain arising on the AIM portfolio for the year was

£184,000 of which £155,000 arose on the Original pool and £29,000 arose on the C Share pool. The AIM Market has fallen over the second half of the year with the AIM 100 Index falling by 16%; the performance of the Company's portfolio is significantly better than the market with the Original Pool showing an uplift of 8.5% and the C Share pool an uplift of 7.1% over the second half of the year. For the full year the portfolios again beat the movement in market indices showing gains of 3.2% and 11.5% against an AIM 100 index decline of 7.4%.

In addition to the realised gains mentioned above details of which can be found in the table overleaf, unrealised losses compared to valuations at November 2005 totalling £333,000 arose on the original pool of investments. Of the total, £497,000 arose on unlisted investments with gains of £164,000 from AIM investments. The major reductions in value were on Inovas (£115,000) and Transrent (£359,000), both of which ceased trading during the year or shortly after the year end, and on Sanastro (£128,000) where trading has fallen significantly below expectations. The valuation of Cash Bases (£250,000) was increased due to the excellent performance of that investment and the valuation of EIG (Investments) was increased by £214,000 in anticipation of the contracted sale of that holding in January 2007.

Investments in the unlisted portfolio are generally trading well but, if there is any underperformance, particular attention is paid to those companies by the Manager to effect an improvement and protect the value of the investment.

### Outlook

The outlook for new investments remains positive with a steady flow of both unquoted and AIM opportunities available for consideration by the Manager. The primary focus remains on building a properly diversified portfolio of good quality smaller company assets which will deliver sustained long term performance. Asset quality will not be sacrificed for short term growth in the qualifying investment portfolio.

### Aberdeen Asset Managers Limited

16 March 2007

## Major realisations during the financial year

	Date first invested	Complete/ partial exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/(loss) £'000
<b>Ordinary Share Pool</b>					
<b>Unlisted</b>					
Bond Aviation	2005	Complete	300	507	207
Original Shoe	2005	Complete	300	300	–
Styles & Wood	2005	Complete	200	799	599
Travel Class	2005	Complete	225	562	337
Vibration Technology	2005	Complete	150	339	189
Others			151	197	46
<b>Total unlisted</b>			<b>1,326</b>	<b>2,704</b>	<b>1,378</b>
<b>AIM</b>					
Avanti Screenmedia	2004	Partial	53	75	22
Axeon	2003	Partial	90	139	49
Billing Services Group	2006	Complete	131	68	(63)
Imagesound	2004	Complete	68	25	(43)
Invocas	2006	Partial	46	78	32
Legend Communications	2004	Complete	100	51	(49)
Software Radio Technology	2005	Partial	27	48	21
Tanfield	2004	Partial	83	177	94
Zetar	2005	Partial	65	87	22
Others			543	613	70
<b>Total AIM</b>			<b>1,206</b>	<b>1,361</b>	<b>155</b>
<b>Total</b>			<b>2,532</b>	<b>4,065</b>	<b>1,533</b>
<b>C Share Pool</b>					
<b>AIM</b>					
Invocas	2006	Partial	42	71	29

## Summary of Investment Changes

For the year ended 30 November 2006

Ordinary Shares	Valuation 30 November 2005		Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation 30 November 2006	
	£'000	%			£'000	%
<b>Unlisted investments</b>						
Equities	1,566	16.3	(1,615)	1,438	1,389	13.6
Preference shares	200	2.1	(1)	(100)	99	1.0
Loan stocks	2,468	25.6	(2)	(518)	1,948	19.1
	<b>4,234</b>	<b>44.0</b>	<b>(1,618)</b>	<b>820</b>	<b>3,436</b>	<b>33.7</b>
<b>Listed investments</b>						
Unit trusts	712	7.4	(207)	4	509	5.0
AIM	3,221	33.5	(234)	237	3,224	31.5
	<b>3,933</b>	<b>40.9</b>	<b>(441)</b>	<b>241</b>	<b>3,733</b>	<b>36.5</b>
<b>Total investments</b>	<b>8,167</b>	<b>84.9</b>	<b>(2,059)</b>	<b>1,061</b>	<b>7,169</b>	<b>70.2</b>
Other net assets	1,456	15.1	1,585	–	3,041	29.8
<b>Total net assets</b>	<b>9,623</b>	<b>100.0</b>	<b>(474)</b>	<b>1,061</b>	<b>10,210</b>	<b>100.0</b>
<b>C Ordinary Shares</b>						
C Ordinary Shares	Net proceeds of share issue*		Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation 30 November 2006	
	£'000	%			£'000	%
<b>Unlisted investments</b>						
Equities	–	–	29	–	29	0.2
Loan stocks	–	–	345	–	345	2.4
	–	–	<b>374</b>	–	<b>374</b>	<b>2.6</b>
<b>Listed investments</b>						
Fixed Income	–	–	11,127	(65)	11,062	77.0
Unit trusts	–	–	1,000	–	1,000	7.0
AIM	–	–	1,297	180	1,477	10.3
	–	–	<b>13,424</b>	<b>115</b>	<b>13,539</b>	<b>94.3</b>
<b>Total investments</b>	–	–	<b>13,798</b>	<b>115</b>	<b>13,913</b>	<b>96.9</b>
Other net assets	14,206	100	(13,757)	–	449	3.1
<b>Total assets</b>	<b>14,206</b>	–	<b>41</b>	<b>115</b>	<b>14,362</b>	<b>100.0</b>

\* After issue expenses of £747,701 which were equivalent to 5% of monies raised.



# Investment Portfolio Summary

As at 30 November 2006

## Ordinary Shares

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other AAM clients
<b>Unlisted investments</b>					
EIG (Investments) Limited Insurance provider and broker	301	535	5.2	0.2	1.3
Cash Bases Limited (formerly Deckflat Limited) Design and manufacture of customised cash drawers	250	500	4.9	8.3	20.2
Money Plus Group Limited Debt management	300	300	2.9	6.0	24.9
Riverdale Publishing Limited Publisher of greeting cards	114	219	2.1	7.4	57.6
Homelux Nenplas Limited Extruder of plastic tiling trims and related products	199	199	1.9	3.4	41.6
Palgrave Brown (Holdings) Limited Manufacture and distribution of specialist timber products for the housebuilding and builders' merchant sectors	150	179	1.8	1.1	48.3
Essential Viewing Systems Limited Video streaming software	177	177	1.7	7.9	41.5
FFC (UK) Limited Design and manufacture of office furniture	150	150	1.5	7.5	30.0
Oled-T Limited (previously Elam T) Developer of flat panel display technologies	150	150	1.5	3.5	15.0
Sanastro PLC Financial publishing house	275	147	1.4	3.5	9.6
PSCA International Limited Producer of publications aimed at public sector officials	138	138	1.4	1.6	21.6
RMS Europe Limited Provider of stevedoring and ships agency services	116	138	1.4	1.3	26.8
Driver Hire Limited Supplier of temporary drivers	100	100	1.0	0.6	39.1
Enpure Limited Integrated process engineering in the potable water, waste water and municipal solid waste markets	100	100	1.0	0.4	79.2
Llanllyr Water Company Limited Extraction and bottling of spring water	100	100	1.0	7.5	42.4
Buildstore Limited Services to self build homeowners	98	98	1.0	0.8	9.2
IRW Systems Limited Design, building and management of bespoke software and network solutions	45	92	0.9	8.9	48.6
Enterprise Food Group Holdings Limited Supply management service	–	50	0.5	1.5	15.7
PLM Dollar Group Limited On-shore helicopter services	50	50	0.5	0.6	30.3
AMGas Limited Manufacturer of flammable gas sensors	100	14	0.1	0.4	4.1
Transrent Holdings Limited Rent and sales of truck trailers	359	–	–	0.8	35.6

## Investment Portfolio Summary - continued

### Ordinary Shares

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other AAM clients
Albanet Limited Network Services and Software.	172	–	0.0	7.0	38.4
Enterprise Food Group Limited Supply chain and management services in the bakery sector.	–	–	0.0	–	–
Inovas Limited IP rights for fixed asset management applications, linking moving data such as video to positional references.	116	–	0.0	9.2	50.8
Kingsley Cards Limited Manufacturer and distributor of greetings cards.	250	–	0.0	3.1	24.4
	<b>3,810</b>	<b>3,436</b>	<b>33.7</b>		

### AIM Investments

Software Radio Technology PLC Provider of wireless technology products and services.	260	504	4.9	1.2	2.8
Avanti Screenmedia Plc Provider of in-store media services to the retail and leisure sector.	171	290	2.8	0.4	1.8
Tanfield Group PLC Technical solutions and manufacturing group.	57	262	2.6	0.2	1.0
Axeon PLC Developer of semiconductor intellectual properties specifically geared to the automotive industry.	247	237	2.3	2.0	6.0
Worthington Nicholls plc Installation and maintenance of air conditioning systems in the hotel and retail markets.	100	210	2.1	0.3	1.6
Work Group PLC Provider of recruitment services.	201	195	1.9	1.0	2.6
Zetar plc Manufacturer of confectionary.	69	169	1.7	0.3	1.0
Gold Frost Limited Designer, developer & distributor of kosher food products.	130	115	1.1	0.7	0.7
Datong Electronics PLC Producer of devices that enable government intelligence and defence agencies covertly to track vehicles and mobile phones.	151	114	1.1	0.9	1.1
Concateno plc Provider of services for the testing of employees for drugs and alcohol.	98	108	1.1	0.4	2.7
Inspicio plc Provider of testing, inspection and conformity services.	70	104	1.0	0.1	0.2
Strategic Retail plc Trading as "Fads" - decorating specialist.	117	96	0.9	0.4	4.8
Cello Group Plc A consolidator of niche businesses in the marketing and media services industry.	79	95	0.9	0.3	1.7
Fountains Plc Land management and related outsourced services in the UK and North America.	102	83	0.8	0.5	2.2

## Ordinary Shares

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other AAM clients
Hasgrove plc Provider of communication services in public relations, public affairs, graphic design, advertising and on-line marketing	74	80	0.8	0.3	1.9
Brulines (Holdings) plc Provider of data systems that monitor the through-flow of beer in pubs	67	78	0.8	0.2	1.0
Neutrahealth plc Manufacturer and distributor of nutraceutical products	92	77	0.8	0.9	2.1
Air Music and Media PLC Leading UK producer and supplier of low-priced entertainment products to the international market	150	70	0.7	0.4	–
Invocas PLC Provider of services to individuals and corporates requiring insolvency advice	45	61	0.6	0.3	0.4
Careforce Group plc Provider of domiciliary care services, primarily caring for the elderly and infirm in their own homes	55	52	0.5	0.4	0.9
MTI Wireless Edge Limited Developer & manufacturer of sophisticated antennas & antenna systems for fixed broadband wireless communications	41	47	0.5	0.2	0.3
Debts.co.uk plc Provider of personal debt solutions	51	44	0.4	0.1	0.3
Litcomp plc National supplier of medical reports in support of legal actions	81	44	0.4	2.9	2.5
Public Recruitment Group Plc A leading specialist in public sector staffing in healthcare and education	133	34	0.3	0.3	1.7
Spectrum Interactive PLC Operator of payphones and internet terminals in both the UK and Germany	97	34	0.3	0.3	1.3
Asfare PLC Manufacture and supply of equipment for the emergency services	17	21	0.2	0.6	2.8
Award International Holdings PLC The sourcing and delivery of merchandising materials for major blue chip customers	100	–	–	3.1	15.4
Elevation Events Group plc Events management and corporate hospitality	150	–	–	2.5	8.1
	<b>3,005</b>	<b>3,224</b>	<b>31.5</b>		
<b>Unit trust</b>					
Aberdeen Global Fixed Interest Opportunities Fund	485	509	5.0	–	–
	<b>485</b>	<b>509</b>	<b>5.0</b>		
<b>Total investments</b>	<b>7,300</b>	<b>7,169</b>	<b>70.2</b>		

