08

Aberdeen Income and Growth VCT PLC

Annual Report
Year ended 29 February 2008

Aberdeen

Contents

Financial Calendar

3 July 2008	Annual General Meeting

Dividend Schedule

	Rate	xd date	Record date	Payment date
Interim revenue dividend	0.5p	7 November 2007	9 November 2007	7 December 2007
Interim capital dividend	3.0p	7 November 2007	9 November 2007	7 December 2007
Proposed final revenue dividend	2.3p	25 June 2008	27 June 2008	25 July 2008
Total	**5.8p**			

Financial Highlights

Financial history

	29 February 2008	28 February 2007	28 February 2006	28 February 2005	29 February 2004
Net assets[A]	£25,802,000	£28,745,000	£28,488,000	£28,632,000	£28,817,000
Net Asset Value per share	72.8p	81.1p	79.1p	75.9p	74.8p
Dividends paid per share[B]	28.8p	18.5p	13.1p	10.0p	8.3p
Total return[C] (without tax reliefs[D])	101.6p	99.6p	92.2p	85.9p	83.1p
Total return[C] (with tax reliefs[D])	121.6p	119.6p	112.2p	105.9p	103.1p
Share price[E]	46.5p	57.3p	62.0p	51.5p	53.5p
Discount to Net Asset Value	36.1%	29.3%	21.6%	32.1%	28.5%
Shares issued under dividend reinvestment during the year[F]	–	–	–	–	120,338
Shares bought back during the year	–	561,984	1,717,591	752,728	87,000
Shares in issue at year end	35,463,992	35,463,992	36,025,976	37,743,567	38,496,295

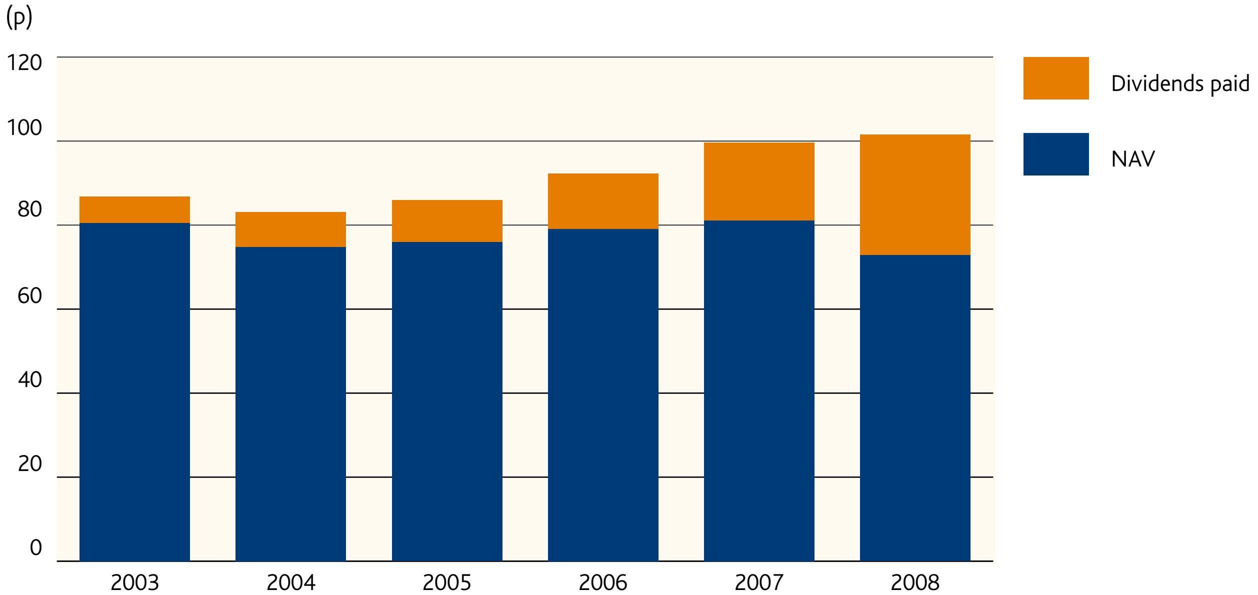
[A] Figures from prior years up to and including the year ended 28 February 2005 have been restated to reflect the recognition of dividends in the period in which they were declared and paid, and the valuation of listed and AIM quoted investments at their bid prices. The policy for valuing investments is disclosed in Note 1 to the Financial Statements on pages 35 and 36.
[B] Figures from prior years up to and including the year ended 28 February 2005 have been restated to reflect the recognition of dividends in the period in which they were declared and paid.
[C] Sum of current Net Asset Value and dividends paid to date.
[D] Income tax relief at 20%.
[E] Mid-market price.
[F] Dividend re-investment scheme terminated with effect from 6 August 2003.
Source: Aberdeen Asset Managers Limited, except share price (Bloomberg).

Dividends

Year ended February	Payment date	Revenue/capital	Interim/final	Rate (p)
2001	8 December 2000	Revenue	Interim	1.0
	13 July 2001	Revenue	Final	1.8
2002	7 December 2001	Revenue	Interim	1.0
	22 July 2002	Revenue	Final	1.5
2003	10 December 2002	Revenue	Interim	1.0
	18 July 2003	Revenue	Final	1.5
2004	12 December 2003	Revenue	Interim	0.5
	16 July 2004	Revenue	Final	1.2
2005	10 December 2004	Revenue	Interim	0.5
	22 July 2005	Revenue	Final	0.6
2006	9 December 2005	Capital	Interim	2.0
	9 December 2005	Revenue	Interim	0.5
	28 July 2006	Revenue	Final	0.8
2007	28 July 2006	Capital	Interim	1.6
	15 December 2006	Capital	Interim	3.0
	23 March 2007	Capital	Interim	4.0
	27 July 2007	Revenue	Final	0.8
	27 July 2007	Capital	Final	2.0
2008	7 December 2007	Revenue	Interim	0.5
	7 December 2007	Capital	Interim	3.0
Total dividends paid				**28.8**
2008	25 July 2008	Revenue	Proposed final	2.3
Total dividends paid or declared				**31.1**

Financial Highlights continued

NAV total return



The chart shows the NAV total return per share (Net Asset Value plus dividends paid since launch) as at the last day of February in each year. Dividends that have been proposed or declared but not yet paid are included in the NAV at the Balance Sheet date.

Chairman's Statement

I am pleased to report that, in this challenging year, there has been progress for your Company despite the generally more difficult market conditions and where the AIM market, particularly in the second half of the year, has been very volatile. Among the highlights are:

- NAV total return increased to 101.6p per share (pps) at year-end, up 2.0% over the year;
- NAV at year-end of 72.8pps (after adjusting for dividends paid);
- Strong level of new investment activity with 9 new private equity investments and 12 new AIM investments completed during the reporting period;
- One successful exit from an unlisted company during the year plus receipt of deferred consideration from a number of earlier investments generated a gain of 3.0pps;
- Net realised capital gains from AIM stocks of 4.0pps for the year; and
- Dividend proposed of 2.3pps to bring total to 5.8p for the year.

Performance

The NAV total return at 29 February 2008 was 101.6pps, an increase of 2.0% over the equivalent figure at 28 February 2007. The full year position has fallen back marginally from the advance announced in the interim results due to the decline in the AIM market in the second half of the year. The FTSE AIM All-share index fell by 7.5% over the year while the Company's AIM portfolio achieved an overall increase of 3.5% for the same period, including realised capital gains equivalent to 4.0pps.

The Net Asset Value (NAV) at 29 February 2008, before payment of a final dividend in respect of the year then ended, was 72.8pps compared with 81.1pps at 28 February 2007; however dividends totalling 10.3pps had been paid during the year which effectively reduced the opening NAV by that amount.

The most important measure for a VCT is the NAV total return, being the long-term record of income and capital gains 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.

Dividend policy

The Board stated in the 2007 Annual Report that it expected to declare dividends totalling at least 4.0pps for the year ending 29 February 2008. The Directors are now recommending the payment of a final dividend of 2.3pps, to be paid on 25 July 2008 to Shareholders on the register at close of business on 27 June 2008. The total dividend in respect of the year ended 29 February 2008 will, therefore, be 5.8pps.

The Board intends to pay regular dividends from realised gains and hopes that the level of payment will be increased over time but this cannot be guaranteed. All dividends are, of course, paid tax-free to Shareholders and a net dividend of 5.8pps is equivalent to a yield of 7.7% from an equity investment to a higher-rate taxpayer on an effective initial investment of 80pps; if the initial tax relief of 20% is taken into account, the effective annual yield rises to 9.7%, and, based on the mid-market share price of 46.5p at 29 February 2008, the annual yield to a higher-rate taxpayer buying shares in the secondary market would by 16.6%. Since the Company's launch, and after receipt of the final dividend, Shareholders will have received 31.1pps in tax-free dividends, of which 21.6p has been paid over the last four years.

The effect of paying the proposed dividend of 2.3pps will be to reduce the NAV to 70.5pps.

Investment strategy

The investment strategy is to maintain a diversified portfolio of unlisted and AIM or PLUS quoted investments which offer excellent growth prospects and, therefore, the opportunity for capital gains in the medium and longer term while maintaining VCT qualifying status. The Company does not currently utilise gearing in making its investments but, as the Company becomes more fully invested, the Board considers that it may be appropriate to take advantage, on a selective basis, of its ability to borrow up to an amount equivalent to 10% of NAV in pursuit of the investment strategy.

The Manager also continues to have discretion to make investments in companies which do not represent qualifying holdings for VCTs, but always subject to ensuring that the Company itself continues to qualify as a VCT at all times.

Valuation process

Investments held by Aberdeen Income and Growth VCT in unquoted companies are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments quoted or traded on a recognised stock exchange including the Alternative Investment Market (AIM) or PLUS are valued at their bid price.

Portfolio developments

There was one successful exit from the unlisted portfolio during the course of the year while deferred consideration was received in respect of three investments which were sold during earlier periods. The overall gain from these transactions was £1,047,000 equivalent to 3.0pps. Two further realisations occurred in the second half of the period which resulted in losses; however, in the case of Astraeus, a provision had been taken in August 2007 in anticipation of such an outcome and the NAV on the date of sale was not affected by this transaction. For TLC (Tender Loving Childcare), part of the sale consideration was applied to arrears of income, against which a provision had previously been made, with the result that there was an overall modest uplift in NAV on completion of the sale.

Continuing progress was made in rebuilding the private company portfolio, with nine new investments made. Early performance across these new private company assets is generally good, offering the prospect of future growth and profit potential if this can be sustained. Some early uplifts in value have already been achieved despite a generally worsening economic outlook.

Twelve new AIM investments were made during the course of the year, while gains amounting to 4.0pps were also achieved from realisations from the AIM portfolio. Further details of all of these disposals are given in the table on page 9.

The AIM market performed well during the first half of 2007, but had already shown signs of instability by the half-year end. Since then, stock markets have generally continued to decline as credit crises and fears of recession have gripped the markets. The FTSE AIM All-share index gave up all of the increase that had been achieved in the early part of the year to finish the reporting period 7.5% below its starting point. However, for the full year, the Company's AIM portfolio saw an increase in value of 3.5%. More recently, some stability appears to have returned to the markets although sentiment remains very fragile. It may be some time before the full effect of the causes of the uncertainty is evident and markets may, therefore, be subject to further movement.

In context, a majority of the assets in the invested portfolio are in well managed, growing private companies which are not directly affected by short-term quoted market pricing movements, and where performance remains generally encouraging. The Manager will continue to focus on the market for private equity transactions, seeking to invest in well-priced and yielding assets in an attempt to drive future growth in the level of total return.

Co-investment scheme of the Manager

A co-investment scheme which allows executive members of the Manager to invest alongside the Company continued to operate 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 scheme more closely aligns the interests of the executives and the Company's Shareholders, while providing an incentive to enable the Manager to retain the existing skills and capacity of its investment team in a highly competitive market.

VCT qualifying status

The VCT qualifying status of your Company is monitored on a continuous basis and I am pleased to confirm that all of the criteria required to maintain VCT status are being achieved.

Articles of Association

In the Notice of Meeting on pages 47 to 49, you will note that the Directors are asking Shareholders to approve a number of amendments to the Company's Articles of Association, primarily to reflect the provisions of the Companies Act 2006. An explanation of the main changes between the proposed and existing Articles of Association is set out in the Appendix to the Notice of Meeting on pages 50 and 51.

The Board considers that the Resolution to be put to the meeting is in the best interests of the Company and its Shareholders; the Directors will be voting in favour of it and unanimously recommend that Shareholders do so as well.

