

# 06

## Murray VCT 4 PLC

Interim Report  
Six months ended 31 August 2006



## Key Facts

	31 August 2006	28 February 2006	% change
<b>Cumulative returns to Shareholders since launch</b>			
Total return <sup>1</sup> (without tax reliefs)	94.4p	92.2p	2.4
Total return <sup>1</sup> (with tax reliefs <sup>2</sup> )	114.4p	112.2p	2.0
<b>Ordinary shares</b>			
Net Asset Value		79.1p	
Dividends paid in reporting period		2.4p	
Adjusted Net Asset Value	78.9p	76.7p	2.9
Ordinary Shares in issue at period end	35,563,992	36,025,976	
<b>Assets</b>			
Net assets	£28,070,000	£28,488,000	(1.5)

<sup>1</sup> Sum of current Net Asset Value and dividends paid to date.

<sup>2</sup> Income tax relief at 20%.

Source: Aberdeen Asset Managers Limited, except share price (Bloomberg).

## Dividend History

Year ended February	Payment date	Interim/final/capital	Dividend paid/payable (p)
2001	8 December 2000	Interim	1.0
	13 July 2001	Final	1.8
2002	7 December 2001	Interim	1.0
	22 July 2002	Final	1.5
2003	10 December 2002	Interim	1.0
	18 July 2003	Final	1.5
2004	12 December 2003	Interim	0.5
	16 July 2004	Final	1.2
2005	10 December 2004	Interim	0.5
	22 July 2005	Final	0.6
2006	9 December 2005	Interim	0.5
	9 December 2005	Capital	2.0
	28 July 2006	Final	0.8
2007	28 July 2006	Capital	1.6
	15 December 2006	Capital	3.0
<b>Total</b>			<b>18.5</b>

# Analysis of Unlisted and AIM Portfolio

As at 31 August 2006

FT Industrial Sector	Cost		Valuation	
	£'000	%	£'000	%
<b>Unlisted</b>				
Support Services	3,474	12.5	2,915	12.4
Engineering & Machinery	825	3.0	2,874	12.2
Media & Entertainment	2,958	10.6	2,309	9.8
Transport	1,802	6.5	1,951	8.3
Aerospace & Defence	1,092	3.9	1,867	7.9
Food Producers & Processors	2,493	9.0	1,737	7.4
Personal Care & Household Products	1,516	5.4	1,516	6.4
Food & Drug Retailers	961	3.5	1,391	5.9
Insurance	751	2.7	751	3.2
Household Goods & Textiles	522	1.9	522	2.2
Telecommunication Services	744	2.7	303	1.3
Automobiles & Parts	2,124	7.7	–	–
Construction & Building Materials	600	2.2	–	–
Health	585	2.1	–	–
Information Technology Hardware	250	0.9	–	–
Leisure & Hotels	10	–	–	–
Oil & Gas	850	3.1	–	–
	21,557	77.7	18,136	77.0
<b>AIM</b>				
Support Services	1,421	5.1	1,094	4.6
Media & Entertainment	1,005	3.6	978	4.2
Software & Computer Services	796	2.9	701	3.0
Household Goods & Textiles	700	2.5	596	2.5
Pharmaceuticals & Biotechnology	328	1.2	578	2.4
Engineering & Machinery	164	0.6	499	2.1
Leisure & Hotels	914	3.3	417	1.8
Health	412	1.5	325	1.4
Information Technology Hardware	170	0.6	97	0.4
Speciality & Other Finance	59	0.2	96	0.4
Telecommunication Services	209	0.8	47	0.2
	6,178	22.3	5,428	23.0
	<b>27,735</b>	<b>100.0</b>	<b>23,564</b>	<b>100.0</b>

Deal Type	Number	Cost		Valuation	
		£'000	%	£'000	%
<b>Unlisted</b>					
Management Buy-out	12	6,166	22.2	10,050	42.7
Development Capital	19	11,583	41.8	5,074	21.5
Management Buy-in	3	2,410	8.7	2,946	12.5
Acquisition Finance	2	1,398	5.0	66	0.3
	36	21,557	77.7	18,136	77.0
<b>AIM</b>					
Placing	25	6,178	22.3	5,428	23.0
	61	<b>27,735</b>	<b>100.0</b>	<b>23,564</b>	<b>100.0</b>

# Investment Review

For the six months ended 31 August 2006

## Returns and Net Asset Value

The total return since launch, excluding tax relief, has increased by 2.2p to 94.4p, a rise of 2.4% over the six-month period, which reflects a continuation of the improved performance achieved since August 2004; the total return has increased by 12.2% since that date, being the nearest valuation point to the date when the current management team assumed responsibility for the portfolio.

The Net Asset Value (NAV) per share at 31 August 2006 was 78.9p per share compared with 76.7p as at 28 February 2006 (adjusted for payment of dividends totalling 2.4 pps in July 2006). The increase in adjusted NAV over the period of 2.9% compares favourably with the FTSE AIM All-Share Index, which decreased by 10.8% over the period, and the FTSE Small Cap Index, which decreased by 1.6%.

## Dividends

Following the tax-free payment of a capital dividend of 1.6p on 28 July 2006, in respect of capital gains which had accrued up to 28 February 2006, the Board has declared a further capital dividend arising out of gains on the sale of investments of 3.0p to be paid on 15 December 2006 to Shareholders on the register on 24 November 2006.

In respect of a revenue distribution for the year ended 28 February 2007, the Directors have adopted a prudent approach to the accrual of the income due from the portfolio and, as there was an insufficient surplus at 31 August 2006 to represent a meaningful revenue distribution, the Board has resolved not to declare an interim dividend. However, a revenue distribution for the full year will be considered in the light of the final results.