Investment Portfolio Summary - continued

**C Ordinary Shares**

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other AAM clients
<b>Unlisted Investments</b>					
Homelux Nenplas Limited Extruder of plastic tiling trims and related products.	274	274	1.9	4.7	40.3
Empure Limited Integrated process engineering in the potable water, waste water and municipal solid waste markets.	100	100	0.7	0.4	79.2
	<b>374</b>	<b>374</b>	<b>2.6</b>		
<b>AIM Investments</b>					
Zetar plc Manufacturer of confectionery.	276	384	2.7	0.7	0.6
Worthington Nicholls plc Installation and maintenance of air conditioning systems in the hotel and retail markets.	150	314	2.2	0.5	1.4
Interactive World PLC Digital media content provider.	177	196	1.3	0.6	0.8
Concateno plc Provider of services for the testing of employees for drugs and alcohol.	148	161	1.1	0.6	2.5
Velosi plc Provider of quality assurance and quality control services to the oil and gas sector.	136	128	0.9	0.4	0.4
Leadcom Integrated Solutions Limited Telecommunication network services and solutions.	98	78	0.5	0.1	–
Invocas PLC Provider of services to individuals and corporates requiring insolvency advice.	39	53	0.4	0.2	0.4
Hasgrove plc Provider of communication services in public relations, public affairs, graphic design, advertising and on-line marketing.	49	53	0.4	0.2	2.0
Brulines (Holdings) plc Provider of data systems that monitor the through-flow of beer in pubs.	33	39	0.3	0.1	1.2
Litcomp plc National supplier of medical reports in support of legal actions.	71	38	0.3	2.5	2.9
Fairground Gaming Holdings plc investment company in the online gaming sector.	149	33	0.2	0.5	0.8
	<b>1,326</b>	<b>1,477</b>	<b>10.3</b>		
<b>Listed Fixed Income</b>					
Treasury 4 07/03/09	3,854	3,820	26.6		
Treasury 4.5 2007	3,400	3,394	23.6		
Treasury 5 07/03/08	3,872	3,848	26.8		
	<b>11,126</b>	<b>11,062</b>	<b>77.0</b>		
<b>Unit Trust</b>					
Aberdeen Global Fixed Interest Opportunities Fund	1,000	1,000	7.0		
	<b>1,000</b>	<b>1,000</b>	<b>7.0</b>		
<b>Total investments</b>	<b>13,826</b>	<b>13,913</b>	<b>96.9</b>		

# Largest Unlisted and AIM Investments

## ZETAR PLC


<b>Cost (£'000)</b>	345		<b>2006*</b>	
<b>Valuation (£'000)</b>	553	<b>Year ended 30 April</b>	<b>£'000</b>	<b>£'000</b>
<b>Basis of valuation</b>	Bid Price	Sales	57,864	
<b>Equity held</b>	1.0%	Profit/(Loss) before tax	2,381	
<b>Income received</b>	Nil	Retained profit/(loss)	2,756	
<b>First invested</b>	March 2005	Net Assets	15,814	

Manufacturer of confectionery.

**Other AAMPE clients invested** Talisman First VCT.

\*72 Weeks ended 20 April 2006

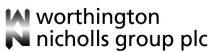
## EIG (Investments) Limited

	<b>Cost (£'000)</b>	301		<b>**</b>	
	<b>Valuation (£'000)</b>	535	<b>Year ended</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Disc to exit proceeds	Sales		
	<b>Equity held</b>	0.2%	Profit/(Loss) before tax		
	<b>Income received</b>	Nil	Retained profit/(loss)		
	<b>First invested</b>	October 2005	Net Assets		

Insurance provider and broker.

**Other AAMPE clients invested** Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Murray VCT 4, Talisman First VCT.

## Worthington Nicholls Group Plc

	<b>Cost (£'000)</b>	250			
	<b>Valuation (£'000)</b>	524	<b>Year ended 30 September</b>	<b>£'000*</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Bid Price	Sales	7,997	
	<b>Equity held</b>	0.8%	Profit/(Loss) before tax	1,347	
	<b>Income received</b>		Retained profit/(loss)	988	
	<b>First invested</b>	June 2006	Net Assets	33,040	

Worthington Nicholls installs and maintains air conditioning units in the hotel and retail markets.

**Other AAMPE clients invested** Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Talisman First VCT.

\*Period from 3 February 2006 to 30 September 2006

## Software Radio Technology Plc

	<b>Cost (£'000)</b>	260		<b>2005</b>	<b>2006</b>
	<b>Valuation (£'000)</b>	504	<b>Year ended 31 March</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Bid Price	Sales	1,409	3,125
	<b>Equity held</b>	1.2%	Profit/(Loss) before tax	(1,017)	(1,493)
	<b>Income received (£'000)</b>	1.2	Retained profit/(loss)	(651)	(1,301)
	<b>First invested</b>	March 2005	Net Assets	2,323	5,722

Provider of wireless technology products and services

**Other AAMPE clients invested** Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2.

## Cash Bases Ltd (formerly Deckflat Ltd)


	<b>Cost (£'000)</b>	250		<b>2005</b>	<b>2004*</b>
	<b>Valuation (£'000)</b>	500	<b>Year ended 31 Dec</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Earnings	Sales	14,738	3,852
	<b>Equity held</b>	8.3%	Profit/(Loss) before tax	985	(119)
	<b>Income received</b>	30	Retained profit/(loss)	594	(121)
	<b>First invested</b>	September 2004	Net Assets	788	197

Design and manufacture of customised cash drawers.


**Other AAMPE clients invested** Aberdeen Development Capital, Aberdeen Growth VCT I.

\* Period from 1 June to 31 December 2004


**Homelux Nenplas Ltd**

	<b>Cost (£'000)</b>	473		**	
	<b>Valuation (£'000)</b>	473	<b>Year ended</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Cost	Sales		
	<b>Equity held</b>	8.1%	Profit/(Loss) before tax		
	<b>Income received (£'000)</b>	17	Retained profit/(loss)		
	<b>First invested</b>	May 2006	Net Assets		
	Extruder of plastic tiling trims and related products				
<b>Other AAMPE clients invested</b>	Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Murray VCT 4, Talisman First v/c.				


**Money Plus Group Ltd**

	<b>Cost (£'000)</b>	300		**	
	<b>Valuation (£'000)</b>	300	<b>Year ended</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Cost	Sales		
	<b>Equity held</b>	6.0%	Profit/(Loss) before tax		
	<b>Income received</b>	Nil	Retained profit/(loss)		
	<b>First invested</b>	November 2005	Net Assets		
	Debt management services to individuals				
<b>Other AAMPE clients invested</b>	Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Murray VCT 4.				


**Avanti Screenmedia Plc**

	<b>Cost (£'000)</b>	171		<b>2005</b>	<b>2006</b>
	<b>Valuation (£'000)</b>	290	<b>Year ended 30 June</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Bid Price	Sales	8,440	12,852
	<b>Equity held</b>	0.4%	Profit/(Loss) before tax	1,900	3,072
	<b>Income received</b>		Retained profit/(loss)	1,983	3,072
	<b>First invested</b>	July 2004	Net Assets	10,292	37,758
	Provider of in-store media services to the retail and leisure sector.				
<b>Other AAMPE clients invested</b>	Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Murray VCT 4, Talisman First v/c.				

**Concateno Plc**

	<b>Cost (£'000)</b>	246		<b>2006</b>	
	<b>Valuation (£'000)</b>	269	<b>Period ended 31 March</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Bid Price	Sales	Nil	
	<b>Equity held</b>	1.0%	Profit/(Loss) before tax	(645)	
	<b>Income received</b>	Nil	Retained profit/(loss)	(645)	
	<b>First invested</b>	October 2006	Net Assets	3,973	
	Provider of services for the testing of employees for drugs and alcohol.				
<b>Other AAMPE clients invested</b>	Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT 2, Murray VCT 4, Talisman First v/c.				

**Tanfield Group Plc**

	<b>Cost (£'000)</b>	57		<b>2004</b>	<b>2005</b>
	<b>Valuation (£'000)</b>	262	<b>Year ended 31 December</b>	<b>£'000</b>	<b>£'000</b>
	<b>Basis of valuation</b>	Bid price	Sales	10,687	22,431
	<b>Equity held</b>	0.2%	Profit/(Loss) before tax	(2,911)	2,000
	<b>Income received</b>	Nil	Retained profit/(loss)	(5,809)	1,694
	<b>First invested</b>	August 2004	Net Assets	23,010	23,926
	Manufacturer of zero emission vehicles and related services.				
<b>Other AAMPE clients invested</b>	Aberdeen Growth VCT I, Murray VCT 4.				

\*\* These companies have not yet produced their first report and accounts

# **Aberdeen Growth Opportunities VCT PLC**

Directors' Report & Financial Statements

Year ended 30 November 2006

# Directors' Report

The Directors submit their annual report together with the financial statements of the Company for the year ended 30 November 2006.

## Results and dividends

The revenue attributable to Ordinary Shareholders for the year amounted to £81,000 (2005 - £75,000) which was transferred to the revenue reserve. The total return attributable to Ordinary Shareholders for the year was £953,000 (2005 - £306,000). The net asset value per Ordinary share at 30 November 2006 was 104.8p (2005 - 96.9p).

The Directors have declared an interim dividend for the year of 4.5p per Ordinary share, payable on 30 March 2007 to Ordinary Shareholders on the register at the close of business on 23 February 2007.

The revenue attributable to C Ordinary shareholders was £209,000 which was transferred to the revenue reserve. The net asset value per C Ordinary share at 30 November 2006 was 96.0p. The directors have declared an interim dividend of 1.0p per C Ordinary share payable on 30 March 2007 to holders of C Ordinary shares on the register at the close of business on 23 February 2007, and a resolution to that effect will be proposed at the Annual General Meeting.

## Business Review

A review of the Company's activities is given in the Chairman's Statement on pages 9 and 10 and in the Investment Manager's Report on pages 11 to 13.

A summary of the business objectives, the Board's strategy for achieving them, the risks faced and the key performance indicators is given below.

### *Investment objective and policy*

The objective of the Company is to achieve long term capital appreciation principally through investment in smaller unquoted companies in the United Kingdom with strong growth potential, and partly through investment in the AIM market.

The management of the investment portfolio has been delegated to Aberdeen Asset Managers Limited, which also provides administrative and financial management services and, through its parent company, company secretarial services to the Company.

### *Key performance indicators*

At each board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators are as follows:

- Net asset value total return
- Dividends per share

A historical record of these measures is shown on pages 5 and 6.

In addition, the Board considers peer group comparative performance. The Company has joined the Association of Investment Companies (AIC) and it is hoped that the AIC's monthly performance statistics, which are currently under development for VCTs, will provide a useful standard measure of comparative performance in future.

### *Principal Risks and Uncertainties*

The principal risks facing the Company relate to its investment activities and include market price, interest rate and liquidity. An explanation of these risks and how they are managed is contained in Note 18 to the financial statements on pages 46 to 47. Additional risks faced by the Company, and the mitigation approach adopted by the Board, are as follows:

- (i) Investment objective: The Board's aim is to maximise absolute returns to shareholders while managing risk by ensuring an appropriate diversification of investments.
- (ii) Investment policy: inappropriate stock selection leading to underperformance in absolute and relative terms is a risk which the Manager mitigates by operating within investment guidelines and regularly monitoring performance against the peer group.
- (iii) Discount volatility: due to lack of liquidity in the secondary market, venture capital trust shares tend to trade at discounts to net asset values which the Board seeks to manage by making purchases of shares in the market from time to time.
- (iv) Regulatory risk: the Company operates in a complex regulatory environment and faces a number of related risks. A breach of section 842AA of the Income and Corporation Taxes Act 1988 could result in the Company's being subject to capital gains tax on the sale of its investments. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to shareholders. Serious breach of other regulations, such as the UKLA Listing rules and the Companies Act 1985 could lead to suspension from the Stock Exchange and reputational damage. The Board receives quarterly reports from the Manager in order to monitor compliance with regulations.