Outlook

A significant number of new unlisted investments were made over the course of the year and all are generally trading well. They should form the basis of successful realisations in future periods, although it is too early to predict the quantum and timing of those realisations. The Manager continues to be extremely selective in the choice of AIM investments and those holdings should provide realised gains in due course, although this is less predictable in the current climate of uncertainty. AIM investments are actively traded, with profits taken when available in the market, and this policy will continue into the future.

There is a continual need to re-invest following the realisation of successful investments. The Company is well placed to achieve this given the Manager's extensive network and local relationships throughout the UK from which investments can be sourced.

Fiona E Wollocombe
Chairman
29 May 2008

Analysis of Unlisted and AIM/PLUS Portfolio

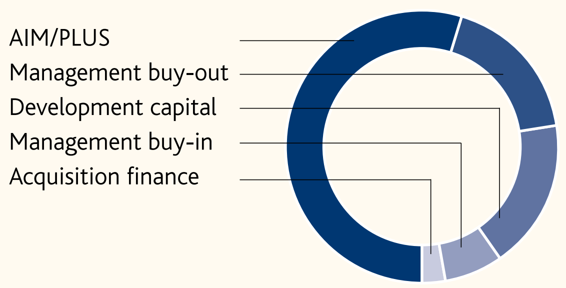
As at 29 February 2008

By FT industrial sector	Valuation £'000	%
Unlisted		
Support services	4,688	20.8
Engineering & machinery	3,123	13.9
Oil & gas	1,989	8.8
Food producers & processors	1,860	8.3
Media & entertainment	1,475	6.6
Household goods & textiles	987	4.4
Electronic & electrical equipment	796	3.5
Telecommunication services	786	3.5
Chemicals	499	2.2
Transport	402	1.8
Aerospace & defence	371	1.6
Finance (general)	190	0.8
Construction & building materials	104	0.5
Utilities (ex-electricity)	99	0.5
Total unlisted	**17,369**	**77.2**
AIM/PLUS		
Support services	1,339	5.9
Household goods & textiles	821	3.6
Software & computer services	754	3.3
Media & entertainment	742	3.3
Engineering & machinery	436	1.9
Leisure & hotels	268	1.2
Transport	200	0.9
Speciality & other finance	179	0.8
Pharmaceuticals & biotechnology	133	0.6
Health	127	0.6
Food producers & processors	106	0.5
Telecommunication services	35	0.2
Information technology hardware	1	–
Total AIM/PLUS	**5,141**	**22.8**
Total unlisted and AIM/PLUS	**22,510**	**100.0**

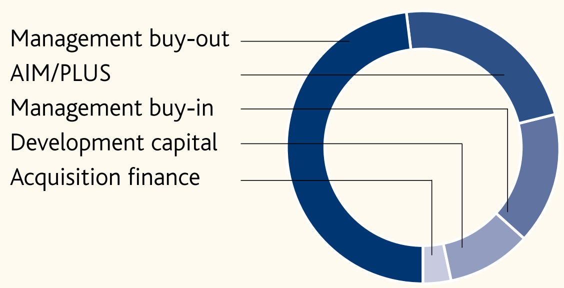
Analysis of Unlisted and AIM/PLUS Portfolio continued

By deal type		Valuation £'000	%
Unlisted			
Management buy-out	13	10,876	48.3
Management buy-in	5	3,528	15.7
Development capital	13	2,220	9.9
Acquisition finance	2	745	3.3
Total unlisted	**33**	**17,369**	**77.2**
AIM/PLUS	**40**	**5,141**	**22.8**
Total unlisted and AIM/PLUS	**73**	**22,510**	**100.0**

Deal type analysis by number of deals



Deal type analysis by valuation



Investment Manager's Review

Investment activity

During the year ended 29 February 2008, nine new unlisted and twelve AIM investments were completed and a total of £11.5 million was invested, including £2.7 million which was re-invested in Transys Holdings, a secondary buy-out vehicle for Transys Projects. At the year end, the portfolio stood at 76 unlisted and AIM/PLUS investments at a total cost of £30.6 million.

Since 29 February 2008, three further new investments has been made at a total cost of £755,000.

The following new investments have been completed during the year:

Investment	Date	Activity	Investment cost £'000	Website
Unlisted				
Adler & Allan Holdings	June 2007	Provider of services for the handling and disposal of liquid waste	499	www.adlerandallan.co.uk
Atlantic Foods Group	February 2008	Value-added food services supplier	522	www.atlanticfoods.co.uk
Camwatch	March 2007	Provider of CCTV monitoring and installation services	786	www.cctv-monitoring.net
Darwen Group[B]	September 2007	Bus manufacturer and low emission technology group	100	www.elcb.co.uk
Driver Hire Investments Group	August 2007	Supplier of temporary drivers	33	www.driver-hire.co.uk
Energy Services Investment Company	November 2007	Provider of services to the energy sector	745	No website available
Funeral Services Partnership	March 2007	Operator of funeral directors	970	No website available
ID Support Services Holdings	March 2007	Provider of CCTV security and air conditioning systems	746	www.id-supportservices.co.uk
Lime Investments	March 2007	Company set up to acquire branded premium-end or niche food and beverage businesses	696	No website available
MoneyPlus Group	December 2007	Provider of debt management and counselling services to individuals	100	www.moneyplusgroup.co.uk
Riverdale Publishing	April 2007	Publisher of greeting cards	652	www.riverdalepublishing.co.uk
Silkwater Holdings (trading as Cyclotech)	May 2007	Provider of services to the energy sector	348	www.cyclotech.com
Steminic (trading as MS Industrial Services)	April 2007	Provider of industrial cleaning and waste management services to the oil and industrial sectors	546	www.msis.uk.com
Transys Holdings[A]	December 2007	Provider of engineering services to the rail industry	2,721	www.transysprojects.ltd.uk
Other			281	
Total unlisted investment			**9,745**	

[A] See also note on Transys Projects under Realisations on page 9.
[B] Quoted on AIM with effect from 25 February 2008 as Darwen Holdings.

Investment	Date	Activity	Investment cost £'000	Website
AIM/PLUS				
Animalcare Group (formerly Ritchey)	January 2008	Provider of pharmaceutical and other premium products and services to vets and vet wholesalers	147	www.animalcare.co.uk
Avanti Communications Group	April 2007	Provider of satellite telecommunications services in Europe using leased satellite capacity	283	www.avanti-communications.com
Bglobal	April 2007	Provider of smart meters allowing the remote reading of electricity and gas meters	25	www.bglobalmetering.com
Concateno	June 2007	Provider of services for the testing of employees for drugs and alcohol	61	www.concateno.com
Craneware	September 2007	Provider of billing and auditing software for use in the US healthcare market	70	www.craneware.com
Essentially Group	July 2007	Sports marketing, media management and professional services group	49	www.essentiallygroup.com
eXpansys	April 2007	Seller of mobile and wireless technology products over the internet	31	www.expansys.com
Formation Group	June 2007	Provider of wealth management and related professional services	107	www.formationgroupplc.com
Melorio	October 2007	UK provider of on-site assessment and training within the construction industry	98	www.melorio.com
Mount Engineering	June 2007	Manufacturer, stockist and distributor of engineering products for oil, gas, power, water and general industrial markets	49	www.mountengineering.com
Neuropharm Group	May 2007	Pharmaceutical company	100	www.neuropharm.co.uk
Plastics Capital	December 2007	Manufacturer of plastic components	281	www.plasticscapital.com
SDI Group	June 2007	Specialist in the design, build and support of automated warehouse handling systems within the retail distribution sector	96	www.sdigroup.com
Smart Identity[C]	September 2007	Software developer of identity management solutions	25	www.smartidentity.co.uk
St Helen's Capital[C]	June 2007	Provider of corporate advisory services	50	www.sthelenscapital.com
Mangaged Support Services (formerly Worthington Nicholls Group)	May 2007	Installation and maintenance of air conditioning units in the hotel and retail markets	200	www.managedsupportservicesplc.com
Other			62	
Total AIM/PLUS investment			**1,736**	
Total investment			**11,481**	

[C] PLUS quoted company.

Aberdeen Income and Growth VCT has co-invested with Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Talisman First Venture Capital Trust and Guinness Flight Venture Capital Trust 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

Following a number of successful realisations during 2006, one further profitable realisation occurred from RMS Europe during the reporting period as shown in the table below. In addition, deferred consideration was received from the sale of EIG (Investments), Enterprise Food Group Holdings and The Big Word Holdings, which were sold in earlier reporting periods. A total gain of £1,047,000 (equivalent to 3.0pps) was achieved on these transactions. The holdings in Astraeus were also sold during the second half of the year, resulting in a loss against the cost of the investment; however, a provision had been taken in August 2007 in anticipation of such an outcome. The NAV at the date of sale was, therefore, not affected by that transaction.

The sale of TLC (Tender Loving Childcare) also resulted in a small loss during the latter half of the reporting period. However, part of the sale consideration was applied to arrears of income from the investment, against which a provision had been taken previously, and the overall effect of the transaction was, therefore, a positive movement in NAV. Two investments, ELE Advanced Technologies and PSCA International made partial repayments of loan stock at par during the year.

Although Transys Projects is shown as having generated a gain in the realisations table below, the investment was realised and rolled over into a new entity, Transys Holdings, together with a modest additional investment when a secondary buy-out of the business was completed, supported by the Company and other clients of the Manager. This gain has not been included in the amounts commented upon earlier or in the Chairman's Statement on page 3.

The AIM portfolio continued to be actively traded when the opportunity arose, recognising the more unstable conditions which prevailed in the second half of the year. Net realised gains of £1,402,000 were generated over the year, equivalent to 4.0pps.

The following table shows all realisations from the investment portfolio made by the Company during the year.

	Date first invested	Complete/ partial exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/ (loss) £'000
Unlisted					
Astraeus	2002	Complete	751	135	(616)
EIG (Investments)	2005	Complete	–	59	59
ELE Advanced Technologies	2000	Partial	149	149	–
Enterprise Food Group Holdings	2005	Complete	–	266	266
PSCA International	2002	Partial	142	142	–
RMS Europe	2004	Complete	784	1,482	698
The Big Word Holdings	2005	Complete	99	99	–
TLC (Tender Loving Childcare)	2000	Complete	1,516	1,266	(250)
Transys Projects[A]	2002	Complete	825	2,472	1,647
Others			–	24	24
Total unlisted disposals			**4,266**	**6,094**	**1,828**
AIM/PLUS					
Assetco	2003	Complete	58	106	48
AT Communications	2005	Partial	259	290	31
Avanti Communications Group	2007	Partial	39	27	(12)
Avanti Screenmedia	2004	Complete	322	322	–
Bglobal	2007	Complete	25	27	2
Careforce Group	2004	Complete	139	195	56
Cello Group	2004	Partial	149	222	73
Darwen Holdings	2007	Partial	14	28	14
eXpansys	2007	Partial	25	26	1
Fountains	2004	Partial	31	30	(1)
Hexagon Human Capital	2007	Partial	26	30	4
Inspicio	2005	Complete	73	124	51
Mattioli Woods	2005	Partial	11	25	14
Synexus Clinical Research	2001	Complete	328	490	162
Tanfield Group	2004	Partial	83	1,041	958
Other			57	58	1
Total AIM/PLUS disposals			**1,639**	**3,041**	**1,402**
Total disposals			**5,905**	**9,135**	**3,230**

[A] A secondary buy-out of Transys Projects completed during the year with the proceeds to the Company being rolled over into a new investment in Transys Holdings in addition to a modest new investment.

Investment Manager's Review continued

During the reporting period, nine new substantial unlisted investments and twelve new AIM investments have been added to the portfolio. We are pleased to note that these investments are generally trading in line with, or ahead of, their business plan since investment; however, it is likely to be some time before these investments reach a level of maturity which enables profitable exits to be negotiated. However, based on the early performance in excess of expectations at ID Support Services Holdings and Countcar, uplifts in value have been applied, with further increases also being recorded on Homelux Nenplas and PSCA International reflecting the continuing good results being achieved at those companies. These uplifts have been offset by reductions in the value Voxsurf, an earlier stage investment, and Riverdale Publishing, where trading had been disappointing and resulted in the company entering administration in late February 2008.

The FTSE AIM All-share index declined over the year by 7.5%, while a positive return of 3.5% was achieved from the Company's AIM portfolio. Despite the significant market movements which have occurred affecting many of the AIM investments, the underlying performance of the businesses in the AIM portfolio has remained sound. It is anticipated that this will be reflected in upward share price movements when market conditions improve, although this may take some time.

Outlook

The pipeline of new private company investments still remains healthy, with several opportunities currently under investigation. Conversely, opportunities to invest in AIM are presently reduced, as recent volatility has seen fewer new IPOs in the early part of 2008 and we expect this trend to continue for the immediate future.

Overall, the level of new investment activity remains very positive, with a significant number of new transactions in process across the Manager's network of UK offices.

Aberdeen Asset Managers Limited
Manager
29 May 2008

Summary of Investment Changes

For the year ended 29 February 2008

	Valuation 28 February 2007 £'000	%	Net investment/ (disinvestment) £'000	Appreciation/ (depreciation) £'000	Valuation 29 February 2008 £'000	%
Unlisted investments						
Equities	5,994	20.9	(1,225)	548	5,317	20.6
Preference shares	750	2.6	1,406	(554)	1,602	6.2
Loan stocks	7,675	26.7	3,320	(545)	10,450	40.5
	14,419	50.2	3,501	(551)	17,369	67.3
AIM investments						
Equities	6,165	21.4	(1,200)	176	5,141	19.9
Listed investments						
Fixed income	975	3.4	1,502	15	2,492	9.7
Total investments	**21,559**	**75.0**	**3,803**	**(360)**	**25,002**	**96.9**
Other net assets	7,186	25.0	(6,386)	-	800	3.1
Total assets	**28,745**	**100.0**	**(2,583)**	**(360)**	**25,802**	**100.0**

Investment Portfolio Summary

As at 29 February 2008

Investment	Valuation £'000	Cost £'000	% of net assets	% of equity held	% of equity held by other clients[A]
Unlisted					
Transys Holdings Provider of engineering services to the rail industry	3,123	2,721	12.2	31.7	40.1
House of Dorchester Chocolate manufacturer	1,338	910	5.2	44.2	–
ID Support Services Holdings Provider of CCTV security and air conditioning systems	1,203	746	4.7	7.9	25.4
PSCA International Producer of publications aimed at public sector officials	1,073	518	4.2	7.6	15.5
Homelux Nenplas Manufacturer of plastic tiling trims and related products	987	522	3.8	8.9	36.1
Funeral Services Partnership Operator of funeral directors	970	970	3.7	6.9	23.0
MoneyPlus Group Provider of debt management and counselling services to individuals	850	850	3.3	13.9	26.1
Martel Instruments Holdings Manufacturer of compact, hand-held printers and display devices	796	796	3.0	11.3	22.1
Camwatch Provider of CCTV monitoring and installation services	786	786	3.0	14.8	28.6
Oliver Kay Holdings Supplier of fresh produce to the on-trade catering industry in the UK	771	771	3.0	4.9	15.1
Energy Services Investment Company (ESIC) Provider of services to the energy sector	745	745	2.9	28.5	51.5
Lime Investments Company set up to acquire branded premium-end or niche food and beverage businesses	696	696	2.7	26.6	53.4
Steminic (trading as MS Industrial Services) Provider of industrial cleaning and waste management services to the oil and industrial sectors	546	546	2.1	9.3	35.7
Atlantic Foods Group Value-added food services supplier	522	522	2.0	2.9	5.9
Adler & Allan Holdings Provider of services for the handling and disposal of liquid waste	499	499	1.9	2.2	38.8
Silkwater Holdings (trading as Cyclotech) Provider of services to the energy sector	425	348	1.6	4.8	15.3
Sanastro Financial publishing house	402	750	1.6	9.6	3.5
PLM Dollar Group Provider of on-shore helicopter services	402	402	1.6	4.6	26.2
ELE Advanced Technologies Manufacturer of precision components for jet engines and gas turbines	371	192	1.4	11.3	–
Countcar Provider of tool, plant hire and hydraulic products and services to the oil and gas industry	273	21	1.0	6.9	19.6

Investment Portfolio Summary continued

Investment	Valuation £'000	Cost £'000	% of net assets	% of equity held	% of equity held by other clients[A]
Driver Hire Investments Group Supplier of temporary drivers	198	203	0.8	1.1	43.6
Buildstore Provider of services to self-build homeowners	105	105	0.4	0.6	6.8
Enpure Holdings Provider of process engineering and project management services	100	100	0.4	0.4	79.2
Others	188	8,940	0.8		
Total unlisted	**17,369**	**23,659**	**67.3**		
AIM/PLUS					
Strategic Retail Retailer of home decorating products	574	700	2.3	2.0	2.0
Concateno Provider of services for the testing of employees for drugs and alcohol	482	332	1.9	0.7	1.8
Cello Group Marketing and media services company	331	310	1.3	0.8	0.3
Tanfield Group Manufacturer of zero emission vehicles and powered access platforms	286	31	1.1	0.1	0.1
Avanti Communications Group Provider of satellite telecommunications services in Europe using leased satellite capacity	263	283	1.0	0.5	0.9
Plastics Capital Manufacturer of plastic components	247	281	1.0	1.0	2.7
Amazing Holdings Leisure and hotel developer	235	251	0.9	0.8	1.4
Axeon Developer of semi-conductor intellectual property specifically geared to the automotive industry	235	176	0.9	0.7	2.9
Darwen Holdings Bus manufacturer and low emission technology group	200	86	0.8	1.2	7.7
System C Healthcare Information services and IT systems to the healthcare sector in England	167	311	0.7	0.6	0.7
Hasgrove Provider of communication services in public relations, public affairs, graphic design, advertising and on-line marketing	165	168	0.6	0.7	1.3
Animalcare Group (formerly Ritchey) Provider of pharmaceutical and other premium products and services to vets and vet wholesalers	155	147	0.6	1.4	3.2
Fountains Land management and related outsourced services in the UK and North America	146	136	0.6	0.7	0.7

Investment	Valuation £'000	Cost £'000	% of net assets	% of equity held	% of equity held by other clients[A]
Neuropharm Group Pharmaceutical company	133	100	0.5	0.2	0.5
Brulines (Holdings) Provider of management information systems for draught alcoholic drinks	129	112	0.5	0.4	0.8
Melorio UK provider of on-site assessment and training within the construction industry	110	98	0.4	0.3	2.5
Formation Group Provider of wealth management and related professional services	109	107	0.4	0.3	1.1
Individual Restaurant Company Restaurant operator	106	133	0.4	0.4	0.8
Mattioli Woods Provider of pension consultancy, trouble-shooting and administration services	104	48	0.4	0.2	–
SDI Group Specialist in the design, build and support of automated warehouse handling systems within the retail distribution sector	90	96	0.3	0.3	0.7
Tangent Communications Digital printing and marketing services company	87	98	0.3	0.5	0.9
Craneware Provider of billing and auditing software for use in the US healthcare market	83	67	0.3	0.3	2.2
Synarbor (formerly Public Recruitment Group) Provider of temporary staff to the public sector	76	447	0.3	0.7	0.5
St Helen's Capital Provider of corporate advisory services	75	50	0.3	1.2	3.6
Autoclenz Provider of valeting services to automotive sector	74	185	0.3	1.4	0.3
Imprint Provider of recruitment services	73	204	0.3	0.2	0.4
Neutrahealth Manufacturer and distributor of nutraceutical products	72	91	0.3	0.6	1.3
Hexagon Human Capital Provider of executive search and recruitment services	58	73	0.2	0.2	0.5
1st Dental Laboratories Provider of dental laboratory services, including crown and bridges, prosthetics, orthodontics and implant work, to the dental profession	56	177	0.2	1.4	–
Mount Engineering Manufacturer, stockist and distributor of engineering products for oil, gas, power, water and general industrial markets	48	49	0.2	0.3	2.9
Essentially Group Sports marketing, media management and professional services group	38	49	0.1	0.3	2.1

Investment Portfolio Summary continued

Investment	Valuation £'000	Cost £'000	% of net assets	% of equity held	% of equity held by other clients[A]
Spectrum Interactive Operator of payphones and internet terminals in both the UK and Germany	36	209	0.1	0.7	0.9
AT Communications Group Leading communications integrator to SMEs and small corporates, providing service, installation and maintenance for voice, data, mobile and converged networks	33	44	0.1	0.2	0.1
Others	65	1,276	0.3	–	–
Total AIM/PLUS	**5,141**	**6,925**	**19.9**		
Listed fixed income					
Treasury 4% 7/3/09	1,063	1,057	4.1		
Treasury 5.75% 31/12/09	1,028	1,027	4.0		
Treasury 5% 7/3/08	401	401	1.6		
Total listed fixed income	**2,492**	**2,485**	**9.7**		
Total	**25,002**	**33,069**	**96.9**		

[A] Other clients of the Aberdeen Asset Management Group.

Largest Unlisted and AIM/PLUS Investments

Transsys Holdings Limited

Birmingham — www.transysprojects.ltd.uk

Cost (£'000)	2,721	**Year ended** [A]		
Valuation (£'000)	3,123		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales**		
Equity held	31.7%	**Profit/(loss) before tax**		
Income received (£'000)	Nil	**Retained profit/(loss)**		
First invested	December 2007	**Net assets**		

Provider of engineering services to the rail industry

Other AAMPE Clients invested: Aberdeen Growth VCT I, Aberdeen City Council Pension Fund, Aberdeen Development Capital, Aberdeen Growth Opportunities VCT and Aberdeen Growth Opportunities VCT 2.

House of Dorchester Limited

Dorchester — www.hodchoc.com

Cost (£'000)	910	**Year ended 31 December**	**2006**	**2005**
Valuation (£'000)	1,338		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales**	5,353	4,828
Equity held	44.2%	**Profit/(loss) before tax**	455	365
Income received (£'000)	26	**Retained profit/(loss)**	455	114
First invested	September 2002	**Net assets**	559	104

Chocolate manufacturer

Other AAMPE Clients invested: None.

ID Support Services Limited

Manchester — www.id-group.co.uk

Cost (£'000)	746	**Year ended** [A]		
Valuation (£'000)	1,203		**£'000**	**£'000**
Basis of valuation	Market value assessment	**Sales**		
Equity held	7.9%	**Profit/(loss) before tax**		
Income received (£'000)	Nil	**Retained profit/(loss)**		
First invested	March 2007	**Net assets**		

Provider of CCTV security and air conditioning systems

Other AAMPE Clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Laminvest, Talisman First Venture Capital Trust and West Yorkshire Pension Fund.

PSCA International Limited

Manchester — www.publicservice.co.uk

Cost (£'000)	518	**Year ended 31 December**	**2006**	**2005**
Valuation (£'000)	1,073		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales**	7,370	5,671
Equity held	7.6%	**Profit/(loss) before tax**	231	(292)
Income received (£'000)	281	**Retained profit/(loss)**	92	(300)
First invested	December 2002	**Net assets**	1,900	1,807

Producer of publications aimed at public sector officials

Other AAMPE Clients invested: Aberdeen Growth VCT I, Aberdeen City Council Pension Fund, Aberdeen Development Capital, Aberdeen Growth Opportunities VCT and Ventures North West.

Homelux Nenplas Limited

Ashbourne, Derbyshire — www.homelux.co.uk

Cost (£'000)	522	**Year ended 31 May**	**2007**	
Valuation (£'000)	987		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales** [B]		
Equity held	8.9%	**Profit/(loss) before tax**	1,134	
Income received (£'000)	70	**Retained profit/(loss)**	901	
First invested	May 2006	**Net assets**	1,390	

Manufacturer of plastic tiling trims and related products

Other AAMPE Clients invested: Aberdeen Growth VCT I, Aberdeen Development Capital, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Laminvest and Talisman First Venture Capital Trust.

Largest Unlisted and AIM/PLUS Investments continued

Funeral Services Partnership Limited		Woking, Surrey			No website available
	Cost (£'000)	970	Year ended A		
	Valuation (£'000)	970		£'000	£'000
	Basis of valuation	Cost	Sales		
	Equity held	6.9%	Profit/(loss) before tax		
	Income received (£'000)	Nil	Retained profit/(loss)		
	First invested	March 2007	Net assets		
	Operator of funeral directors				
Other AAMPE Clients invested:	Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Guinness Flight Venture Capital Trust and Talisman First Venture Capital Trust.				

MoneyPlus Group Limited		Altrincham, Cheshire			www.moneyplusgroup.co.uk
	Cost (£'000)	850	Year ended 31 October	2006	
	Valuation (£'000)	850		£'000	£'000
	Basis of valuation	Market value assessment	Sales	4,489	
	Equity held	13.9%	Profit/(loss) before tax	79	
	Income received (£'000)	67	Retained profit/(loss)	61	
	First invested	November 2005	Net assets	654	
	Provider of debt management and counselling services to individuals				
Other AAMPE Clients invested:	Aberdeen Development Capital, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Aberdeen Growth VCT I and Talisman First Venture Capital Trust.				