The Board considers all risks and the measures in place to manage them and monitors their management twice each year.

## Directors

The Directors who held office during the year under review, are shown on pages 2 and 3 of the Annual Report and their interests are shown below.

In accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years, and accordingly, Mr I A Craig and Mr A H Murison, whose biographies appear on pages 2 and 3, retire by rotation at this time and, being eligible, offer themselves for re-election. Resolutions 3 and 4 to this effect will be proposed at the Annual General Meeting. As a non-independent director, Martin Gilbert offers himself for re-election annually.

Mr M J Gilbert is a director of Aberdeen Asset Management PLC and Aberdeen Asset Managers Limited. Mr W R Nixon, who is alternate director for Mr M J Gilbert, is an employee of Aberdeen Asset Management PLC. Aberdeen Asset Managers Limited is entitled to receive investment management and secretarial fees as described below. No other contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the share capital of the Company are as follows:

	30 November 2006		1 December 2005	
	Ordinary shares	C Ordinary shares	Ordinary shares	C Ordinary shares
W G M Michie	15,495	10,425	15,495	–
I A Craig	10,000	10,000	10,000	–
M J Gilbert	25,000	25,000	25,000	–
W R Nixon (as alternate for Mr M J Gilbert)	74,254	10,425	74,254	–
A H Murison	10,000	10,000	10,000	–
S F Wood	10,000	10,425	10,000	–
<b>Total</b>	<b>144,749</b>	<b>76,275</b>	<b>144,749</b>	<b>–</b>

Unless otherwise stated, all holdings are beneficial. As at 15 February 2007, there have been no other changes in the above holdings.

## Manager and Company Secretary

Investment management services are provided to the Company by Aberdeen Asset Managers Limited. The Manager also provides company secretarial, accounting and administrative services through its parent Company, Aberdeen Asset Management PLC.

For the year ended 30 November 2006, the investment management and secretarial fees payable to the Aberdeen Asset Management group have been calculated and charged on the following basis:

- (a) an investment management fee of 2.5% per annum of the gross assets of the Company at the previous quarter end, which is chargeable 20% to revenue and 80% against realised capital reserves. To the extent that the portfolio is invested in any funds managed by any member of the Aberdeen group and any annual fee is payable to such member, the management fees derived from the amounts so invested have been deducted in any calculation of fees payable by the Company. As a result, the aggregate of all such fees paid or payable to such members of the Aberdeen group shall in any event not exceed the maximum fee that would be payable to the Manager if no part of the portfolio was so invested.

The effects of this arrangement are detailed in Note 3 on page 40; and

- (b) a secretarial fee of £63,000 per annum which is chargeable 100% to revenue. The secretarial fee (as shown in Note 4) is subject to an annual adjustment to reflect movement in the UK retail prices index.

The management services agreement is terminable on the expiry of one year's notice. Should the Company terminate the management agreement, the Manager would be entitled to receive fees which would otherwise have been due up until the date of the end of the relevant notice period.

In order to ensure that the Manager's staff are appropriately incentivised in relation to the portfolio, the Directors have approved a co-investment scheme which requires individuals nominated by the Manager to participate in investments in portfolio companies alongside the Company. All such investments are made through a nominee and under terms previously agreed to by the Board. The terms of the scheme ensure that all investments are made on identical terms to those of the Company and no 'cherry-picking' of investments will be allowed. Total investment by participants in the co-investment scheme will be set at 5% of the aggregate amount of

## Directors' Report – continued

ordinary shares subscribed for by the Company and the co-investing executives, except where the only securities to be acquired by the Company are ordinary shares or are securities quoted on AIM, where the co-investment percentage will be 1.5%. Any dilution of the Company's interests would therefore be minimal and, in the view of the Directors, would be offset by the improved incentivisation of the Manager's staff and alignment of the interests of key individuals with those of Shareholders.

The Board considers the continued appointment of the Manager on the agreed terms to be in the interests of the Shareholders because of the quality of the investment management service provided.

### Purchase of shares

During the year ended 30 November 2006, a total of 190,000 Ordinary shares of 10p each were bought back for cancellation at an average price of 87.4p per share.

A Special Resolution, numbered 8 in the notice of Annual General Meeting, will be put to Shareholders for their approval to renew the authority to purchase in the market an aggregate of 10% of Ordinary shares in issue (974,424 Ordinary shares) at 15 February 2007. Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the Resolution, whichever is the earlier. This means in effect that the authority will have to be renewed at the Annual General Meeting of the Company in 2008.

Purchases of Ordinary shares may be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the Company and its Shareholders taken as a whole. Purchases will be made in the market for cash only at prices below the prevailing net asset value per Ordinary share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority must not exceed 105 per cent of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase. The minimum price that may be paid is 10p per share. In making purchases, the Company will deal only with members of the London Stock Exchange. Shares that are purchased will be cancelled. Purchases of Ordinary shares by the Company will be made from distributable reserves and the purchase price will normally be paid out of cash balances held by the Company from time to time.

The purchase of Ordinary shares by the Company is intended to provide liquidity in the shares and enhance the net asset value for the remaining shareholders. Since any purchases will be made at a discount to net asset value at the time of purchase, the net asset value of the remaining Ordinary shares in issue will increase as the result of any such purchase.

Shares will not be purchased by the Company in the period of two months immediately preceding the notification of the Company's interim results and the two months immediately preceding the preliminary announcement of the annual results or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement.

A Special Resolution, numbered 9 in the Notice of Annual General Meeting, will, if passed, give the Directors a similar authority in relation to 10% of the C Ordinary shares. No C Ordinary shares have been bought-back for cancellation.

### Issue of Ordinary shares

A Resolution, numbered 10 in the notice of meeting, will be put to Shareholders at the Annual General Meeting for their approval to issue up to an aggregate nominal amount of £97,442 (equivalent to 974,424 Ordinary shares or 10% of the total issued Ordinary share capital at 15 February 2007). Further issues of new Ordinary shares may be made only at a premium to net asset value per share, thus ensuring existing investors will not be disadvantaged by such issues. The proceeds of any issue may be used to purchase the Company's Ordinary shares in the market or to fund further investments in accordance with the Company's investment policy. This authority shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the date of the passing of the Resolution, whichever is earlier. Resolution 11 will, if passed, confer a similar authority in respect of the C Ordinary shares.

When shares are to be allotted for cash, Section 89 (1) of the Companies Act 1985 provides that existing Shareholders have pre-emption rights and that the new shares are offered first to such Shareholders in proportion to their existing shareholdings. However Shareholders can, by Special Resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Resolution 12 will, if passed, also give the Directors power to allot for cash, Ordinary shares up to an aggregate nominal amount of £97,442 and C Ordinary shares up to an aggregate nominal amount of £149,544, as if Section 89 (1) did not apply. This is the same amount of share capital that the Directors are seeking the authority to allot pursuant to Resolutions 10 and 11. This authority will also expire either at the conclusion of the next Annual General Meeting of the Company or at the end of fifteen months from the passing of the relevant resolution, whichever is earlier.

### **Corporate Governance**

The Statement of Corporate Governance is shown on pages 28 to 31.

### **Principal activity and status**

The Company's affairs have been conducted in a manner to satisfy the conditions to enable it to obtain, and continue to obtain, approval as a venture capital trust under Section 842AA of the Income and Corporation Taxes Act 1988. HM Revenue & Customs will grant Section 842AA status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that Section. Such approval was last granted in respect of the year ended 30 November 2005.

### **Going concern**

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements, as the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future.

### **Creditor payment policy**

The Company's creditor payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the period end.

### **Annual General Meeting**

The Notice of Annual General Meeting, which will be held on 26 April 2007, is contained on pages 52 and 53.

### **Auditors**

So far as the Directors are aware, there is no relevant audit information (as defined by section 234ZA of 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 in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint Ernst & Young LLP as Auditors will be proposed at the forthcoming Annual General Meeting, along with a resolution to authorise the Directors to fix their remuneration.

123 St Vincent Street  
Glasgow G2 5EA  
16 March 2007

By order of the Board  
**Aberdeen Asset Management PLC**  
Secretaries

# Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution numbered 2 for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 33.

## Remuneration Committee

The Company has five non-executive Directors, four of whom are independent, and one alternate Director. Biographical details are set out on pages 2 to 4 of the Annual Report. All Directors form the Remuneration Committee. During the year under review, the Board has not been provided with advice or services by any person in respect of its consideration of the Directors' remuneration. The Directors, from time to time, review the fees paid to the boards of directors of other venture capital trust companies.

## Policy on Directors' Remuneration

The Board's policy is that the remuneration of the Directors, all of whom are non-executive Directors, should reflect the experience of the Board as a whole, be fair and comparable to that of other venture capital trusts with a similar capital structure and investment objectives. It is intended that this policy will continue for the financial year ending 30 November 2007 and subsequent years.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to the Director personally or to a third party specified by him. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £100,000 per annum. The Company's policy is that fees payable to the Directors should reflect the time spent by them on the Company's affairs and should be sufficient to enable candidates of a high quality to be recruited. Non-executive Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

At the meeting of the Remuneration Committee on 1 November 2006, the remuneration policy was considered and approved. The level of directors' fees was considered relative to those of a variety of VCTs and, the relevant issues having been considered, it was decided that directors' fees should be increased by £1,000 for a director (to £13,000) and by £1,250 for the chairman (to £16,250), an increase of 8.33%, with effect from 1 December 2006. This is the first increase in directors' fees since the inception of the Company in 2001.

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. This insurance is neither a benefit in kind nor does it form part of the Directors' remuneration.

## Directors' service contracts

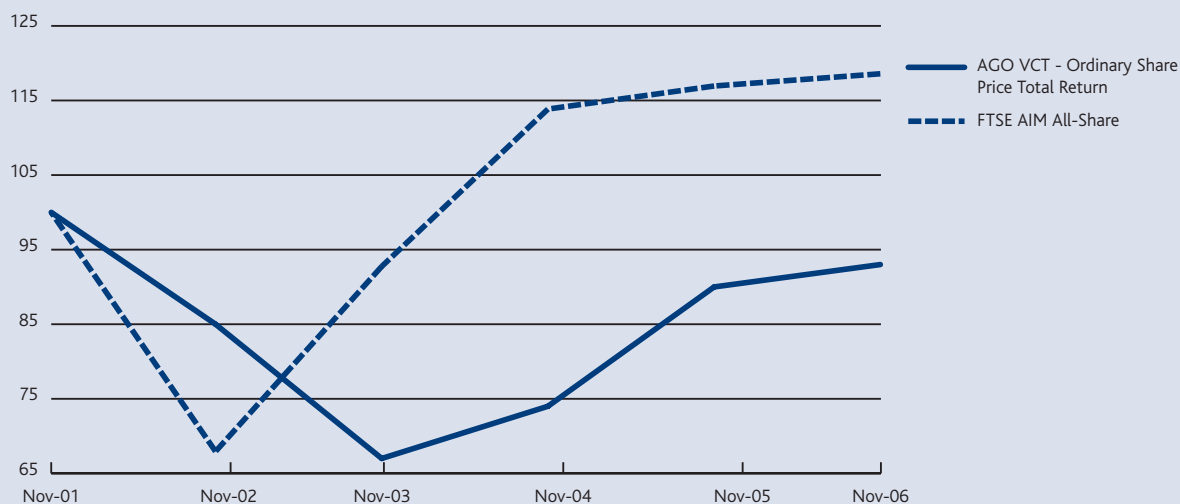
None of the Directors has a contract of service or contract for services and a Director may resign by notice in writing to the Board at any time; there are no set notice periods. All Directors are appointed for an initial period of three years; this period may be varied by either party. The Articles of Association provide that, at the Annual General Meeting each year, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. Directors, therefore, shall retire and be subject to re-election at the first Annual General Meeting following their appointment and, thereafter, shall be obliged to retire by rotation and offer themselves for re-election, at least every three years. Any Director who attains the age of 70 is subject to annual re-election. No compensation is payable for loss of office, save any arrears of fees which may be due.

## Company performance

The graph on page 27 compares the total return on an investment of £100 in the Ordinary shares, for each accounting period since 12 December 2001, assuming all dividends are reinvested, with the total Shareholder return over the same period on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE AIM index is calculated. This index was chosen for comparison purposes, as it is the most relevant to the Company's investment portfolio.

### Ordinary Share Price Total Return Performance (Re-based to 100 at December 2001)

As at 30 November 2006



Source: Aberdeen Asset Management PLC/Factset

Please note that past performance is not necessarily a guide to future performance.

### Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Year ended 30 November 2006	Year ended 30 November 2005
	£	£
<b>Chairman of the Board:</b>		
W G M Michie	15,000	15,000
<b>Directors:</b>		
I A Craig*	12,000	12,000
M J Gilbert*	12,000	12,000
A H Murison	12,000	12,000
S F Wood*	12,000	12,000
<b>Total</b>	<b>63,000</b>	<b>63,000</b>

\* Mr Craig's remuneration was paid to Grant Search, Mr Wood's remuneration was paid to Skyfair Limited and that of Mr Gilbert was paid to Aberdeen Asset Management PLC.

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

### Approval

The Directors' Remuneration Report on pages 26 and 27 was approved by the Board of Directors on 7 February 2007 and signed on its behalf by:

16 March 2007

**Gregor Michie**  
Director

# Statement of Corporate Governance

This statement describes how the principles and supporting principles identified in the Combined Code, published in June 2006, have been applied by the Company throughout the year ended 30 November 2006, except where disclosed below.

The exceptions to compliance with the Combined Code, which are explained more fully under the headings of "The Board" and "Remuneration Committee and Directors' Remuneration" were as follows:

- a senior independent director has not been appointed (Combined Code A.3.3)
- the Combined Code recommends that the Audit Committee, Management Engagement Committee and Remuneration Committee should comprise independent non-executive directors. For the reasons set out below, Mr M J Gilbert is a member of the Nomination and Remuneration Committees but not the Audit Committee or Management Engagement Committee as he is not regarded by the Board as independent. (Combined Code B.2.1)

## The Board

The Board currently consists of five non-executive Directors and one alternate Director. All of the Directors who held office during the year, with the exception of Mr Gilbert and his alternate, Mr Nixon, are considered to be independent of the Manager. Mr Gilbert is an employee of the Manager and as such is not considered independent. Mr S Wood, whilst a non-executive director of another company managed by Aberdeen Asset Managers Limited, is regarded by the Board as independent of the Manager by virtue of his experience, his robust and independent outlook and the manner in which he has performed his duties as a Director.

Mr Michie was independent of the Manager at the time of his appointment as a Director and Chairman in September 2001 and continues to be so, by virtue of his lack of connection with the Manager and of cross-directorships with his fellow directors.

The biographies of the Directors appear on pages 2 to 4 of this annual report and indicate the range of the Directors' investment, commercial and professional experience.

The Board sets the Company's values and objectives and ensures that its obligations to its Shareholders are met. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies
- the monitoring of the business activities of the Company
- Companies Act requirements such as the approval of the interim and annual financial statements and approval and recommendation of the interim and final dividends
- major changes relating to the Company's structure, including share buybacks and share issues
- board appointments and related matters
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements
- terms of reference and membership of Board Committees
- Stock Exchange, UK Listing Authority and Financial Services Authority matters, such as approval of all circulars, listing particulars and releases concerning matters decided by the Board.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives, who are responsible to the Board:

- for ensuring that Board procedures are complied with
- under the direction of the Chairman, for ensuring good information flows with the Board and its committees
- for advising on corporate governance matters

An induction meeting will be arranged by the Manager on the appointment of any new Director, covering details about the Company, the Manager, legal responsibilities and venture capital trust industry matters. Directors are provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Chairman of the Company is a non-executive Director. A senior non-executive Director has not been appointed, as required by provision A3.3 of the Combined Code, as the Board considers that each of the Directors has different qualities and areas of expertise on which they may lead. Consequently no individual has unfettered powers of decision.

During the year ended 30 November 2005 the Board held four quarterly board meetings and six ad hoc meetings to address specific matters. In addition, there were two meetings of the Audit Committee and one of each of the Remuneration, Nomination and Management Engagement Committees. Between meetings the Board maintains contact with the Manager. The primary focus of quarterly board meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues.

Directors have attended Board and Committee meetings during the year ended 30 November 2006 as follows:

Director	Remuneration Committee	Nomination Committee	Audit Committee	Management Engagement Committee	Board meetings
Mr Michie	1	1	2	1	10
Mr Craig	1	1	1	–	6
Mr Gilbert*	1	1	–	–	8
Mr Murison	1	1	2	1	6
Mr Wood	1	1	2	1	7

\*Mr Gilbert is not a member of the Audit or Management Engagement Committees.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. Directors have made further enquiries where necessary.

The Board has undertaken an annual performance evaluation, using questionnaires and discussion to ensure that members have devoted sufficient time and contributed adequately to the work of the Board and Committees. The Chairman has been evaluated by his fellow Directors, led by Mr Murison.

#### External agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

#### Committees

##### *Nomination Committee*

A Nomination Committee has been established with written terms of reference and comprises the full Board. The Chairman of the Committee is the Chairman of the Company. One meeting was held during the year ending 30 November 2006. At its meeting in December 2005, the Nomination Committee recommended to the Board the nomination for re-election of Mr S F Wood, Mr M J Gilbert and Mr W G M Michie at the April 2006 Annual General Meeting.

The Committee makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board;
- succession planning;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time; and
- the appointment of any Director to another office, such as Chairman of the Audit Committee, other than to the position of Chairman.

At its meeting in November 2006, the Nomination Committee recommended to the Board that Mr I A Craig, Mr A H Murison and Mr M J Gilbert should be nominated for re-election at the Annual General Meeting for the following reasons:

- Mr Craig, who has been a Director since 2001, has wide experience in corporate transactions, including venture capital investments and flotations.
- Mr Murison, who has been a Director since 2001, has experience in investment analysis, investment banking and providing investment and financial advice to companies.
- Mr Gilbert, who has been a Director since 2001, brings to the Board a wide range of skills and experience and a particular knowledge of the investment industry.

##### *Audit Committee*

An Audit Committee has been established with written terms of reference and comprising all of the independent directors. The Chairman is the Chairman of the Audit Committee. Two meetings were held during the year. The terms of reference of the Committee, which are available on request, are reviewed and re-assessed for their adequacy at each meeting.

## Statement of Corporate Governance – continued

The terms of reference of the Audit Committee include:

- the review of the effectiveness of the internal control environment of the Company including by receiving reports from internal and external auditors on a regular basis;
- the review of the interim and annual reports and financial statements;
- the review of the terms of appointment of the Auditors together with their remuneration as well as any non-audit services provided by the Auditors;
- the review of the scope and results of the audit and the independence and objectivity of the Auditors;
- the review of the auditors' management letter and the management response; and
- meetings with representatives of the Manager.

At each meeting, the Audit Committee examined the annual or interim report and financial statements, reviewed the Company's internal controls and reviewed the scope of the audit and the auditors management report to the Board.

The Company has in place a policy for controlling the provision of non-audit services by the Auditors, in order to safeguard their independence and objectivity. Non-audit work which might compromise independence is prohibited, and the Audit Committee considers the Auditors, Ernst & Young LLP, to be independent.

### Management Engagement Committee

A Management Engagement Committee has been established comprising all of the independent Directors. The Chairman of the Committee is the Chairman of the Company. It annually reviews the management contract with Aberdeen Asset Managers Limited, details of which are shown on page 23. The Committee met in January 2007 to consider the management contract.

### Remuneration Committee and Directors' remuneration

Where a venture capital trust has only non-executive Directors, the Combined Code principles relating to Directors' remuneration do not apply. However, the Company does have a Remuneration Committee, comprising the full Board, whose Chairman is Mr Murison.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 26 and 27. The Committee met in November 2006. The terms of reference of the Remuneration Committee are available on request.

### Directors' terms of appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years. Any Director who reaches the age of 70 is subject to annual re-election. In addition, Mr Gilbert is subject to annual re-election in view of his position as chief executive of Aberdeen Asset Management PLC, the parent company of the Manager.

### Policy on tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make and therefore the length of service will be determined on a case by case basis.

### Communication with Shareholders

The Company places a great deal of importance on communication with its Shareholders. As required under the Combined Code, the Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting.

The Notice of Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report on pages 22 to 25 and in the Directors' Remuneration Report on pages 26 and 27. A separate resolution is proposed for each substantive issue.

The Board is conscious that the Annual General Meeting is an event at which all Shareholders are encouraged to attend and participate. Shareholders have the opportunity to put questions at the meeting and the results of proxy voting are relayed to Shareholders after each resolution has been voted on by a show of hands.

Shareholders also have direct access to the Company via the free Shareholder information telephone service run by the Manager, and the Company and the Manager respond to letters from Shareholders. In order to ensure that Directors develop an understanding of the views of Shareholders, correspondence between the Manager or the Chairman and Shareholders is copied to the board. It is in the nature of a venture capital trust that there are no major Shareholders. A website from which the Company's reports and other publications can be downloaded is available at [www.aberdeen-asset.com/privateequity](http://www.aberdeen-asset.com/privateequity).



### Accountability and audit

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 32 and the Statement of Going Concern is included in the Directors' Report on page 25. The Board is satisfied that the members of the Audit Committee have recent and relevant financial experience.

The Independent Auditors' Report is on page 33.

### Internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. As the directors have delegated the investment management and administration of the company to Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, the board considers that it is appropriate for the company's internal controls to be maintained by the internal audit team of Aberdeen Asset Management PLC rather than the company itself. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board and accords with the Turnbull guidance.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Internal Audit function of the Manager which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the Turnbull guidance and includes financial, regulatory, market operational and reputational risk. This enables the internal audit risk assessment model to identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The key components designed to provide effective internal control for the year under review and up to the date of this report are:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of the Manager continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- the Board carries out an annual assessment of internal controls by considering reports from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations.

The Internal Audit function of the Manager reports annually to the Audit Committee of the Company and has direct access to the Directors at any time.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business goals and, by their nature, can provide reasonable but not absolute assurance against material misstatement of loss.

### Socially responsible investment policy

The Directors are aware of their duty to act in the interests of the Company. They acknowledge that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and the Directors, therefore ensure that they take regular account of the social environment and ethical factors that may affect the performance or value of the Company's investments.

### Exercise of voting powers

The Directors believe that the exercise of voting rights at company meetings lies at the heart of the regulation and promotion of corporate governance. The Board has therefore given discretionary voting powers to the Manager, Aberdeen Asset Managers Limited.