Martel Instruments Limited		Co Durham			www.martelinstruments.com
	Cost (£'000)	796	Year ended A		
	Valuation (£'000)	796		£'000	£'000
	Basis of valuation	Cost	Sales		
	Equity held	11.3%	Profit/(loss) before tax		
	Income received (£'000)	Nil	Retained profit/(loss)		
	First invested	January 2007	Net assets		
	Manufacturer of compact, hand-held printers and display devices				
Other AAMPE Clients invested:	Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Talisman First Venture Capital Trust.				

Camwatch Limited		Sheffield			www.cctv-monitoring.net
	Cost (£'000)	786	Year ended A		
	Valuation (£'000)	786		£'000	£'000
	Basis of valuation	Cost	Sales		
	Equity held	14.8%	Profit/(loss) before tax		
	Income received (£'000)	44	Retained profit/(loss)		
	First invested	March 2007	Net assets		
	Provider of CCTV monitoring and installation services				
Other AAMPE Clients invested:	Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Talisman First Venture Capital Trust.				

Oliver Kay Holdings Limited		Bolton			www.oliverkayproduce.co.uk
	Cost (£'000)	771	Year ended A		
	Valuation (£'000)	771		£'000	£'000
	Basis of valuation	Cost	Sales		
	Equity held	4.9%	Profit/(loss) before tax		
	Income received (£'000)	75	Retained profit/(loss)		
	First invested	January 2007	Net assets		
	Supplier of fresh produce to the on-trade catering industry in the UK				
Other AAMPE Clients invested:	Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Laminvest and Talisman Venture Capital Trust.				

A These companies have not yet produced their first report and accounts.
B This company does not reveal its turnover as permitted under the Companies Act provisions for medium-sized companies.

Your Board

The Board of four Directors, all of whom are non-executive and are considered by the Board to be independent of the Manager, supervises the management of Aberdeen Income and Growth VCT PLC and looks after the interests of its Shareholders.

Fiona Wollocombe

Chairman and Independent Non-executive Director

Relevant experience and other directorships: From 1993 to 2000, Fiona was responsible for giving market related advice on corporate finance, specifically for UK small cap companies, at NatWest Markets and worked on the formation of the UK equity capital markets function at BT Alex Brown where she was appointed head of the UK mid & smallcap team. From 2000 to 2003, she was managing director responsible for the European mid & smallcap equities team at Deutsche Bank, which involved overseeing the marketing of smaller companies, including sales, trading, equity capital markets and corporate finance for a wide variety of sectors, including unquoted investments. She was also an active member of the corporate finance team giving market related advice on flotations, block trades, market tactics in takeover bids and pricing of secondary issues. She is a director of Artemis AIM VCT 2 plc.
Length of service: She was appointed a Director on 20 May 2004 and as Chairman on 7 July 2005.
Last re-elected to the Board: 6 July 2005
Age: 44
Committee membership: Audit, 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: 40,000 Ordinary Shares

Arthur MacMillan

Independent Non-executive Director

Relevant experience and other directorships: For over 10 years prior to December 2005, Arthur was chief executive of Clyde Marine plc, a group which manufactures deck equipment for sail and power boats, under the Lewmar and Navtec brands. Prior to that, he was a corporate financier with West Merchant Bank and Samuel Montagu & Co Limited in London. He is non-executive chairman of MoneyPlus Group Limited, a debt management and counselling business, in which he and the Company both have an investment. He is also a director of a number of other smaller businesses.
Length of service: He was appointed a Director on 19 January 2000.
Last re-elected to the Board: 6 July 2006
Age: 45
Committee membership: Audit (Chairman), Management Engagement, Nomination and Remuneration.
Employment by the Manager: None
Other connections with Manager: None
Shared directorships with other Directors: None
Shareholding in Company: 30,000 Ordinary Shares

John Pocock

Independent Non-executive Director

Relevant experience and other directorships: John has extensive experience in the information technology and financial sectors and was formerly a director and chief executive of Druid Group plc, a FTSE 250 Company that was acquired by Xansa plc in March 2000. Currently non-executive chairman of software companies Cognito Limited, Vamosa Limited and Presence Networks Limited, he is also a non-executive director of Electric & General Investment Trust plc and a director of a number of other smaller companies.
Length of service: He was appointed a Director on 1 March 2007.
Last re-elected to the Board: 17 July 2007
Age: 48
Committee membership: 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: 40,000 Ordinary Shares

Charles Stuart-Menteth

Independent Non-executive Director

Relevant experience and other directorships: Charles was founder and chief executive of Datavault plc, the largest independent records management company in the UK until it was sold in February 1999. Prior to that he was managing director of a venture capital company and has also worked in the engineering and banking sectors. He is now a business angel investing in and assisting early stage businesses.
Length of service: He was appointed a Director on 19 January 2000.
Last re-elected to the Board: 17 July 2007
Age: 57
Committee membership: 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: 100,000 Ordinary Shares

Directors' Report

The Directors submit their Annual Report together with the Financial Statements of the Company for the year ended 29 February 2008.

Change of name

Following the receipt of the approval of Shareholders at the Annual General Meeting held on 17 July 2007, the Company changed its name from Murray VCT 4 PLC to Aberdeen Income and Growth VCT PLC with effect from 25 July 2007.

Articles of Association

At the Annual General Meeting of the Company, a Special Resolution numbered 11 in the Notice of Meeting will be put to Shareholders to approve a number of amendments to the Company's Articles of Association. These amendments are primarily to reflect the provisions of the Companies Act 2006 and an explanation of the main changes between the proposed and the existing Articles of Association is set out in the Appendix to the Notice of Meeting on pages 50 and 51. Other changes to the Articles of Association, which are of a minor, technical or clarifying nature, and some more minor changes which also reflect changes made by the Companies Act 2006 have not been noted in the Appendix.

As the Resolution is proposed as Special Resolution, to be passed, at least three quarters of the votes cast must be in favour of the Resolution.

A copy of the proposed new Articles of Association of the Company, and a copy of the existing Articles of Association marked to show the changes being proposed in the Resolution are available for inspection at the Registered Office of the Company and at the office of Biggart Baillie LLP, Solicitors, Dalmore House, 310 St Vincent Street, Glasgow, G2 5QR from 29 May 2008 until the time of the Annual General Meeting and at the offices of Aberdeen Asset Management PLC at Sutherland House, 149 St Vincent Street, Glasgow G2 5NW from 15 minutes before the Annual General Meeting until it closes.

The Directors consider that the Resolution to be put to the meeting is in the best interests of the Company and its Shareholders as a whole. Your Directors will be voting their aggregate Shareholding of 210,000 Ordinary Shares of 10p each in favour of the Resolution and unanimously recommend that Shareholders do so as well.

Results and dividends

The Net Asset Value per share at 29 February 2008 was 72.8p (2007: 81.1p). The Net Asset Value per share has been calculated using the number of shares in issue at 29 February 2008 of 35,463,992 (2007: 35,463,992).

For the year ended 29 February 2008, the revenue profit on ordinary activities after taxation amounted to £994,000 (2007: £302,000). The total profit on ordinary activities after taxation for the year was £707,000 (2007: £2,538,000). During the year, an amount of £3,189,000 (2007: £1,639,000) was recognised in respect of distributions made to Equity Shareholders. The Directors recommend a final dividend for the year ended 29 February 2008 of 2.3p (2007: 2.8p, comprising 2.0p of capital and 0.8p of revenue) per share, payable on 25 July 2008 to Shareholders on the register at close of business on 27 June 2008 and a Resolution to this effect will be proposed at the Annual General Meeting.

Business review

A full review of the Company's activities is given in the Chairman's Statement on pages 3 and 4 and in the Investment Manager's Review on pages 7 to 10. In addition, this Directors' Report includes a summary of the business objectives, the Board's strategy for achieving them, the key performance indicators and the principal risks and uncertainties faced by the Company.

Investment objective

The Company aims to achieve long term capital appreciation and generate maintainable levels of income for Shareholders.

Statement of investment policy

The Company intends to achieve its objective by:

- investing the majority of its funds in a diversified portfolio of shares and securities of smaller, unquoted UK companies and in AIM/PLUS companies which meet the criteria for VCT qualifying investments and have strong growth potential;
- investing in line with VCT regulations, no more than £1 million in any company in one year and no more than 15% of the Company's assets by cost in one business at any time;
- maintaining a qualifying investment level of at least 70% according to VCT regulations;
- borrowing up to 10% of Net Asset Value, on a selective basis, in pursuit of investment strategy; and
- retaining the services of a Manager that can provide the breadth and depth of resources required to achieve the investment objective.

The Company manages and minimises investment risk by:

- diversifying across a large number of companies;
- diversifying across a range of economic sectors;
- actively and closely monitoring the progress of investee companies;
- seeking to appoint a non-executive director to the board of each private investee company, provided from the Manager's investment management team or from its pool of experienced independent directors;

- co-investing with other funds run by the Manager in larger deals, which tend to carry less risk;
- not investing in hostile public to private transactions; and
- retaining the services of a Manager that can provide the breadth and depth of resources required to meet the criteria stated above.

Other risks are managed as follows:

- VCT qualifying status is monitored continuously and risk is minimised by retaining the services of a Manager with the resources to provide sufficient flow of investment opportunities and integrated administrative and management systems to ensure continuing compliance with regulations; and
- risks of political change, exchange controls, taxation or other regulations that might affect investee companies are monitored and taken account of before investments are made and when determining the valuations of unlisted investments.

Statement of compliance with investment policy

That the Company is adhering to its stated investment policy and managing the risks arising from it can be seen in various tables and charts throughout the Annual Report and from figures provided in the Chairman's Statement on pages 3 and 4 and in the Investment Manager's Review on pages 7 to 10.

The management of the investment portfolio has been delegated to Aberdeen Asset Managers Limited (the Manager), which also provides administrative and financial management services and, through its parent company, company secretarial services to the Company. The Board is satisfied with the depth and breadth of the Manager's resources and its network of offices, which both supply new deals and enables it to monitor the geographically widespread portfolio companies effectively.

The Investment Portfolio Summary on pages 11 to 14 shows the number of investments in the portfolio and the degree of co-investing with other clients of the Manager. The tabular analyses of unlisted and AIM/PLUS portfolio by FTSE industrial sector and deal type show that the portfolio is diversified across a variety of economic sectors and deal types. The level of qualifying investments is monitored by the Manager on a daily basis and reported to the Board quarterly.

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:

- NAV total return; and
- dividends per share.

A historical record of these measures is shown in the Financial Highlights on pages 1 and 2.

In addition, the Board considers peer group comparative performance. The Company is a member of the Association of Investment Companies (AIC) and it is hoped that the AIC's performance statistics will be developed to 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 risk. An explanation of these risks and how they are managed is contained on page 52 and in Note 18 to the Financial Statements on page 42 and 44.

Additional risks faced by the Company, and the mitigation approach adopted by the Board, are as follows:

- investment objective: the Board's aim is to maximise absolute returns to Shareholders while managing risk by ensuring an appropriate diversification of investments;
- 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. The regulations affecting Venture Capital Trusts are on page 45 and are central to the Company's investment policy;
- discount volatility: due to the 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, through the Manager and the Company's Broker, by ensuring that sufficient information on the Company is available to potential buyers of its shares; and
- 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 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.

A serious breach of other regulations, such as the UKLA Listing Rules or the Companies Act, would lead to suspension of its shares from the Stock Exchange, loss of VCT status and reputational damage. The Board receives quarterly reports from the Manager in order to monitor compliance with regulations.

At least twice each year the Board considers all of the above risks and the measures in place to manage them.

Directors

Biographies of the Directors who held office at the year-end are shown on page 17 of the Annual Report along with their interests in the shares of the Company, which are also shown below. No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

Mr Whitworth retired at the Annual General Meeting held on 17 July 2007 and did not stand for re-election. Having previously considered the requirement for succession planning, the Board appointed Mr Pocock as a Director on 1 March 2007. Mr Pocock, whose biography appears on page 17, was re-elected by Shareholders on 17 July 2007 at the first Annual General Meeting following his appointment.

In accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years and, accordingly, Mrs Wollocombe and Mr MacMillan, whose biographies appear on page 17, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-election. Resolutions to this effect will be proposed at the Annual General Meeting.