## Statement of Directors' Responsibilities in Relation to the Financial Statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net return of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are also responsible for ensuring that proper accounting records are maintained, which enable them to ensure that the financial statements comply with the Companies Act 1985, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

# Independent Auditors' Report to the Members of Aberdeen Growth Opportunities VCT PLC

We have audited the financial statements of Aberdeen Growth Opportunities VCT plc for the year ended 30 November 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

## Respective responsibilities of Directors and Auditors

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

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

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

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

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 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 Corporate Summary, Your Board, Financial History, Analysis of Unlisted and AIM Portfolio, Chairman's Statement, Investment Manager's Report, Summary of Investment Changes, Investment Portfolio Summary, Largest Unlisted and AIM Investments, Directors' Report, the unaudited part of the Directors' Remuneration Report, Statement of Corporate Governance, Venture Capital Trusts, Tax Position of Individual Investors, Notice of Meeting, Corporate Information, and Proxy. 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 which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its net return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

**Ernst & Young LLP**  
Registered Auditor  
Edinburgh

16 March 2007

# Income Statement

For the year ended 30 November 2006

	Notes	Ordinary shares			C Ordinary shares			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	8	–	1,061	1,061	–	115	115	–	1,176	1,176
Income from investments	2	241	–	241	386	–	386	627	–	627
Other income	2	21	–	21	21	–	21	42	–	42
Investment management fees	3	(54)	(216)	(270)	(52)	(207)	(259)	(106)	(423)	(529)
Other expenses	4	(107)	–	(107)	(100)	–	(100)	(207)	–	(207)
<b>Net return/(loss) on ordinary activities before taxation</b>		101	845	946	255	(92)	163	356	753	1,109
Tax on ordinary activities	5	(20)	27	7	(46)	39	(7)	(66)	66	–
<b>Return attributable to shareholders</b>	7	81	872	953	209	(53)	156	290	819	1,109
<b>Return per Ordinary share (pence)</b>	7	<b>0.82</b>	<b>8.88</b>	<b>9.78</b>	<b>1.69</b>	<b>(0.43)</b>	<b>1.26</b>	<b>2.51</b>	<b>8.45</b>	<b>10.96</b>

A Statement of Total Recognised Gains and Losses has not been prepared, as all gains and losses are recognised in the Income Statement.

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The total column of this Statement is the Profit and Loss Account of the Company.

## Reconciliation of Movements in Shareholders' Funds

	Ordinary shares £'000	C Ordinary shares £'000	Total £'000
Opening Shareholders' funds (restated) (Note 19)	9,623	–	9,623
Movements in the period			
Total profit/(loss) for the period	953	156	1,109
Net proceeds of issue of shares	–	14,206	14,206
Repurchase and cancellation of shares	(167)	–	(167)
Dividends paid – revenue	(50)	–	(50)
Dividends paid – capital	(149)	–	(149)
<b>Closing Shareholders' funds</b>	<b>10,210</b>	<b>14,362</b>	<b>24,572</b>

# Income Statement (restated)

For the year ended 30 November 2005

	Notes	Ordinary shares			C Ordinary shares			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	8	–	443	443	–	–	–	–	443	443
Income from investments	2	322	–	322	–	–	–	322	–	322
Other income	2	23	–	23	–	–	–	23	–	23
Investment management fees	3	(56)	(224)	(280)	–	–	–	(56)	(224)	(280)
Other expenses	4	(202)	–	(202)	–	–	–	(202)	–	(202)
<b>Net return on ordinary activities before taxation</b>		87	219	306	–	–	–	87	219	306
Tax on ordinary activities	5	(12)	12	–	–	–	–	(12)	12	–
<b>Return attributable to shareholders</b>	7	75	231	306	–	–	–	75	231	306
<b>Return per Ordinary share (pence)</b>	7	0.74	2.27	3.01	–	–	–	0.74	2.27	3.01

A Statement of Total Recognised Gains and Losses has not been prepared, as all gains and losses are recognised in the Income Statement.

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The total column of this Statement is the Profit and Loss Account of the Company.

## Reconciliation of Movements in Shareholders' Funds

	Ordinary shares £'000	C Ordinary shares £'000	Total £'000
Opening Shareholders' funds (restated) (Note 19)	9,751	–	9,751
Movements in the period			
Total profit/(loss) for the period	306	–	306
Net proceeds of issue of shares	10	–	10
Repurchase and cancellation of shares	(342)	–	(342)
Dividends paid - revenue	(102)	–	(102)
Dividends paid - capital	–	–	–
<b>Closing Shareholders' funds</b>	<b>9,623</b>	<b>–</b>	<b>9,623</b>

# Balance Sheet

As at 30 November 2006

	Notes	30 November 2006			30 November 2005 (restated)		
		Ordinary	C Ordinary	Total	Ordinary	C Ordinary	Total
		shares	shares		shares	shares	
£'000	£'000	£'000	£'000	£'000	£'000		
<b>Investments at fair value through profit or loss</b>	8	7,169	13,913	21,082	8,167	–	8,167
<b>Current assets</b>							
Debtors	10	407	136	543	376	–	376
Cash and overnight deposits		2,729	487	3,216	1,253	–	1,253
		3,136	623	3,759	1,629	–	1,629
<b>Creditors: amounts falling due within one year</b>	11	(95)	(174)	(269)	(173)	–	(173)
<b>Net current assets</b>		3,041	449	3,490	1,456	–	1,456
<b>Total net assets</b>		<b>10,210</b>	<b>14,362</b>	<b>24,572</b>	<b>9,623</b>	<b>–</b>	<b>9,623</b>
<b>Capital and reserves</b>							
Called up share capital	12	974	1,495	2,469	993	–	993
Share premium	13	4,685	12,711	17,396	4,685	–	4,685
Distributable reserve	13	3,648	–	3,648	3,815	–	3,815
Capital redemption reserve	13	73	–	73	54	–	54
Capital reserve – realised	13	800	(140)	660	(400)	–	(400)
Capital reserve – unrealised	13	(140)	87	(53)	337	–	337
Revenue reserve	13	170	209	379	139	–	139
Equity shareholders' funds		10,210	–	10,210	9,623	–	9,623
Rights of C shareholders		–	14,362	14,362	–	–	–
<b>Equity shareholders' funds and rights of C shareholders</b>		<b>10,210</b>	<b>14,362</b>	<b>24,572</b>	<b>9,623</b>	<b>–</b>	<b>9,623</b>
<b>Net asset value per Ordinary share (pence)<sup>14</sup></b>		<b>104.8</b>	<b>96.0</b>		<b>96.9</b>	<b>–</b>	<b>96.9</b>

The Financial Statements were approved and authorised for issue by the Board of Directors on 7 February 2007, and were signed on its behalf by:

16 March 2007

**Gregor Michie**  
Director

The accompanying notes are an integral part of the financial statements.

# Cash Flow Statement

For the year ended 30 November 2006

	Notes	Year ended 30 November 2006			Year ended 30 November 2005
		Ordinary shares £'000	C Ordinary shares £'000	Total £'000	Ordinary shares £'000
<b>Operating activities</b>					
Investment income received		188	260	448	261
Deposit interest received		20	20	40	25
Investment management fees paid		(272)	(158)	(430)	(273)
Secretarial fees paid		(53)	(20)	(73)	(60)
Cash paid to and on behalf of Directors		(45)	(19)	(64)	(66)
Other cash payments		(75)	(28)	(103)	(77)
<b>Net cash (outflow)/inflow from operating activities</b>	15	(237)	55	(182)	(190)
<b>Taxation</b>					
Corporation tax		–	–	–	3
<b>Financial investment</b>					
Purchase of investments		(2,169)	(15,368)	(17,537)	(5,095)
Sale of investments		4,248	1,594	5,842	2,007
<b>Net cash inflow/(outflow) from financial investment</b>		2,079	(13,774)	(11,695)	(3,085)
<b>Equity dividends paid</b>		(199)	–	(199)	(102)
<b>Net cash inflow/(outflow) before financing</b>		1,643	(13,719)	(12,076)	(3,377)
<b>Financing</b>					
Issue of ordinary shares		–	14,206	14,206	10
Share repurchases		(167)	–	(167)	(345)
<b>Net cash (outflow)/inflow from financing</b>		(167)	14,206	14,039	(335)
<b>Increase/(decrease) in cash</b>	16	<b>1,476</b>	<b>487</b>	<b>1,963</b>	<b>(3,712)</b>

The accompanying notes are an integral part of the financial statements.

# Notes to the Financial Statements

For the year ended 30 November 2006

## 1. Accounting Policies

The Company's accounting policies are in accordance with UK Generally Accepted Accounting Practice.

### (a) Basis of preparation

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the SORP) issued in 2005. The three column approach has been used as the Board believes this shows the clearest view of the company's performance.

Comparatives have been restated following the adoption of FRS 21 'Events after the Balance Sheet Date', FRS 25 'Financial Instruments: Disclosure and Presentation' and FRS 26 'Financial Instruments: Measurement' and note 19 provides an explanation of the restatements.

### (b) Income

Dividends receivable on equity shares and unit trusts are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. 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 year.

### (c) Expenses

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

- expenses which are incidental to the acquisition and disposal of an investment are charged to capital; and
- 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.

Expenses are allocated to either the Ordinary share pool or the C Ordinary share pool depending on the nature of the expense.

### (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 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 subsequently enacted at the balance sheet date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital reserves and revenue account on the same basis as the particular item to which it relates using the Company's effective rate of tax for the period.

### (e) Investments

In valuing unlisted investments the Directors follow the criteria set out below. These procedures comply with the revised International Private Equity and Venture Capital Valuation Guidelines for the valuation of private equity and venture capital investments. Investments are recognised at their trade date and are valued at fair value through profit or loss, which represent the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

1. For investments completed within the 12 months prior to the reporting date and those at an early stage in their development, fair value is determined using the Price of Recent Investment Method, except that adjustments are made when there has been a material change in the trading circumstances of the company or a substantial movement in the relevant sector of the stock market.
2. Whenever practical, recent investments will be valued by reference to a material arm's length transaction or a quoted price.
3. Mature companies are valued by applying a multiple to their fully taxed prospective earnings to determine the enterprise value of the company.



- 3.1 To obtain a valuation of the total ordinary share capital held by management and the institutional investors, the value of third party debt, institutional loan stock, debentures and preference share capital is deducted from the enterprise value. The effect of any performance related mechanisms is taken into account when determining the value of the ordinary share capital.
- 3.2 Preference shares, debentures and loan stock are valued using the Price of Recent Investment Method. When a redemption premium has accrued, this will only be valued if there is a reasonable prospect of it being paid. Preference shares which carry a right to convert into ordinary share capital are valued at the higher of the Price of Recent Investment Method basis and the price/earnings basis, both described above.
4. Where there is evidence of impairment, a provision may be taken against the previous valuation of the investment.
5. In the absence of evidence of a deterioration, or strong defensible evidence of an increase in value, the fair value is determined to be that reported at the previous balance sheet date.
6. All unlisted investments are valued individually by Aberdeen Private Equity's Portfolio Management Team. The resultant valuations are subject to detailed scrutiny and approval by the Directors of the Company.
7. In accordance with normal market practice, investments listed on AIM or a recognised stock exchange are valued at their bid market price.

**(f) Gains and losses on investments**

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the capital reserve-unrealised, unless the Directors believe that there has been a permanent diminution in value, in which case the write-down is charged directly to the income statement. When an investment is sold, or where a permanent diminution in value is recognised, any balance held on the capital reserve-unrealised is transferred to the income statement as a movement on reserves.

	Year ended 30 November 2006			Year ended 30 November 2005
	Ordinary Shares £'000	C Ordinary Shares £'000	Total £'000	Ordinary Shares £'000
<b>2. Income</b>				
<b>Income from investments:</b>				
UK dividends	(3)	10	7	22
UK unfranked investment income	244	376	620	300
	<b>241</b>	<b>386</b>	<b>627</b>	<b>322</b>
<b>Interest:</b>				
Deposit interest	21	21	42	23
<b>Total income</b>	<b>262</b>	<b>407</b>	<b>669</b>	<b>345</b>
<b>Total income comprises:</b>				
Dividends	34	56	90	69
Interest	228	351	579	276
	<b>262</b>	<b>407</b>	<b>669</b>	<b>345</b>

Notes to the Financial Statements – continued

3. Investment management fees	Year ended 30 November 2006									Year ended 30 November 2005		
	Ordinary Shares			C Ordinary Shares			Total			Ordinary Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees at 2.5%	48	191	239	45	181	226	93	372	465	50	200	250
Less: Fees already charged through Unit Trusts	(2)	(7)	(9)	(1)	(5)	(6)	(3)	(12)	(15)	(2)	(9)	(11)
Net investment management fees charged	46	184	230	44	176	220	90	360	450	48	191	239
Irrecoverable VAT	8	32	40	8	31	39	16	63	79	8	33	41
	<b>54</b>	<b>216</b>	<b>270</b>	<b>52</b>	<b>207</b>	<b>259</b>	<b>106</b>	<b>423</b>	<b>529</b>	<b>56</b>	<b>224</b>	<b>280</b>

Details of the fee basis are contained in the Director's Report on pages 23 and 24.

4. Other expenses	Year ended 30 November 2006									Year ended 30 November 2005		
	Ordinary Shares			C Ordinary Shares			Total			Ordinary Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Secretarial fees	33	–	33	30	–	30	63	–	63	66	–	66
Directors' remuneration	34	–	34	28	–	28	62	–	62	61	–	61
Audit remuneration												
– audit services	6	–	6	9	–	9	15	–	15	10	–	10
– tax services	1	–	1	2	–	2	3	–	3	3	–	3
Irrecoverable VAT	12	–	12	11	–	11	23	–	23	20	–	20
Miscellaneous expenses	21	–	21	20	–	20	41	–	41	42	–	42
	<b>107</b>	<b>–</b>	<b>107</b>	<b>100</b>	<b>–</b>	<b>100</b>	<b>207</b>	<b>–</b>	<b>207</b>	<b>202</b>	<b>–</b>	<b>202</b>

5. Tax on ordinary activities	Year ended 30 November 2006									Year ended 30 November 2005		
	Ordinary Shares			C Ordinary Shares			Total			Ordinary Shares		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	(20)	27	7	(46)	39	(7)	(66)	66	–	(12)	12	–
<b>Charge for year</b>	<b>(20)</b>	<b>27</b>	<b>7</b>	<b>(46)</b>	<b>39</b>	<b>(7)</b>	<b>(66)</b>	<b>66</b>	<b>–</b>	<b>(12)</b>	<b>12</b>	<b>–</b>

The tax assessed for the period is lower than the standard rate of corporation tax (30 per cent). The differences are explained below:

	Year ended 30 November 2006			Year ended 30 November 2005
	Ordinary Shares £'000	C Ordinary Shares £'000	Total £'000	Ordinary Shares £'000
Return on ordinary activities before tax	101	255	356	87
Revenue return on ordinary activities multiplied by standard rate of corporation tax	30	76	106	26
Effect of UK income not subject to taxation	1	(3)	(2)	(7)
Smaller Companies relief	(11)	(27)	(38)	(7)
	<b>20</b>	<b>46</b>	<b>66</b>	<b>12</b>

The Company has not recognised a deferred tax asset of £85,000 (2005 - £62,000) arising as a result of having unutilised management expenses and unused double taxation relief. It is unlikely that the Company will obtain relief for these in the future, so no deferred tax asset has been recognised.

## 6. Dividends

Amounts recognised as distributions to Shareholders in the year:	Year ended 30 November 2006			Year ended 30 November 2005
	Ordinary Shares £'000	C Ordinary Shares £'000	Total £'000	Ordinary Shares £'000
Final revenue dividend for the year ended 30 November 2005 0.5p (2004: 1.0p) paid on 28 April 2006	50	–	50	104
Final capital dividend for the year ended 30 November 2005 of 1.5p (2004: Nil) paid on 28 April 2006	149	–	149	–
	<b>199</b>	<b>–</b>	<b>199</b>	<b>104</b>

The proposed dividends for 2006 have not been included as a liability in these financial statements.

### Capital dividend

Capital dividend for the year ended 30 November 2006 of 4.0p (2005:1.5p) payable on 30 March 2007	<b>390</b>	<b>–</b>	<b>390</b>	<b>149</b>
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We set out below the total revenue dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 842AA of the Income and Corporation Taxes Act 1988 are considered.

### Revenue dividends

Revenue available for distribution by way of dividends for the year	<b>81</b>	<b>209</b>	<b>290</b>	<b>75</b>
<b>Revenue dividends for the year ended</b> 30 November 2006 Ordinary Shares 0.5p (2005: 0.5p) payable on 30 March 2007	<b>49</b>	<b>–</b>	<b>49</b>	<b>50</b>
<b>Revenue dividends for the year ended</b> 30 November 2006 C Ordinary Shares 1.0p (2005: 0.5p) payable on 30 March 2007	<b>–</b>	<b>150</b>	<b>150</b>	<b>–</b>

Notes to the Financial Statements – continued

7. Returns per share	Year ended 30 November 2006			Year ended 30 November 2005
	Ordinary Shares	C Ordinary Shares	Total	Ordinary Shares
The returns per share have been based on the following figures:				
Weighted average number of shares	9,822,544	12,389,359		10,170,995
Revenue return	£81,000	£209,000	£290,000	£75,000
Capital return	£872,000	(£53,000)	£819,000	£231,000
<b>Total Return</b>	<b>£953,000</b>	<b>£156,000</b>	<b>£1,109,000</b>	<b>£306,000</b>

8. Investments at fair value through profit or loss

	Year ended 30 November 2006									Year ended 30 November 2005 (restated)		
	Ordinary Shares			C Ordinary Shares			Total			Ordinary Shares		
	Unlisted			Unlisted			Unlisted			Unlisted		
	Listed £'000	& AIM £'000	Total £'000	Listed £'000	& AIM £'000	Total £'000	Listed £'000	& AIM £'000	Total £'000	Listed £'000	& AIM £'000	Total £'000
Valuation brought forward	712	7,455	8,167	–	–	–	712	7,455	8,167	705	4,078	4,783
Unrealised loss/(gain)	(25)	(321)	(346)	–	–	–	(25)	(321)	(346)	(18)	(195)	(213)
<b>Cost at 1 December 2005</b>	687	7,134	7,821	–	–	–	687	7,134	7,821	687	3,883	4,570
<b>Movements during the year:</b>												
Purchases	–	2,213	2,213	13,627	1,741	15,368	13,627	3,954	17,581	–	4,930	4,930
Sales proceeds	(207)	(4,065)	(4,272)	(1,499)	(71)	(1,570)	(1,706)	(4,136)	(5,842)	–	(1,989)	(1,989)
Realised gains	5	1,533	1,538	(1)	29	28	4	1,562	1,566	–	310	310
<b>Cost at 30 November 2006</b>	485	6,815	7,300	12,127	1,699	13,826	12,612	8,514	21,126	687	7,134	7,821
Unrealised gain/(loss)	24	(155)	(131)	(65)	152	87	(41)	(3)	(44)	25	321	346
<b>Valuation at 30 November 2006</b>	<b>509</b>	<b>6,660</b>	<b>7,169</b>	<b>12,062</b>	<b>1,851</b>	<b>13,913</b>	<b>12,571</b>	<b>8,511</b>	<b>21,082</b>	<b>712</b>	<b>7,455</b>	<b>8,167</b>

	30 November 2006			30 November 2005 (restated)
	Ordinary Shares	C Ordinary Shares	Total £'000	Ordinary Shares £'000
<b>The portfolio valuation</b>				
<b>Listed on stock exchange at market valuation:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
UK Authorised Unit Trusts	509	1,000	1,509	712
UK Government Securities	–	11,062	11,062	
AIM quoted equities	3,224	1,477	4,701	3,221
	3,733	13,539	17,272	3,933
Unlisted at Directors' valuation:				
Unquoted equities	1,389	29	1,418	1,566
Unquoted fixed income	2,047	345	2,392	2,668
	3,436	374	3,810	4,234
<b>Total</b>	<b>7,169</b>	<b>13,913</b>	<b>21,082</b>	<b>8,167</b>
Realised gains/(losses) based on historical basis	1,538	28	1,566	310
Net movement in unrealised appreciation	(477)	87	(390)	133
<b>Gains on investments</b>	<b>1,061</b>	<b>115</b>	<b>1,176</b>	<b>443</b>

## 9. Participating and significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unlisted & AIM securities. Although the Company will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in its management. The size and structure of the companies with unlisted and AIM securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

At 30 November 2006 the Company held no shares amounting to 20% or more of the equity capital of any of the unlisted or AIM undertakings. However the Company does hold shares or units amounting to more than 3% or more of the nominal value of the allotted shares or units of any class of certain investee companies.

Details of equity percentages held are shown in the Investment Portfolio Summary on pages 15 to 18.

	30 November 2006			30 November 2005
	Ordinary Shares £'000	C Ordinary Shares £'000	Total £'000	Ordinary Shares £'000
<b>10. Debtors</b>				
Prepayments and accrued income	198	136	334	154
Payments due from brokers	–	–	–	215
Other debtors	202	–	202	4
Current taxation	7	–	7	3
	407	136	543	376

Notes to the Financial Statements – continued

11. Creditors	30 November 2006			30 November 2005
	Ordinary	C Ordinary	Total	Ordinary
	Shares	Shares		Shares
	£'000	£'000	£'000	£'000
Current taxation	–	7	7	–
Other creditors	–	24	24	–
Accruals	95	143	238	149
Outstanding brokers	–	–	–	24
	<b>95</b>	<b>174</b>	<b>269</b>	<b>173</b>

At 30 November 2006 the Ordinary Share pool owed £65,971 (2005: £69,806) and the C share pool owed £98,334 to Aberdeen Asset Management Limited for management services rendered, which was included in accruals.

12. Share capital	30 November 2006				30 November 2005	
	Ordinary Shares		C Ordinary Shares		Ordinary Shares	
	Number	£'000	Number	£'000	Number	£'000
At 30 November the authorised share capital comprised:						
allotted, issued and fully paid:						
Ordinary shares of 10p each						
Balance brought forward	9,934,243	993	–	–	10,375,268	1,038
Issued during the year	–	–	14,954,494	1,495	10,039	1
Repurchased and cancelled in year	(190,000)	(19)	–	–	(451,064)	(46)
	<b>9,744,243</b>	<b>974</b>	<b>14,954,494</b>	<b>1,495</b>	<b>9,934,243</b>	<b>993</b>
Unissued unclassified shares of 10p each	50,255,757	5,026	65,045,506	6,505	50,065,757	5,007
	<b>60,000,000</b>	<b>6,000</b>	<b>80,000,000</b>	<b>8,000</b>	<b>60,000,000</b>	<b>6,000</b>

190,000 Ordinary shares (2005 - 451,064) of 10p each were repurchased by the Company at a total cost of £166,932 (2005 - £341,585) and cancelled.

During the year 14,954,494 C Ordinary shares were issued, raising proceeds of £14,206,793.