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

	29 February 2008 Ordinary Shares of 10p	28 February 2007 Ordinary Shares of 10p
F E Wollocombe (Chairman)	40,000	15,000
A G MacMillan	30,000	9,000
J D W Pocock (appointed 1 March 2007)	40,000	20,000
C G Stuart-Menteth	100,000	100,000
A E Whitworth (retired 17 July 2007)	N/A	10,000

All of the interests shown above are beneficial and there have been no further changes to the above share interests since the end of the Company's financial year.

Manager and Company Secretary

During the year ended 29 February 2008, Murray Johnstone Limited, a wholly-owned subsidiary of Aberdeen Asset Management PLC, provided investment management, accounting, administrative and company secretarial services to the Company and the management and secretarial fees payable to the Manager have been calculated and charged on the following basis:

(a) an investment management fee of 20% of the uplift in the Net Asset Value of the Company, before taking account of the effects of dividends payable, subject to a maximum fee of £1.25 million per annum and a minimum fee of 1.0% per annum of the Net Asset Value of the Company; and

(b) a fixed secretarial fee of £50,000 (2007: £50,000) per annum.

The effects of the investment management and secretarial fees for the year ended 29 February 2008 are detailed in Notes 3 and 4 to the Financial Statements on pages 36 and 37 respectively.

Following the change of the Company's name mentioned on page 18 the Board have agreed that, with effect from 29 May 2008, the investment management responsibilities should be transferred to Aberdeen Asset Managers Limited, also a wholly-owned subsidiary of Aberdeen Asset Management PLC which would become responsible for the provision of accounting, administrative and company secretarial services to the Company. These changes are intended to move the Company into line with the other venture capital trusts managed by the Aberdeen Asset Management group and Shareholders should note that there will be no related change in the individuals involved in the management of the Company's portfolio or in the provision of accounting, administrative and company secretarial services.

The management fee was reduced substantially in 2005 for the three year period ending on 31 August 2008, when it was agreed that it could be reviewed for an increase based on the new management team's performance and prevailing market rates. The Directors have agreed to a revised fee which still has a minimum amount payable that is well below current market rates, but includes a performance related element which is based on the increase in NAV total return. The principal terms of the Management and Administration Deed and the separate Co-investment Agreement include:

- the Company will pay to the Manager a performance related management fee subject to a maximum and minimum amount being payable. With effect from 1 September 2008, the fee is calculated as 27.5% of the increase in the Net Asset Value of the Company, over the six-month periods to 28 February and 31 August in each year, before taking into account the effects of distributions and purchases of the Company's own shares effected during that period. The fee is subject to a maximum amount payable of £1.25 million in any year to 28 February and a minimum of 1.4% per annum of the Net Asset Value of the Company. The Net Asset Value from which the fee is measured is rebased to a higher level whenever a performance fee becomes payable;
- in order to ensure that the Manager's staff are appropriately incentivised in relation to the management of the portfolio, a co-investment scheme requires individuals nominated by the Manager to participate

in investments in portfolio companies alongside the Company, this scheme having been approved by the Board during the year ended 28 February 2007. All such investments are made through a nominee and under terms previously agreed by the Board. The terms of the scheme ensure that all investments are made on identical terms to those of the Company and that no selection of investments will be allowed. Total investment by participants in the co-investment scheme is set at 5% of the aggregate amount of 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, in which case the co-investment percentage will be 1.5%. Any dilution of the Company's interests is, therefore, minimal and the Directors believe that the scheme provides a useful incentive which closely aligns the interests of key individuals within the Manager's staff with those of the Shareholders; and

- the investment management agreement is terminable, by either party, on the expiry of six months' notice. The appointment may be terminated without compensation if, inter alia, a receiver, liquidator or administrator of the Manager or the Company is appointed, or if the Manager or the Company commits a material breach of the relevant Management Agreement (and if such a breach is capable of remedy and is not remedied within 28 days), or if the Manager ceases to be authorised to carry on investment business under the Financial Services Act 1986.

In light of the improvement in investment performance provided by the Manager, together with the company secretarial and administrative services provided, the Board considers that the continued appointment of the Manager on the stated terms is in the best interests of the Company and its Shareholders.

In the March 2008 Budget, the Chancellor of the Exchequer announced draft legislation that would exempt venture capital trusts from VAT on management fees with effect from 1 October 2008.

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 or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

During the year ended 29 February 2008, the Directors completed a review of the provision of audit services. As a result, on 22 August 2007, Ernst & Young LLP resigned as Auditors to the Company and Deloitte & Touche LLP were subsequently appointed on 17 January 2008 to fill the resultant vacancy. Resolution 6, to re-appoint Deloitte & Touche LLP as Auditors, will be proposed at the forthcoming Annual General Meeting, along with Resolution 7, to authorise the Directors to fix their remuneration.

Purchase of Ordinary Shares

During the year ended 29 February 2008, the Company did not purchase any of its own shares (2007: 561,984 shares, representing 1.56% of the issued share capital at 28 February 2006, were purchased at a weighted average price of 63.1p per share and an aggregate cost, including expenses, of £356,000).

A Special Resolution, numbered 8 in the Notice of Meeting, will be put to Shareholders at the Annual General Meeting for their approval to renew the Company's authority to purchase in the market a maximum of 14.99% of the shares in issue (5,316,052 Ordinary Shares) at 29 May 2008. 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 to be held in 2009.

Purchases of shares will 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 when taken as a whole. Purchases will be made in the market for cash at prices below the prevailing Net Asset Value per 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 member firms of the London Stock Exchange. Shares which are purchased will be held in Treasury until either being re-issued or cancelled.

Purchases of shares by the Company will be made from distributable reserves and will normally be paid out of cash balances held by the Company from time to time. As 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 should increase as a result of any such purchase.

Shares will not be purchased by the Company in the period of 60 days immediately preceding the notification of the Company's Interim Report and the 60 days immediately preceding the announcement of the Annual Report 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.

Issue of new Ordinary Shares

Resolution numbered 9 in the Notice of Meeting will be put to Shareholders at the Annual General Meeting for their approval for the Company to issue up to an aggregate nominal amount of £354,639 (equivalent to 3,546,390 Ordinary Shares or 10% of the total issued share capital at 29 May 2008). Further issues of new Ordinary Shares may only be made 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 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 passing of the relevant resolution, whichever is the first to occur. This means, in effect, that the authority will have to be renewed at the Annual General Meeting of the Company to be held in 2009.

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 10 will, if passed, give the Directors power to allot for cash, Ordinary Shares up to an aggregate nominal amount of £354,639 (equivalent to 3,546,390 Ordinary Shares or 10% of the total issued share capital at 29 May 2008) as if Section 89(1) does not apply. This is the same amount of share capital that the Directors are seeking the authority to allot pursuant to Resolution 9. The authority will also expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first to occur. This means, in effect, that the authority will have to be renewed at the Annual General Meeting of the Company to be held in 2009. The Company will not use this authority in connection with a rights issue.

Share capital

As at 29 February 2008 the Company's share capital amounted to 35,463,992 Ordinary Shares of 10p each. Further details are included in Note 12 to the Financial Statements on page 41.

Principal activity and status

The Company is no longer an investment company within the meaning of Section 266 of the Companies Act 1985, having revoked such status with effect from 23 October 2001 in order to effect the payment of capital dividends. However, its affairs have been conducted, and will continue to be conducted, in a manner to satisfy the conditions to enable it to continue to obtain approval as a venture capital trust under Section 842AA of the Income and Corporation Taxes Act 1988. HM Revenue and 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 of the Act.

Corporate governance

The Statement of Corporate Governance is shown on pages 25 to 29.

Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations, including accrued income and purchases and sales awaiting settlement. The main risks that the Company faces arising from its financial instruments are disclosed in Note 18 to the Financial Statements on pages 42 to 44.

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 material trade creditors at the year end.

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.

True and fair view

In accordance with the Statement of Directors Responsibilities on page 30, the Directors believe that, to the best of their knowledge:

- the Financial Statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities and financial position of the Company as at 29 February 2008 and for the year to that date; and
- the Directors' Report includes a fair review of the development and performance of the Company, together with a description of the principal risks and uncertainties that it faces.

Annual General Meeting

The Annual General Meeting will be held on 3 July 2008, and the Notice of Meeting is contained on pages 47 to 51.

149 St Vincent Street
Glasgow
G2 5NW
29 May 2008

By order of the Board
Aberdeen Asset Management PLC
Secretary

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary Resolution for the approval of this report will be put to the Members of the Company 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 31.

Remuneration Committee

At 29 February 2008, the Company had four non-executive Directors and their biographies are shown on page 17. The whole Board fulfils the function of a Remuneration Committee, which is chaired by Mr Stuart-Menteth. The names of the Directors who served during the year together with the fees paid during the year are shown in the table on page 24. Mr Pocock was appointed as a non-executive Director on 1 March 2007 and Mr Whitworth retired with effect from 17 July 2007. During the year ended 29 February 2008, the Board was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration. However, in the application of the Boards policy on Directors' remuneration, as defined below, the Committee expects, from time to time, to 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, should reflect the experience of the Board as a whole and be fair and comparable to that of other venture capital trusts with a similar capital structure and similar investment objectives. It is intended that this policy will continue for the year ended 28 February 2009 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 or her. 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.

During the year ended 29 February 2008, the Remuneration Committee carried out a review of the remuneration policy and the level of Directors' fees and concluded that, with effect from 1 March 2008, the amounts payable per annum should increase to £17,000 (previously £16,000) for the Chairman and £14,000 (previously £12,000) for each other Director, with an additional increment of £1,000 (previously £500) per annum payable to reflect the additional work undertaken by the Chairman of the Audit Committee. It was also agreed that the policy would be to continue to review these rates from time to time.

Directors' and Officers' liability insurance

The Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not 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 giving 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 mutual consent.

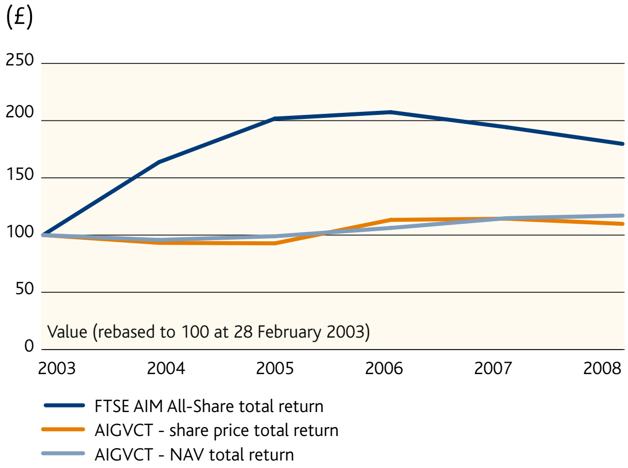
The Articles of Association provide that, at the Annual General Meeting each year, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. Directors, therefore, shall retire and be subject to re-election at the first Annual General Meeting following their appointment and, thereafter, shall be obliged to retire by rotation, with the option to offer themselves for re-election, at least once 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 24 compares the total return on an investment of £100 in the Ordinary Shares of the Company, for each annual accounting period for the five years to 29 February 2008, assuming all dividends are reinvested, with the total shareholder return 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 All-share index is calculated. This index was chosen for comparison purposes as it is the most relevant to the Company's investment portfolio.

Total return performance

As at 29 February 2008



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 during the year received the following emoluments in the form of fees:

	Year ended 29 February 2008 £	Year ended 28 February 2007 £
Chairman of the Board:		
F E Wollocombe	16,000	16,000
Directors:		
A G MacMillan	12,500	12,500
J D W Pocock (appointed 1 March 2007)	12,000	–
C G Stuart-Menteth	12,000	12,000
A E Whitworth (retired 17 July 2007)	4,545	12,000
Total	**57,045**	**52,500**

No Director has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 29 February 2008 (2007: £nil).

Approval

The Directors' Remuneration Report on pages 23 and 24 was approved by the Board of Directors and signed on its behalf by:

29 May 2008

Fiona E Wollocombe
Director

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance. The Board has put in place a framework for corporate governance that it believes is appropriate for a venture capital trust and which enables it to comply with the Combined Code, published in July 2006. The Listing Rules of the UK Listing Authority require the Board to report on compliance with the provisions of the Combined Code and this statement describes how the principles and supporting principles identified in the Combined Code have been applied by the Company during the year ended 29 February 2008, except where disclosed below.

The exception to Compliance with the Combined Code was that a senior non-executive Director has not been appointed (Code requirement A3.3) 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.

In addition, it should be noted that Mr MacMillan has declared an interest as non-executive Chairman of MoneyPlus Group Limited, a business in which both he and the Company have an investment.

The Board

The Board currently consists of four Directors, all of whom are considered to be independent of the investment manager (Aberdeen Asset Managers or the Manager) and free of any relationship which could materially interfere with the exercise of their independent judgement. The biographies of the Directors appear on page 17 of this report and indicate their high level and range of investment, industrial, commercial and professional experience.

The Board sets the Company's values and objectives and ensure that its obligations to Shareholders are met. It has formally adopted a schedule of matters which 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 appointment and removal of the Manager and the terms and conditions of any management and administration agreements;
- 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 the approval and recommendation of interim and final dividends;
- major changes relating to the Company's structure, including share buy-backs and share issues;
- Board appointments and related matters;
- terms of reference and membership of Board Committees; and
- 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, ensuring good information flows within the Board and its Committees; and
- 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 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 and is Chairman of the Management Engagement and Nomination Committees as the other Directors considers that she has the skills and experience relevant to these roles.

The Board meets at least four times each year and, between meetings, maintains regular 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. During the year ended 29 February 2008, the Board held four quarterly Board meetings, a separate strategy meeting and two meetings by telephone. In addition, there were two meetings of the Audit Committee and one each of the Management Engagement, Nomination and Remuneration Committees.

Statement of Corporate Governance continued

Directors have attended Board and Committee meetings during the year ended 29 February 2008 as follows:

Director	Board	Audit Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
F E Wollocombe	7	2	–	–	–
A G MacMillan	7	2	1	1	1
J D W Pocock (appointed 1 March 2007)	5	2	1	1	1
C G Stuart-Menteth	5	2	1	1	1
A E Whitworth (retired 17 July 2007)	4	1	–	–	–

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. The Directors make further enquiries when necessary.

The Board and its Committees have introduced a process for their annual performance evaluation, using questionnaires and discussion to ensure that Directors have devoted a sufficient time and contribute adequately to the work of the Board and its Committees. The Chairman is subject to evaluation by her fellow Directors.

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 Articles of Association stand for election at the first Annual General Meeting following their appointment. The current version of the Articles of Association state that Directors must offer themselves for re-election at least once every three years and that any Director who attains the age of 70 is subject to annual re-election. Changes to the Articles of Association have been proposed and details are provided in the Appendix to the Notice of Meeting on pages 50 and 51.

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.

Committees

Each of the Committees has been established with written terms of reference and comprise the full Board, the members of which are all independent and free from any relationship that would interfere with important judgement in carrying out their responsibilities. The terms of reference of each of the Committees, which are available on request from the Registered Office of the Company, are reviewed and re-assessed for their adequacy at each meeting.

Audit Committee

The Audit Committee, comprising the full Board and chaired by Mr MacMillan, held two meetings during the year ended 29 February 2008. The Board is satisfied that at least one member of the Committee has recent and relevant financial experience.

The terms of reference of the Audit Committee include:

- the review of the effectiveness of the internal control environment of the Company, including the receiving of 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, including 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' Board Report and any required response;
- meetings with representatives of the Manager; and
- making appropriate recommendations to the Board.

The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditors, so as to safeguard their independence and objectivity. Shareholders are asked to approve the re-appointment, and the Directors' responsibility for the remuneration, of the Auditors at each Annual General Meeting. Any non-audit work, other than interim reviews, requires the specific approval of the Audit Committee in each case. Non-audit work, where independence may be compromised or conflicts arise, is prohibited and the Audit Committee considers the external Auditors, Deloitte & Touche LLP which also provides tax services to the Company, to be independent.

Details of the amounts paid to the Auditors during the year for audit and other services are set out in Note 4 to the Financial Statements on page 37.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by the Chairman of the Company. It annually reviews the management contract with Aberdeen Asset Managers Limited, details of which are shown in the Directors' Report on pages 20 and 21. There was one meeting held during the year ended 29 February 2008, at which the management contract was considered and a revision to the structure of the investment management fee was recommended along with changes to the entities providing investment management, company secretarial and accounting services, as detailed in the Directors' Report on page 20.

Nomination Committee

The Chairman of the Company is Chairman of the Nomination Committee, which comprises the full Board, and one meeting was held during the year ended 29 February 2008.

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

- the evaluation of the performance of the Board and its Committees;
- succession planning;
- the identification and nomination of candidates to fill Board vacancies, as and when they arise, for the approval of the Board;
- 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 January 2008, the Nomination Committee recommended to the Board the re-election of Mrs Wollocombe and Mr MacMillan at the Annual General Meeting for the following reasons:

- Mrs Wollocombe has a breadth of knowledge of the smaller companies sector and experience in corporate finance, flotations and market tactics in takeover bids and the pricing of secondary issues along with a committed and independent approach to the business of the Company; and
- Mr MacMillan has extensive knowledge of corporate finance as well as the operational experience of running a large international engineering business and he also displays a committed and independent approach to the business of the Company.

The Board has endorsed these recommendations and, accordingly, Resolutions 4 and 5 will be put to the Annual General Meeting.

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 and which is chaired by Mr Stuart-Menteth. The Committee held one meeting during the year ended 29 February 2008 to review the policy for, and the level of, Directors' Remuneration.

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 23 and 24.

Internal control

The Board of Directors of Aberdeen Income and Growth VCT PLC has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. As the Directors have delegated the investment management, company secretarial and administrative functions of the Company to Aberdeen Asset Managers Limited and Aberdeen Asset Management PLC, the Board considers that it is appropriate for the Company's internal controls to be monitored by the internal audit team of Aberdeen Asset Management PLC, rather than by 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 Annual Report and Financial Statements. This process is regularly reviewed by the Board and accords with the guidance for directors on internal control "Internal Control: Guidance for Directors on the Combined Code" (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 management of the Company's assets to the Manager 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 Aberdeen Asset Management PLC, which undertakes periodic examination of business processes, including compliance with the terms of the Management and Administration Deed, and ensures that recommendations to improve controls are implemented.

Risks are identified through a risk management framework by each function within the Manager's and Secretary's activities. Risk is considered in the context of the Turnbull Guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk model identify those functions most appropriate for review. Any errors or 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 and internal audit teams of Aberdeen Asset Management PLC 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 a six-monthly assessment of internal controls by considering reports from the internal audit and compliance functions of Aberdeen Asset Management PLC, 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 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.

The Internal Audit Committee of Aberdeen Asset Management PLC reports six monthly to the Audit Committee of the Company and has direct access to the Directors at any time. The Company's Audit Committee agenda includes an item for the consideration of risks and controls and the Committee receives reports thereon from Aberdeen Asset Management PLC. During the year ended 29 February 2008, the Board has considered 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.

External agencies

The Board has contractually delegated to external agencies, including the Manager, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the 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 and other external agencies on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

Accountability and audit

The Statement of Directors' Responsibilities in Relation to the Financial Statements is on page 30 and a statement of going concern is included in the Directors' Report on page 22. The Independent Auditors' Report is on page 31 and it should be noted that the Auditors, Deloitte & Touche LLP, rotate the partner responsible for the Company's audit every five years.

Exercise of voting powers

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

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.

Communication with Shareholders

The Company places a great deal of importance on communication with its Shareholders. The Annual General Meeting is an event at which all Shareholders are welcome to attend and participate. The Notice of Meeting on pages 47 to 51 sets out the business of the Annual General Meeting and the Resolutions are explained more fully in the Directors' Report on pages 18 to 22 and in the Directors' Remuneration Report on pages 23 and 24. Separate Resolutions are proposed for each substantive issue and Shareholders have the opportunity to put questions to the Board and to the Manager. The results of proxy voting are relayed to Shareholders after each Resolution has been voted on by a show of hands. It is in the nature of a venture capital trust that it generally has no major Shareholders. Nominated persons, often the beneficial owners of shares held for them by nominee companies, may attend Shareholder meetings and are invited to contact the registered shareholder, the nominee company, in the first instance in order to be nominated to attend the meeting and to vote in respect of the shares held for them.

As required under the Combined Code, the Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting. Annual and Interim Reports and Financial Statements are distributed to Shareholders and other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through the Manager and the Company responds to letters from Shareholders on a wide range of issues. 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 will respond to letters from Shareholders. In order to ensure that the Directors develop an understanding of the views of Shareholders, correspondence between the Manager or the Chairman and Shareholders is copied to the Board. The Company's web pages are hosted on Aberdeen's website, and can be visited at www.aigvct.co.uk from where Annual and Interim Reports, Stock Exchange Announcements and other information can be viewed, printed or downloaded. Access to further information about the Manager can be gained from www.aberdeenasset.com/privateequity.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Independent Auditors' Report to the Members of Aberdeen Income and Growth VCT PLC

We have audited the Financial Statements of Aberdeen Income and Growth VCT PLC for the year ended 29 February 2008 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related Notes 1 to 18.

These Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of Directors and Auditors

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

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the Financial Statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Investment Manager's Review that is cross referred from the Business Review section of the Directors' Report.

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

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

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and 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 29 February 2008 and of its 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.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Glasgow
United Kingdom
29 May 2008

Income Statement

For the year ended 29 February 2008

	Notes	Year ended 29 February 2008 Revenue £'000	Capital £'000	Total £'000	Year ended 28 February 2007 Revenue £'000	Capital £'000	Total £'000
Investment income and deposit interest	2	1,677	–	1,677	687	–	687
Investment management fees	3	(67)	(270)	(337)	(141)	(563)	(704)
Other expenses	4	(221)	–	(221)	(193)	–	(193)
(Losses)/gains on investments	8	–	(360)	(360)	–	2,748	2,748
Profit on ordinary activities before taxation		1,389	(630)	759	353	2,185	2,538
Tax on ordinary activities	5	(395)	343	(52)	(51)	51	–
Profit on ordinary activities after taxation		**994**	**(287)**	**707**	**302**	**2,236**	**2,538**
Earnings per share (pence)	7	**2.8**	**(0.8)**	**2.0**	**0.8**	**6.3**	**7.1**

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

For the year ended 29 February 2008

	Notes	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Opening Shareholders' funds		28,745	28,488
Total profit for year		707	2,538
Repurchase and cancellation of shares	13	–	(356)
Dividends paid - revenue	6	(461)	(286)
Dividends paid - capital	6	(3,189)	(1,639)
Closing Shareholders' funds		**25,802**	**28,745**

The accompanying Notes are an integral part of the Financial Statements.

Balance Sheet

As at 29 February 2008

	Notes	29 February 2008 £'000	29 February 2008 £'000	28 February 2007 £'000	28 February 2007 £'000
Investments at fair value through profit or loss	8		25,002		21,559
Current assets					
Debtors	10	617		899	
Cash and overnight deposits		272		6,922	
		889		7,821	
Creditors					
Amounts falling due within one year	11	89		635	
Net current assets			800		7,186
Net assets			**25,802**		**28,745**
Capital and reserves					
Called up share capital	12		3,546		3,546
Share premium account	13		17,235		17,235
Realised capital reserve	13		2,287		452
Unrealised capital reserve	13		(7,392)		(5,270)
Capital redemption reserve	13		339		339
Profit and loss account	13		9,787		12,443
Net assets attributable to Ordinary Shareholders			**25,802**		**28,745**
Net Asset Value per Ordinary Share (pence)	14		**72.8**		**81.1**

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

29 May 2008

Fiona E Wollocombe
Director

The accompanying Notes are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 29 February 2008

	Notes	Year ended 29 February 2008 £'000	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000	Year ended 28 February 2007 £'000
Operating activities					
Investment income received		1,355		1,065	
Deposit interest received		74		44	
Investment management fees paid		(789)		(700)	
Secretarial fees paid		(50)		(50)	
Directors' expenses paid		(57)		(64)	
Other cash payments		(112)		(89)	
Net cash inflow from operating activities	15		421		206
Taxation					
Corporation tax			–		–
Financial investment					
Purchase of investments		(15,640)		(6,283)	
Sale of investments		12,219		15,038	
Net cash (outflow)/inflow from financial investment			(3,421)		8,755
Equity dividends paid			(3,650)		(1,925)
Net cash (outflow)/inflow before financing			(6,650)		7,036
Financing					
Repurchase of Ordinary Shares		–		(356)	
Net cash outflow from financing			–		(356)
(Decrease)/increase in cash	16		**(6,650)**		**6,680**

The accompanying Notes are an integral part of the Financial Statements.

Notes to the Financial Statements

For the year ended 29 February 2008

1 Accounting Policies - UK Generally Accepted Accounting Practice

(a) Basis of preparation

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluations of investments, and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the SORP) issued in 2005.

(b) Income

Dividends receivable on equity shares are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the period. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective interest rate 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.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

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, 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.

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

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, PLUS or another 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 Income Statement.