	Share premium account £'000	Distributable reserve £'000	Capital redemption reserve £000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000
<b>13. Reserves</b>						
<b>Ordinary Shares</b>						
At 30 November 2005 (restated)	4,685	3,815	54	(400)	337	139
Gains on sales of investments	–	–	–	1,538	–	–
Decrease in unrealised appreciation	–	–	–	–	(477)	–
Investment management fees	–	–	–	(216)	–	–
Share purchase and cancellation	–	(167)	19	–	–	–
Tax effect of capital items	–	–	–	27	–	–
Dividends paid	–	–	–	(149)	–	(50)
Retained net revenue for period	–	–	–	–	–	81
<b>At 30 November 2006</b>	<b>4,685</b>	<b>3,648</b>	<b>73</b>	<b>800</b>	<b>(140)</b>	<b>170</b>
<b>C Ordinary Shares</b>						
At 30 November 2005	–	–	–	–	–	–
Gains on sales of investments	–	–	–	28	–	–
Increase in unrealised appreciation	–	–	–	–	87	–
Investment management fees	–	–	–	(207)	–	–
Issue of shares	12,711	–	–	–	–	–
Tax effect of capital items	–	–	–	39	–	–
Retained net revenue for period	–	–	–	–	–	209
<b>At 30 November 2006</b>	<b>12,711</b>	<b>–</b>	<b>–</b>	<b>(140)</b>	<b>87</b>	<b>209</b>

	30 November 2006				30 November 2005 (restated)	
	Ordinary Shares		C Ordinary Shares		Ordinary Shares	
	Net asset value per share	Net asset value attributable £'000	Net asset value per share	Net asset value attributable £'000	Net asset value per share	Net asset value attributable £'000
<b>14. Net asset value per Ordinary share</b>	<b>p</b>	<b>£'000</b>	<b>p</b>	<b>£'000</b>	<b>p</b>	<b>£'000</b>
	104.8	10,210	96.0	14,362	96.9	9,623

The number of shares used in the above calculation is set out in note 12.

	Year ended 30 November 2006		Year ended 30 November 2005
	Ordinary Shares £'000	C Ordinary Shares £'000	Ordinary Shares £'000
<b>15. Reconciliation of total return before finance costs and taxation to net cash inflow from operating activities</b>			
Total return before taxation	946	163	306
Gains on investments	(1,061)	(115)	(443)
Increase in accrued income	(50)	(127)	(56)
(Increase)/decrease in prepayments	6	(9)	(2)
(Increase)/decrease in other debtors	(24)	–	(4)
Increase/(decrease) in accruals	(50)	143	12
Tax on unfranked income - UK	(4)	–	(3)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(237)</b>	<b>55</b>	<b>(190)</b>

Notes to the Financial Statements – continued

	Ordinary Shares			C Ordinary Shares		
	At		At	At		At
	30 November	Cash	30 November	30 November	Cash	30 November
	2005	flows	2006	2005	flows	2006
	£'000	£'000	£'000	£'000	£'000	£'000
<b>16. Analysis of changes in net funds</b>						
Cash and overnight deposits	1,253	1,476	2,729	–	487	487

	At		At
	30 November	Cash	30 November
	2004	flows	2005
	£'000	£'000	£'000
Cash and overnight deposits	4,965	(3,712)	1,253

	At 30 November 2006		At 30 November 2005
	Ordinary	C Ordinary	Ordinary
	Shares	Shares	Shares
	£'000	£'000	£'000
<b>17. Capital commitments</b>			
Conditional capital commitments on unlisted investments	170	–	132

**18. Derivatives and other financial instruments**

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company may not enter into derivative transactions in the form of forward foreign currency contracts, futures and options without the written permission of the Directors. No derivative transactions were entered into during the period. The purpose of these financial instruments is efficient portfolio management.

The main risks the Company faces from its financial instruments are (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rates, (ii) interest rate risk, and (iii) liquidity risk. In line with the Company's investment objective, the portfolio comprises only sterling currency securities and therefore has no exposure to foreign currency risk.

The Manager's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures below exclude short-term debtors and creditors.

*Market price risk*

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 1. Adherence to investment guidelines and to investment and borrowing policies set out in the management agreement mitigates the risk of excessive exposure to any particular type of security or issuer. These powers and guidelines include the requirement to invest in up to 50 companies across a range of industrial and service sectors at varying stages of development, to closely monitor the progress of these companies and to appoint a non executive director to the board of each company. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 11



to 13.

*Interest rate risk*

The interest rate risk profile of financial assets at the balance sheet date was as follows:

**Ordinary Shares**

**At 30 November 2006**

	<b>Fixed interest £'000</b>	<b>Floating rate £'000</b>	<b>Non interest bearing £'000</b>
<b>Sterling</b>			
Listed	–	–	509
Unlisted and AIM	2,047	–	4,613
Cash	–	261	2,468
	<b>2,047</b>	<b>261</b>	<b>7,590</b>

**At 30 November 2005 (restated)**

	<b>Fixed interest £'000</b>	<b>Floating rate £'000</b>	<b>Non interest bearing £'000</b>
<b>Sterling</b>			
Listed	–	–	712
Unlisted and AIM	2,541	–	4,914
Cash	–	628	625
	<b>2,541</b>	<b>628</b>	<b>6,251</b>

There are no holdings in listed fixed interest stocks at 30 November 2006.

The unlisted fixed interest assets have a weighted average life of 5.15 years (2005: 5.18 years) and weighted average interest rate of 10.77% (2005: 10.34%) per annum. The non-interest bearing assets represent the equity and unit trust element of the portfolio. All assets and liabilities of the fund are included in the balance sheet at fair value.

**C Ordinary Shares**

**At 30 November 2006**

	<b>Fixed interest £'000</b>	<b>Floating rate £'000</b>	<b>Non interest bearing £'000</b>
<b>Sterling</b>			
Listed	11,062	–	1,000
Unlisted and AIM	345	–	1,506
Cash	–	487	–
	<b>11,407</b>	<b>487</b>	<b>2,506</b>

The unlisted fixed interest assets have a weighted average life of 4.65 years (2005: n/a) and weighted average interest rate of 11.36% (2005: n/a) per annum. The non-interest bearing assets represent the equity and unit trust element of the portfolio. All assets and liabilities of the fund are included in the balance sheet at fair value.

*Liquidity risk*

Due to their nature, unlisted investments may not be readily realisable and therefore a portfolio of listed assets is held to offset this liquidity risk.

**19. Restatement for first time adoption of revised UK GAAP**

During the year to 30 November 2006 the Company became subject to new Financial Reporting Standards issued as part of the programme to converge UK Generally Accepted Accounting Practice (UK GAAP) with International Accounting Standards. As a result of this, the results for the year ended 30 November 2004 and 2005 have been restated to reflect the changes of accounting practice in relation to the following:

- investments are measured initially at cost and recognised at trade date; and
- for financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, investments are valued at fair value. For listed and AIM quoted investments this is deemed to be bid market prices sourced from The London Stock Exchange. Unlisted investments are valued by the Directors at fair value, in line with the guidelines of the International Private Equity and Venture Capital Valuation Guidelines.

In accordance with FRS 21 - Events after the Balance Sheet Date, dividends are not accrued in the Financial Statements unless they have been declared before the Balance Sheet date. Final dividends are, therefore, recognised in the period in which they are declared and paid. As a result of this change, the Financial Statements for the year ended 30 November 2005 have been restated.

The impact of these changes are shown as follows:

	As previously reported 30 November 2004 £'000	Effect of change in policy £'000	As restated 30 November 2004 £'000
<b>Reconciliation of Balance Sheet at 30 November 2004</b>			
<b>Fixed assets</b>			
Investments at fair value through profit or loss	4,852	(69)	4,783
<b>Current assets</b>			
Debtors	149	–	149
Cash and overnight deposits	4,965	–	4,965
	5,114	–	5,114
<b>Creditors</b>			
Amounts falling due within one year	(250)	104	(146)
<b>Net current assets</b>	4,864	104	4,968
<b>Net assets</b>	<b>9,716</b>	<b>35</b>	<b>9,751</b>
<b>Capital and reserves</b>			
Called up share capital	1,038	–	1,038
Share premium account	4,676	–	4,676
Capital Reserve - realised	(498)	–	(498)
Capital Reserve - unrealised	273	(69)	204
Distributable reserve	4,157	–	4,157
Capital redemption reserve	8	–	8
Revenue Reserve	62	104	166
<b>Shareholders' funds</b>	<b>9,716</b>	<b>35</b>	<b>9,751</b>
<b>Net Asset Value per Ordinary share (pence)</b>	<b>93.6</b>		<b>94.0</b>

	As previously reported 30 November 2005 £'000	Effect of change in policy £'000	As restated 30 November 2005 £'000
<b>Reconciliation of Balance Sheet at 30 November 2005</b>			
<b>Fixed assets</b>			
Investments at fair value through profit or loss	8,294	(127)	8,167
<b>Current assets</b>			
Debtors	376	–	376
Cash and overnight deposits	1,253	–	1,253
	1,629	–	1,629
<b>Creditors</b>			
Amounts falling due within one year	(223)	50	(173)
<b>Net current assets</b>	1,406	50	1,456
<b>Net assets</b>	<b>9,700</b>	<b>(77)</b>	<b>9,623</b>
<b>Capital and reserves</b>			
Called up share capital	993	–	993
Share premium account	4,685	–	4,685
Capital Reserve - realised	(400)	–	(400)
Capital Reserve - unrealised	464	(127)	337
Distributable reserve	3,815	–	3,815
Capital redemption reserve	54	–	54
Revenue Reserve	89	50	139
<b>Shareholders' funds</b>	<b>9,700</b>	<b>(77)</b>	<b>9,623</b>
<b>Net Asset Value per Ordinary share (pence)</b>	<b>97.6</b>		<b>96.9</b>

	Year ended 30 November 2005 £'000
<b>Reconciliation of the Statement of Total Return to the Income Statement</b>	
Total transfer to reserve per original reported Statement of Total Return	316
Add year to 30 November 2005 final dividend on ordinary shares	48
Change from mid to bid basis at 30 November 2004	69
Change from mid to bid basis at 30 November 2005	(127)
<b>Return on ordinary activities after tax per Income Statement</b>	<b>306</b>

# Venture Capital Trusts

Venture Capital Trusts (VCTs) are companies broadly similar to investment trusts and need to have been approved by the HM Revenue & Customs. The conditions for approval are:

- A VCT's income must be derived wholly or mainly from shares or securities;
- No holding in any company can represent more than 15% by value of a VCT's investments;
- The shares making up a VCT's ordinary share capital must be traded on the London Stock Exchange and listed on the Official List of the UK Listing Authority;
- A VCT must not retain more than 15% of its income derived from shares or securities;

Within the accounting period beginning not more than three years after application, the following requirements must be met:

- At least 70% by value of a VCT's investments must be in shares, or loans of at least five years, in "qualifying holdings"; and
- At least 30% by value of a VCT's qualifying holdings must be in ordinary shares.

## Qualifying holdings

Qualifying holdings are defined as holdings of shares or securities (including loans of terms of at least five years' duration) in unquoted companies (including companies whose shares are traded on the Alternative Investment Market) which exist wholly for the purpose of carrying on one or more qualifying trades wholly or mainly in the United Kingdom. The holding must consist of shares or securities which were first issued to and have been ever since continuously held by the VCT.

A qualifying trade is any other than:

- dealing in land, commodities, futures, shares or other financial instruments;
- dealing in goods other than in the course of an ordinary trade of wholesale or retail distribution;
- banking, insurance or other financial activities;
- leasing or receiving royalties or license fees with certain exceptions;
- providing legal or accountancy services;
- property development;
- farming or market gardening;
- holding, managing or occupying woodlands, any other forestry activities or timber production;
- operating or managing hotels or comparable establishments, or managing property used as an hotel or comparable establishment;
- operating or managing nursing homes or residential care homes, or managing property used as a nursing home or residential care home; and
- providing ancillary services to any of the above by a related party.

VCTs may count an investment of up to £1 million in total in a qualifying trading company in any one year towards the 70% qualifying trading company requirement, provided that the gross assets of the company do not exceed £15 million prior to the investment or £14 million following the investment. For VCT's raised after 5 April 2006 these limits are reduced to £7 million before investment and £8 million after investment

Investments in qualifying companies held by VCTs at a time when such companies become quoted on the London Stock Exchange may be treated as investments in qualifying trading companies for up to a further five years.

# Tax Position of Individual Investors

This section highlights the tax reliefs available to individual investors and the methods for claiming such tax reliefs.