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
2 Investment income and deposit interest		
Income from investments:		
UK franked investment income	60	114
UK unfranked investment income	1,440	422
Income from unlisted participating interests	87	103
	1,587	639
Interest receivable and similar income:		
Deposit interest	72	35
Other income	18	13
	90	48
Total income	**1,677**	**687**

	Year ended 29 February 2008			Year ended 28 February 2007		
3 Investment management fees	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Minimum investment management fees	57	230	287	43	171	214
Performance based investment management fees	–	–	–	77	308	385
	57	230	287	120	479	599
Irrecoverable VAT	10	40	50	21	84	105
	67	**270**	**337**	**141**	**563**	**704**

Details of the fee basis are contained in the Directors' Report on pages 20 and 21.

4 Other expenses

	Year ended 29 February 2008			Year ended 28 February 2007		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Secretarial fees	50	–	50	50	–	50
Directors' remuneration	57	–	57	53	–	53
Fees to Auditors - audit services	11	–	11	14	–	14
Fees to Auditors - tax services	2	–	2	2	–	2
Irrecoverable VAT	17	–	17	15	–	15
Miscellaneous expenses	84	–	84	59	–	59
	221	**–**	**221**	**193**	**–**	**193**

5 Tax on ordinary activities

	Year ended 29 February 2008			Year ended 28 February 2007		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Corporation Tax	(395)	343	(52)	(51)	51	–

Factors affecting the tax charge for the year

The tax charge for the year shown in the Profit and Loss Account is lower than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below:

	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Profit on ordinary activities before tax	**1,389**	**353**
Profit on ordinary activities multiplied by standard rate of corporation tax	417	106
Smaller companies relief	(3)	(21)
Effect of income not subject to taxation	(19)	(34)
Relief from capital	(343)	(51)
	52	**–**

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

The Company has not recognised a deferred tax asset of £nil (2007: £253,848) arising as a result of having unutilised management expenses.

6 Dividends	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Amounts recognised as distributions to Equity Shareholders in the year:		
Revenue dividends		
Final revenue dividend for the year ended 28 February 2007 0.8p (2006: 0.8p) paid on 27 July 2007	284	286
Interim revenue dividend for the year ended 29 February 2008 of 0.5p (2007: Nil) paid on 7 December 2007	177	–
	461	**286**
Capital dividends		
Interim capital dividend for the year ended 28 February 2007 of 4.0p (2006: Nil) paid on 23 March 2007	1,419	–
Final capital dividend for the year ended 28 February 2007 of 2.0p (2006: 1.6p) paid on 27 July 2007	709	572
Interim capital dividend for the year ended 29 February 2008 of 3.0p (2007: 3.0p) paid on 7 December 2007	1,061	1,067
	3,189	**1,639**

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	**994**	**302**
Final revenue dividend proposed for the year ended 29 February 2008 of 2.3p (2007: 0.8p) payable on 25 July 2008.	**816**	**284**

7 Earnings per share	Year ended 29 February 2008	Year ended 28 February 2007
The returns per share have been based on the following figures:		
Weighted average number of Ordinary Shares	35,463,992	35,650,705
Revenue return	£994,000	£302,000
Capital return	(£287,000)	£2,236,000
Total return	**£707,000**	**£2,538,000**

8 **Investments**	Listed £'000	Year ended 29 February 2008 Unlisted and AIM/PLUS £'000	Total £'000
Valuation at 1 March 2007	975	20,584	21,559
Unrealised loss	–	5,900	5,900
Cost at 1 March 2007	975	26,484	27,459
Purchases	4,570	11,481	16,051
Sales	(3,084)	(9,135)	(12,219)
Realised gains	8	1,754	1,762
Amortisation of book cost	16	–	16
Cost at 29 February 2008	2,485	30,584	33,069
Unrealised gain/(loss)	7	(8,074)	(8,067)
Valuation at 29 February 2008	**2,492**	**22,510**	**25,002**

	29 February 2008 £'000	28 February 2007 £'000
Realised gain on historical basis	1,762	4,156
Realised provision/(provision) for investment guarantee	45	(45)
Net movement in unrealised loss	(2,167)	(1,363)
(Losses)/gains on investments	**(360)**	**2,748**

Realised losses for the year ended 29 February 2008 include an amount of £1,476,000 in respect of investments struck off by the Registrar of Companies and where losses have previously been recognised.

9 Participating interests

The principal activity of the Company is to select and hold a portfolio of investments in unlisted 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 the management. The size and structure of the companies with unlisted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

9 Participating interests (continued)

At 29 February 2008 the Company held shares amounting to 20% or more of the nominal value of the equity capital of the following undertakings:

Investment	% of class held	% of equity held	Total cost £'000	Carrying value £'000	Latest accounts period end	Aggregate capital and reserves £'000	Profit/(loss) after tax for period £'000
	29 February 2008						
Energy Services Investment Group Limited[A]							
71,250 A ordinary shares	35.6	28.5	745	745	N/A	N/A	N/A
£656,250 loan stock	37.5						
House of Dorchester Holdings Limited							
975 A ordinary shares	32.5	44.2	910	1,338	31/12/06	559	455
1,235 B ordinary shares	61.8						
650 preference shares	65.0						
£454,350 secured loan stock 2009	65.0						
£260,000 secured loan stock 2012	65.0						
Lime Investments Limited[A]							
66,500 A ordinary	33.3	26.6	696	696	N/A	N/A	N/A
£612,500 loan stock	35.0						
Transys Holdings Limited[A]							
27,205,705 B ordinary shares	44.1	31.7	2,721	3,123	N/A	N/A	N/A
4,487 preference shares	44.9						
1,361,443 redeemable preference shares	100.0						
£1,082,571 loan stock	26.4						

[A] Other funds managed by members of the Aberdeen Asset Management group are also invested in the above companies.

The results of the above companies have not been incorporated in the Income Statement except to the extent of any income received and receivable.

No audited accounts are available in respect of Transys Holdings Limited, as the company was only incorporated in November 2007. No audited accounts are available in respect of Energy Services Investment Group Limited and Lime Investments Limited.

The Company also holds shares or units amounting to 3% or more of the nominal value of the alloted shares or units of any class of certain investee companies.

Details of the equity percentages held are shown in the Investment Portfolio Summary on pages 11 to 14.

10 Debtors	29 February 2008 £'000	28 February 2007 £'000
Current taxation	7	77
Prepayments and accrued income	610	311
Amounts due from brokers	–	511
	617	**899**

11 Creditors	29 February 2008 £'000	28 February 2007 £'000
Amounts falling due within one year:		
Accruals	37	490
Provision for investment guarantee	–	45
Amounts due to brokers	–	100
Corporation tax payable	52	–
	89	**635**

12 Share capital	29 February 2008 Number	29 February 2008 £'000	28 February 2007 Number	28 February 2007 £'000
At end February the authorised share capital comprised:				
allotted, issued and fully paid:				
Ordinary Shares of 10p each				
Balance brought forward	35,463,992	3,546	36,025,976	3,602
Repurchased and cancelled in year	–	–	(561,984)	(56)
Balance carried forward	35,463,992	3,546	35,463,992	3,546
Unissued unclassified shares of 10p each	24,536,008	2,454	24,536,008	2,454
	60,000,000	**6,000**	**60,000,000**	**6,000**

During the year, no Ordinary Shares were repurchased by the Company for cancellation (2007: 561,984 Ordinary Shares at a total cost of £356,315).

13 Movement in reserves	Year ended 29 February 2008 Share premium account £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 March 2007	17,235	452	(5,270)	339	12,443
Gains on sales of investments	–	1,762	–	–	–
Tax effect of capital items	–	343	–	–	–
Investment management fees	–	(270)	–	–	–
Net decrease in value of investments	–	–	(2,122)	–	–
Dividends paid	–	–	–	–	(3,650)
Profit on ordinary activities after taxation	–	–	–	–	994
At 29 February 2008	**17,235**	**2,287**	**(7,392)**	**339**	**9,787**

14 Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary Share and the Net Asset Value attributable to the Ordinary Shares at the year end calculated in accordance with the Articles of Association were as follows:

	29 February 2008 Net Asset Value per share p	29 February 2008 Net Asset Value attributable £'000	28 February 2007 Net Asset Value per share p	28 February 2007 Net Asset Value attributable £'000
Ordinary Shares	**72.8**	**25,802**	**81.1**	**28,745**

The number of Ordinary Shares used in this calculation is set out in Note 12.

15 Reconciliation of net return before taxation to net cash inflow from operating activities	Year ended 29 February 2008 £'000	Year ended 28 February 2007 £'000
Profit on ordinary activities before taxation	759	2,538
Losses/(gains) on investments	360	(2,748)
(Increase)/decrease in debtors	(302)	399
Decrease/(increase) in prepayments	3	(2)
Decrease in accruals	(453)	(4)
Amortisation of fixed income investment book cost	(16)	29
Tax on unfranked income	70	(6)
Net cash inflow from operating activities	**421**	**206**

16 Analysis of changes in net funds	At 1 March 2007 £'000	Cash flows £'000	At 29 February 2008 £'000
Cash and overnight deposits	**6,922**	**(6,650)**	**272**

	At 1 March 2006 £'000	Cash flows £'000	At 28 February 2007 £'000
Cash and overnight deposits	**242**	**6,680**	**6,922**

17 Capital commitments	29 February 2008 £'000	28 February 2007 £'000
Conditional capital commitments on unlisted investments	**885**	**511**

18 Derivatives and other financial instruments

The Company's financial instruments comprise securities and other investments, cash balances, overnight deposits 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. It is not the Company's policy to enter into derivatives transactions. 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 rate or currency movement; (ii) interest rate risk; and (iii) liquidity risk. In line with the Company's investment objective, the portfolio comprises UK 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 year. The numerical disclosures below exclude short-term debtors and creditors, which are included in the Balance Sheet at fair value.

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 in the Directors' Report on page 18. Adherence to investment guidelines and to investment and borrowing powers set out in the Management and Administration Deed mitigates the risk of excessive exposure to any particular type of security or issuer and, in particular, no investment can be made in any one company where this would result in a holding that would exceed 7.5% of the Company's net assets at the time the investment is made.

These powers and guidelines include the requirement to invest in a number of companies across a range of industrial and service sectors at varying stages of development, but with the emphasis on well established businesses. The Company complied with the stated investment guidelines and borrowing powers throughout the year ended 29 February 2008.

Further information on the investment portfolio (including sector analysis, concentration and deal type analysis) is set out on pages 5 to 16 in the Analysis of Unlisted and AIM/PLUS Portfolio, Investment Manager's Review, Summary of Investment Changes, Investment Portfolio Summary and Largest Unlisted and AIM/PLUS Investments.

Interest rate risk

29 February 2008	Fixed interest £'000	Floating rate £'000	Non-interest bearing £'000
Sterling			
Listed	2,492	–	–
Unlisted and AIM/PLUS	12,052	–	10,458
Cash	–	272	–
	14,544	**272**	**10,458**

28 February 2007	Fixed interest £'000	Floating rate £'000	Non–interest bearing £'000
Sterling			
Listed	975	–	–
Unlisted and AIM/PLUS	8,425	–	12,159
Cash	–	2,548	4,374
	9,400	**2,548**	**16,533**

The listed fixed interest assets have a weighted average life of 1.2 years (2007: 0.02 years) and weighted average interest rate of 4.65% (2007: 4.6%) per annum. These assets are held to provide liquidity for the unlisted investments. The floating rate assets consist of cash deposits on call. These assets are earning interest at prevailing money market rates. The unlisted assets have a weighted average life of 4.1 years (2007: 3.9 years) and a weighted average interest rate of 10.2% (2007: 11.6%). The non-interest bearing assets represent the equity element of the portfolio. All assets and liabilities of the Company are included in the balance sheet at fair value.

Maturity profile

The interest rate profile of the Company's financial assets at the Balance Sheet date was as follows:

At 29 February 2008	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed interest							
Listed	400	2,092	–	–	–	–	2,492
Unlisted	454	515	1,204	5,081	1,806	2,992	12,052
	854	**2,607**	**1,204**	**5,081**	**1,806**	**2,992**	**14,544**

Within "more than 5 years" there is a figure of £1,602,000 in respect of preference shares which have no redemption date. It is the Directors' opinion that the carrying amounts of these financial assets represent the maximum credit risk exposure at the Balance Sheet date.

At 28 February 2007	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed interest							
Listed	975	–	–	–	–	–	975
Unlisted	2,241	1,571	891	1,263	359	2,100	8,425
	3,216	**1,571**	**891**	**1,263**	**359**	**2,100**	**9,400**

Within "more than 5 years" there is a figure of £750,300 in respect of preference shares which have no redemption date. It is the Directors' opinion that the carrying amounts of these financial assets represent the maximum credit risk exposure at the Balance Sheet date.

Liquidity risk

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

Credit risk and interest rate risk are minimised by acquiring high-quality treasury stocks or other bonds which have a relatively short time to maturity (see Investment Portfolio Summary on page 14).

The Company, generally, does not hold significant cash balances and any cash held is with reputable banks with high-quality, external credit ratings.

Price risk sensitivity

The following details the Company's sensitivity to a 10% increase and decrease in the market prices of AIM and PLUS quoted securities, with 10% being the Manager's assessment of a reasonably possible change in market prices.

At 29 February 2008, if market prices of listed or AIM/PLUS quoted securities had been 10% higher or lower with all other variables held constant, the increase or decrease in net assets attributable to Ordinary Shareholders for the year would have been £763,000 (2007: £714,000), due to the change in valuation of financial assets at fair value through profit or loss.

Venture Capital Trusts

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

- a VCT's income must be derived wholly or mainly from shares or securities;
- a VCT must retain not more than 15% of its income derived from shares or securities;
- no holding in any company can represent more than 15% by value of a VCT's investments; and
- 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.

Within the accounting period beginning not more than three years after the initial listing of shares by a VCT, 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' duration, 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 unlisted companies (including companies whose shares are traded on the Alternative Investment Market or PLUS), 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 requirement provided that, for VCTs raised before 5 April 2006, the gross assets of the company do not exceed £15 million prior to the investment or £16 million following the investment; these figures were revised to £7 million and £8 million respectively for VCT monies raised after 5 April 2006.

In the budget of March 2007, additional regulations were proposed for funds raised after 5 April 2007; for a company to qualify as a VCT investment, it must have no more than 50 full-time employees at the date of the issue of securities and no more than £2 million may be invested by all venture capital schemes in the twelve-month period up to and including the date of investment.

Tax Position of Individual Investors

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

Tax reliefs for individual investors resident in the UK

Investors must be individuals aged 18 or over to qualify for the tax reliefs detailed 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. Relief is limited to the amount which reduces the investor's income tax liability to nil. This relief must be repaid should the shares be sold or otherwise disposed of within five years.

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

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

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

Obtaining tax reliefs

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

A VCT will give each investor a certificate which the investor uses to claim income tax relief, either immediately by obtaining an adjustment to their tax coding from HM Revenue & Customs or by waiting until the end of the tax year and using their tax return to claim relief.

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 VCT 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 VCT should consult a professional adviser.

Risk warnings

Past performance is not necessarily a guide to future performance. You should be aware that the value of shares and the 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 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. Investments in such companies carry substantially higher risk than those in larger companies.

The tax reliefs are dependent on the VCT obtaining unconditional approval from HM Revenue & Customs. 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

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your shares in Aberdeen Income and Growth VCT PLC, please forward this document, together with any accompanying documents, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of Aberdeen Income and Growth VCT PLC will be held on Thursday 3 July 2008 at 2.15p.m. at Sutherland House, 149 St Vincent Street, Glasgow G2 5NW, to transact the following business:

Ordinary business

1. To receive the Directors' Report and audited Financial Statements for the year ended 29 February 2008.
2. To approve the Directors' Remuneration Report.
3. To declare a final dividend of 2.3p per Ordinary Share for payment on 25 July 2008 to Shareholders on the Register at close of business on 27 June 2008.
4. To re-elect Mrs F E Wollocombe[A] as a Director.
5. To re-elect Mr A G MacMillan[A] as a Director.
6. To re-appoint Deloitte & Touche LLP as Auditors.
7. To authorise the Directors to fix the remuneration of the Auditors.

Special business

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

   THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the Act) to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 10p each in the capital of the Company (either for cancellation or for retention in Treasury for future re-issue or transfer) provided always that:

   (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 5,316,052 representing 14.99 per cent of the Company's issued Ordinary Share capital as at 29 May 2008;

   (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 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 Shares are 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 15 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. 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 £354,639 (representing 10 per cent of the total Ordinary Share capital in issue on 29 May 2008) 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 15 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.

Notice of Meeting continued

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

    THAT, subject to passing of Resolution 9 set out above, the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985 (the Act), to allot equity shares (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said Resolution 9 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

    (a) during the period expiring on the earlier of the date of the Company's next Annual General Meeting or on the expiry of 15 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) up to an aggregate nominal amount of £354,639 (representing 10 per cent of the total Ordinary Share capital in issue on 29 May 2008).

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

    THAT the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

149 St Vincent Street
Glasgow
G2 5NW
29 May 2008

By order of the Board
Aberdeen Asset Management PLC
Secretary

Notes:

1. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. **A reply-paid form of proxy for your use is enclosed.**

2. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to **Capita Registrars, Proxy Department, PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR** so as to arrive no later than 2.15pm on Tuesday 1 July 2008.

3. The return of a completed proxy form, or other instrument of proxy, will not prevent you attending the Meeting and voting in person if you wish to do so.

4. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 48 hours before the time fixed for the Meeting (or, in the event that the Meeting is adjourned, 48 hours before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting referred to above.

5. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (Capita; ID: RA10) not later than 48 hours before the time fixed for the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instruments. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:
    (i) if a corporate Shareholder has appointed the Chairman of the Meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that Shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
    (ii) if more than one corporate representative for the same corporate Shareholder attends the Meeting but the corporate Shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate Shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.
11. Except as provided above, members who have general queries about the Meeting should write to the Company Secretary or the Registrar at appropriate address, as shown under Corporate Information on page 53 of the Annual Report. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Annual Report and proxy form) to communicate with the Company for any purpose other than those expressly stated.
12. No Director has a service contract with the Company, but copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting.

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

[A] The biographies of the Directors are detailed on page 17.

The Directors' Remuneration Report, referred to in Resolution 2, is on pages 23 and 24.

Details of Resolutions 3 to 10 are contained in the Directors' Report as follows:

Resolution 3	Page 18	Results and dividends
Resolutions 4 and 5	Page 20	Directors
Resolutions 6 and 7	Page 21	Auditors
Resolution 8	Page 21	Purchase of Ordinary Shares
Resolutions 9 and 10	Page 22	Issue of new Ordinary Shares

Details of the proposed changes to the Company's Articles of Association, referred to in Resolution 11, are contained in the Directors' Report on page 18 and in the Appendix to the Notice of Meeting on pages 50 and 51.

Registered in England and Wales - Company Number 3908220

Appendix to the Notice of Meeting

Explanatory Notes of Principal Changes to the Articles Of Association of the Company ("the Articles")

1. **Articles which duplicate statutory provisions**
   Provisions in the existing Articles which replicate provisions contained in the Companies Act 2006 are, in the main, amended to bring them into line with the Companies Act 2006. Certain examples of such provisions include provisions as to the form of Resolutions and provisions regarding the period of notice required to convene General Meetings. The main changes made to reflect this approach are detailed below.

2. **Form of Resolution**
   The current Articles contain a provision that, where for any purpose an Ordinary Resolution is required, a Special or Extraordinary Resolution is also effective and that, where an Extraordinary Resolution is required, a Special Resolution is also effective. The provision is being amended as the concept of Extraordinary Resolutions has not been retained under the Companies Act 2006.

   The current Articles enable members to act by Written Resolution. Under the Companies Act 2006, public companies can no longer pass written resolutions and these provisions have, therefore, been removed in the new Articles.

3. **Convening Extraordinary and Annual General Meetings**
   The provisions in the current Articles dealing with the convening of General Meetings and the length of notice required to convene General Meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, an Extraordinary General meeting to consider a Special Resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

4. **Votes of members**
   Under the Companies Act 2006, proxies are entitled to vote on a show of hands whereas under the current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the Articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed, provided that each proxy is appointed to exercise the rights attached to a different share held by the Shareholder. The new Articles reflect all of these new provisions.

5. **Age of Directors on appointment**
   The current Articles contain provisions requiring a Director's age to be disclosed if he has attained the age of 70 years or more in the Notice convening a Meeting at which the Director is proposed to be elected or re-elected and limiting the age at which a Director can be appointed. Such a provision could now fall foul of the Employment Equality (Age) Regulations 2006 and, therefore, has been removed from the new Articles.

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

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

It is also proposed that the new Articles should contain provisions relating to confidential information, attendance at Board meetings and availability of information to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's power to authorise conflicts are operated effectively.

7. Notice of Board meetings

Under the current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and, if he does not do so, he is not entitled to receive notice while he is away. This provision has been amended, as modern communications mean that there may be no particular obstacle to giving notice by e-mail to a Director who is abroad.

8. Distribution of assets otherwise than in cash

The current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the new Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the Articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the current Articles.

9. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The new Articles continue to allow communications to members in electronic form and, in addition they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with the member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can request a hard copy version of the document or information.

10. Directors' indemnities and loans to fund expenditure

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

11. Classes of shares

The new Articles have been updated to remove any provisions relating to classes of shares which are no longer in issue.

Corporate Summary

Company profile

Aberdeen Income and Growth VCT PLC (formerly Murray VCT 4 PLC) is a venture capital trust (VCT) and a constituent of the FTSE All-Share Index. It has one class of share and was incorporated on 12 January 2000.

Investment objective

The Company aims to achieve long term capital appreciation and generate maintainable levels of income for Shareholders.

Benchmark

There is no meaningful venture capital trust index against which to compare the performance of the Company. However, for reporting to the Board and Shareholders, the Manager uses comparisons with appropriate indices and the Company's peer group.

Capital structure

The Company's issued share capital as at 29 February 2008 consisted of 35,463,992 Ordinary Shares of 10p each.

Total assets and Net Asset Value per share

At 29 February 2008, the Company had total assets of £25,802,000 and a Net Asset Value per share of 72.8p.

Dividend

A final revenue dividend of 2.3p per share has been proposed in respect of the year ended 29 February 2008 to be paid on 25 July 2008 to Shareholders on the register at close of business on 27 June 2008.

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 to be held in 2010, and thereafter at five yearly intervals.

Risks and uncertainties

Investments in smaller unlisted and AIM or PLUS quoted companies carry substantially greater risk, in terms of price and liquidity, than investments in larger companies or in companies listed on the Official List. In addition, many of the businesses in which the Company invests may be exposed to the risk of political change, exchange controls, tax or other regulations that may affect their value and marketability.

The levels and bases of tax reliefs may change.

As the volume of the Company's shares traded on the market is likely to be small, the shares may trade at a significant discount to Net Asset Value.

In order to qualify as a VCT, within the accounting period beginning not more than three years after the receipt of applications, the Company must have at least 70% by value of its investments in qualifying holdings. The Company may invest in a number of companies which are not considered to be qualifying investments for a VCT. The criteria that must be met for a qualifying investment and the conditions that are required to be met by the Company in order for it to be approved as a VCT are detailed in Venture Capital Trusts on page 45.

Further details of the Company's risk profile are contained in the Directors Report on page 19, Note 18 to the Financial Statements on pages 42 to 44 and in Tax Position of Individual Investors on page 46.

Management agreement

The Company has an agreement with Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, for the provision of management, company secretarial and adminstrative services. Please refer to the Directors' Report on pages 20 and 21 and Notes 3 and 4 to the Financial Statements on pages 36 and 37 for details of the management and secretarial fees payable.

Share dealing

Shares in the Company can be purchased and sold in the open market through a stockbroker. Landsbanki Securities UK Limited is stockbroker to Aberdeen Income and Growth VCT PLC.

Corporate Information

Directors

Fiona E Wollocombe (Chairman)
Arthur G MacMillan
John D W Pocock
Charles G Stuart-Menteth

Manager

Aberdeen Asset Managers Limited
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

Customer Services Department
Freephone: 0845 300 2830
(open Monday to Friday 9am-5pm)
e-mail: vcts@aberdeen-asset.com

Secretary

Aberdeen Asset Management PLC
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

Points of Contact

The Chairman and/or the Company Secretary at:
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

email: company.secretary@invtrusts.co.uk

Registered Office

One Bow Churchyard
Cheapside
London EC4M 9HH

Registered in England and Wales
Company Registration Number: 3908220

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
West Yorkshire HD8 0LA

Shareholder Helpline: 0870 162 3100
(Calls cost 10p per minute plus network extras)

Bankers

J P Morgan Chase Bank

Stockbrokers

Landsbanki Securities UK Limited

Solicitors

S J Berwin

Auditors

Deloitte & Touche LLP

Website

www.aigvct.co.uk

Aberdeen Asset Managers Limited
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