## 1. Tax reliefs for individual investors resident in the UK

Investors must be individuals aged 18 or over to qualify for the tax reliefs below. Tax reliefs will only be given to the extent that an individual's total investments in venture capital trusts (VCTs) in any tax year do not exceed the qualifying limit, which is currently £200,000.

### *Relief from income tax*

An investor subscribing for new ordinary shares in a VCT is entitled to claim income tax relief of up to 30 per cent on amounts subscribed up to a maximum of £200,000. This relief must be repaid should the shares be sold or otherwise disposed of within five years. Relief is limited to the amount which reduces the investor's income tax liability to nil. For subscriptions prior to 6 April 2006, the minimum holding period is three years.

An investor who subscribes for or acquires up to a maximum of £200,000 of ordinary shares in any given tax year will not be liable to UK income tax on dividends paid by a VCT, which may include realised capital gains by the VCT.

### *Relief from capital gains tax*

A disposal by an investor of ordinary shares (whether acquired by subscription for new shares or subsequent acquisition) in a VCT will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is limited to disposals of ordinary shares acquired within the limit of £200,000 for any tax year.

On the death of an investor or a spouse who has acquired VCT shares within marriage, no deferred capital gains tax or income tax will become payable by either the investor, their spouse or anyone inheriting the VCT shares.

### *Shares acquired other than by subscription (i.e. existing shares)*

An investor who acquires up to a maximum of £200,000 in value of ordinary shares in a VCT in any year will be exempt from income tax on dividends from the VCT, which may include realised capital gains from investments made by the VCT, and capital gains on disposal of the VCT. The permitted maximum of £200,000 is the total of VCT shares subscribed for and acquired in the tax year.

A loss on disposal of shares within the permitted maximum is not an allowable loss.

## 2. Obtaining tax reliefs

### *Claims for income tax relief on amounts subscribed for new ordinary shares*

A venture capital trust will give each investor a certificate which the investor uses to claim income tax relief, either immediately by obtaining an adjustment to his tax coding from the Inland Revenue or by waiting until the end of the tax year and using his tax return to claim relief.

## 3. Investors who are not resident in the UK

Such investors should seek their own professional advice as to the consequences of making an investment in a venture capital trust as they may be subject to tax in other jurisdictions as well as in the UK.

**This is a summary only of the law concerning the tax position of individual investors in VCTs. Any potential investor in doubt as to the taxation consequences of investment in a venture capital trust should consult a professional adviser.**

### **Risk warnings**

Past performance is not necessarily a guide to future performance. You should be aware that share values and income from them may go down as well as up and that you may not get back the amount you originally invested. Existing tax levels and reliefs may change and the value of reliefs depends on personal circumstances; in particular, reliefs may be lost on ceasing to be a UK resident. An investment in a VCT carries a higher risk than other forms of investment. A VCT's shares, although listed, are likely to be illiquid. Prospective investors should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objective and policy and the three year period for which shareholders must hold their shares in order to retain their income tax reliefs. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise and investments in such companies are substantially riskier than those in larger companies.

The tax reliefs are dependent on the VCT obtaining unconditional approval from the Inland Revenue. Reliefs will be given during a period when provisional approval only is in force, but if provisional approval is withdrawn all tax reliefs will be cancelled with retrospective effect. If unconditional approval is withdrawn, any tax reliefs are no longer available and substantial tax liabilities can be expected to be incurred by shareholders and the VCT.

**Potential investors are strongly urged to seek independent professional advice when considering investment in a VCT.**

# Notice of Meeting

The fifth Annual General Meeting of Aberdeen Growth Opportunities VCT PLC will be held on Thursday 26 April 2007 at 10.00 a.m. at One Bow Churchyard, London EC4M 9HH, to transact the following business:

## Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. To receive the Directors' Report and audited financial statements for the year ended 30 November 2006.
2. To approve the Directors' Remuneration Report
3. To re-elect Mr I A Craig\* as a Director.
4. To re-elect Mr A Murison\* as a Director.
5. To re-elect Mr M J Gilbert\* as a Director.
6. To re-appoint Ernst & Young LLP as Auditors.
7. To authorise the Directors to fix the remuneration of the Auditors.

## Special Business

To consider and, if thought fit, pass the following Resolutions as Special Resolutions:

8. THAT the Company be and is hereby generally and, subject as here and after appears, unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 10p each in the capital of the Company:

provided always that:

- (a) the maximum number of Ordinary shares hereby authorised to be purchased is 974,424 representing 10% of the Company's issued Ordinary share capital as at 15 February 2007;
- (b) the minimum price which may be paid for an Ordinary share shall be 10p per share;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be not more than the lower of (i) Net Asset Value per Ordinary share and (ii) 105 per cent of the average of the middle market quotations for an Ordinary share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Ordinary share is purchased; and
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary shares which will or may be completed wholly or partly after such expiry.

9. THAT the Company be and is hereby generally and, subject as here and after appears, unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of Section 163(3) of the Act) of C Ordinary shares of 10p each in the capital of the Company:

provided always that:

- (a) the maximum number of C Ordinary shares hereby authorised to be purchased is 1,495,449 representing 10% of the Company's maximum issued C Ordinary share capital at 15 February 2007;
- (b) the minimum price which may be paid for an C Ordinary share shall be 10p per share;
- (c) the maximum price (exclusive of expenses) which may be paid for an C Ordinary share shall be not more than the lower of (i) Net Asset Value per C Ordinary share and (ii) 105 per cent of the average of the middle market quotations for a C Ordinary share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the C Ordinary share is purchased; and
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase C Ordinary shares which will or may be completed wholly or partly after such expiry.

10. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £97,442 (representing 10% of the total Ordinary share capital in issue on 15 February 2007) during the period expiring (unless previously revoked, varied, or extended by the Company in general meeting) on the date of the next Annual General Meeting or on the expiry of fifteen months from the passing of this Resolution, whichever is the first to occur, save that the Company may

make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.

11. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £149,544 (representing 10% of the maximum total C Ordinary share capital in issue on at the close of the C Share offer) during the period expiring (unless previously revoked, varied, or extended by the Company in general meeting) on the date of the next Annual General Meeting or on the expiry of fifteen months from the passing of this Resolution, whichever is the first to occur, save that the Company may make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.

12. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

THAT, subject to passing of Resolutions numbered 10 and 11 set out above, the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said Resolutions numbered 10 and 11 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to allotments:

- (a) during the period expiring on the earlier of the date of the next Annual General Meeting of the Company or on the expiry of fifteen months from the passing of this Resolution, whichever is the first to occur, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power; and
- (b) of Ordinary shares up to an aggregate nominal amount of £97,442;
- (c) of C Ordinary shares up to an aggregate nominal amount of £149,544.

123 St Vincent Street  
Glasgow G2 5EA  
16 March 2007

By order of the Board  
**Aberdeen Asset Management PLC**  
Secretaries

**Notes:**

- 1. No Director has any contract of service with the Company.
- 2. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, has specified that only those Shareholders on the register of members of the Company as at 10.00 a.m. on 24 April 2007 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 10.00 a.m. on 24 April 2007 shall be disregarded when determining the rights of any person to attend or vote at the meeting.
- 3. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him/her.
- 4. A proxy need not be a member. Appointment of a proxy need not preclude a member from attending and voting at the meeting should he/she subsequently decide to do so.
- 5. Instruments of proxy and the power of attorney or other authority should be sent to Proxy Processing Centre, Telford Road, Bicester, OX26 4LD, so as to arrive not less than forty-eight hours before the time fixed for the meeting.
- 6. The Register of Directors' Interests is kept by the Company in accordance with Section 325 of the Companies Act 1985 and will be open for inspection at the meeting.

**A reply-paid form of proxy for your use is enclosed.**

\* The biographies of the Directors are detailed on pages 2 to 4.  
The Directors' Remuneration Report, referred to in Resolution 2, is on page 26 and 27.

Details of resolutions 3 to 13 are shown in the Directors' Report as follows:

Resolutions 3 to 5	Page 23	Directors
Resolutions 6 and 7	Page 25	Auditors
Resolution 8 and 9	Page 24	Purchase of shares
Resolutions 10 to 12	Page 24	Issue of shares

Registered in England and Wales - Company Number 4283350

# Corporate Information

## Directors

W G M Michie (Chairman)  
I A Craig  
M J Gilbert  
W R Nixon (as alternate to M J Gilbert)  
A H Murison  
S F Wood

## Manager

Aberdeen Asset Managers Limited  
Customer Services Department 0845 300 2830  
email: [vcsts@aberdeen-asset.com](mailto:vcsts@aberdeen-asset.com)

## Secretary

Aberdeen Asset Management PLC  
123 St Vincent Street  
Glasgow G2 5EA

## Points of Contact

*The Chairman and/or the Company Secretary at:*  
At 123 St Vincent Street, Glasgow, G2 5EA

## Registered Office

One Bow Churchyard  
London EC4M 9HH  
Registered in England and Wales  
Company Number 4283350

## Registrars

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
West Yorkshire HD8 0LA  
Shareholder Helpline 0870 162 3100

## Bankers

J P Morgan Chase Bank

## Stockbrokers

Teather and Greenwood Limited

## Auditors

Ernst & Young LLP

## Website

[www.aberdeen-asset.com](http://www.aberdeen-asset.com)



# Proxy

Please complete in block capitals

I/we .....

of .....

being (a) member(s) of Aberdeen Growth Opportunities VCT PLC hereby appoint (note 3) the Chairman of the meeting/  
 .....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 26 April 2007 and at any adjournment thereof.

I/we direct my/our proxy to vote on the resolutions as set out in the notice convening the Annual General Meeting as follows:

Resolution	For	Against
1. To receive the Directors' Report and financial statements		
2. To approve the Directors' Remuneration Report		
3. To re-elect Mr I A Craig* as a Director		
4. To re-elect Mr A Murison* as a Director		
5. To re-elect Mr M J Gilbert* as a Director		
6. To re-appoint Ernst & Young LLP as Auditors		
7. To authorise the Directors to fix the remuneration of the Auditors		
8. To authorise the Company to purchase its own Ordinary shares		
9. To authorise the Company to purchase its own C Ordinary shares		
10. To authorise the Directors to allot new Ordinary new shares		
11. To authorise the Directors to allot new C Ordinary shares		
12. To authorise the disapplication of pre-emption rights		

\* The biographies of the Directors are detailed on pages 2 to 4 of the Annual Report.

Please indicate how you wish your proxy to vote by placing a tick in the appropriate space. Unless otherwise indicated the proxy will vote or abstain from voting as thought fit on any resolution on which you do not give a specific instruction and, unless otherwise instructed, on any other business (including amendments to resolutions) which may properly come before the meeting

Signed ..... this ..... day of ..... 2007

## Notes

1. To be valid this form of proxy must reach Proxy Processing Centre, Telford Road, Bicester, OX26 4LD, not later than 48 hours before the time of the meeting.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. If any other proxy be desired strike out the words "the Chairman of the meeting" and insert the name or names preferred. Any alteration must be initialled. Appointment of a proxy will not preclude a member from attending the meeting and voting in person. A proxy need not be a member of the Company.
4. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated.

Third Fold and Tuck In

BUSINESS REPLY SERVICE  
Licence No. RRHB-RSXJ-GKCY

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**Proxy Processing Centre  
Telford Road  
Bicester  
OX26 4LD**

First Fold

Second Fold



**Aberdeen Asset Managers Limited**

10 Queen's Terrace

Aberdeen AB10 1YG

Tel 01224 631999 Fax 01224 647010

123 St Vincent Street

Glasgow G2 5EA

Tel 0141 306 7400 Fax 0141 306 7401

Authorised and Regulated by The Financial Services Authority  
Members of the Aberdeen Asset Management Group of Companies