## Investment activity

During the six-months to 31 August 2006, one new unlisted investment was made at a cost of £522,000. In addition, one AIM investment was realised in a share-for-share transaction with the proceeds re-invested in the acquiring company. A total of £1.9 million was invested during the six month period, including amounts invested in existing investee companies and the amount effectively re-invested as a result of the share for share exchange. At the period end, the unlisted and AIM portfolio consisted of 47 active investments and a total portfolio cost of £27.7 million.

The following new unlisted investment, which is qualifying for VCT purposes, was made in the reporting period:

**Homelux Nenplas Limited (May 2006) - £522,000:** Homelux Nenplas is a manufacturer of tile trims and other wet room furnishing accessories. Its products are distributed through major DIY retail outlets and trade product distributors. (No website available)

## Co-investment

Murray VCT 4 has co-invested with other funds managed by the Aberdeen Asset Management Group in a number of investments and is expected to continue to do so. The advantage of this arrangement is that by investing together, the funds are able to underwrite a wider range and size of transaction than would be the case on a stand-alone basis.

In addition, following the agreement of all of the boards of the VCTs managed by the Growth Capital team of Aberdeen Asset Managers, the staff co-investment scheme made its first investment on 30 May 2006 and has co-invested alongside the Company in each investment made since then. Details of the scheme were contained in the Annual Report for the year ended 28 February 2006.

## Portfolio developments

### Unlisted investments

Successful realisations up to 28 February 2006 enabled the payment of the Company's first capital dividend in December 2005 followed by a further capital dividend which was paid in July 2006; further realisations have been achieved as shown in the table on page 7.

ELE Advanced Technologies has repaid the second tranche of loan stock, including a redemption premium of £45,000 which is treated as income to the Company. The maximum deferred consideration was received from the sale of Enterprise Food Group and the remaining operating subsidiary, Patisserie (UK), was sold during the period resulting in aggregate proceeds of £191,000 all of which is a gain over the cost of the investment. In total, a gain of £228,000 has been realised from the investment in Enterprise Food Group and the Company still retains a 6.0% stake in the business.

As a continuation of the policy of seeking exits from underperforming legacy investments, the holdings in Mercury Inns and the sister company GW1016 were sold during the period, which resulted in a combined loss of £427,000 but a modest gain over the February 2006 carrying value. The sale of Original Shoe Company also completed for cost following the acceptance by the major shareholder of an offer for his shares. An approach was made by a privately owned competitor seeking to increase its geographic coverage. Minor recoveries were also made from the investment in Citel Technologies, when it achieved an IPO on AIM during July, and from investments in Businesshealth, Conveco and First Line.

In addition to the transactions mentioned above, further realisations were achieved after the period end. TMI Foods was sold generating proceeds of £1,391,000 compared to the cost of £230,000 and resulting in a gain of £1,161,000. Bond Aviation Solutions realised £1,302,000 compared to its cost of £750,000 and resulted in a gain of £552,000 over cost. The disposal of Mining Communications generated £1,181,000 compared to cost of £750,000 generating a gain of £431,000. Heathcotes Restaurants was also sold and, although the proceeds of £722,000 resulted in a loss of £861,000 when compared to an original cost of £1,583,000, the majority of the reduction in value had previously been provided for. The investment in Astraeus has been reorganised as a result of a new investment from a trade partner which has invested £5 million in the business. While the Company's equity holding has inevitably been reduced as a result, the business has been placed on a much sounder footing and will benefit in future from additional trading opportunities introduced by the new investor.

### Valuations

The valuations of House of Dorchester and Styles & Wood Holdings have been increased from the valuation at the Company's year end to reflect improving performance and, in certain other cases, valuations have been revised to reflect the actual proceeds received from an exit occurring shortly after the period end. However, the valuations of ELE Advanced Technologies, PSCA International, Sanastro and Transrent Holdings have been reduced to reflect a decline in performance.

Unlisted investments held by Murray VCT 4 are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which superseded the British Venture Capital Guidelines for reporting periods beginning after 1 January 2005. Investments which are quoted or traded on the Alternative Investment Market (AIM) or a recognised stock exchange are valued at their bid price, discounted where necessary to reflect any trading restrictions.

### **AIM investments**

The UK stock markets, including AIM, entered a period of instability around mid May 2006, resulting in a fall in the FTSE AIM 100 index of around 21% between then and the end of the reporting period. Against this background and over full the six-month period to 31 August 2006, the value of the Company's AIM portfolio declined by £483,000, representing 8.2% of the value of the portfolio in contrast to the FTSE AIM 100 index which declined by 16.0% over the same period.

The AIM portfolio has continued to be actively managed, resulting in net realised gains over cost of £690,000 during the reporting period, equivalent to around 1.9p per share. Significant gains were realised from Avanti Screenmedia, Cello Group, Leisure & Gaming, Mattioli Woods, Talarius and Tanfield Group.

A gain of £248,000 arose on Synexus Clinical Research as approximately half of the holding was traded out for cash. The Manager had supported the management buy-out of the business in 2001 and the company had successfully obtained an AIM listing in November 2005. Through share price performance, it subsequently became the largest investment in the AIM portfolio and the Manager considered it prudent to reduce the size of the holding. A total gain of £324,000 has now been achieved on this investment, while the Company continues to hold a 2.4% stake in the business which is currently valued at a premium of more than 76% to its cost of £328,000.

In addition, Billing Services Group used the compulsory purchase provisions of the Companies Act to acquire the holding in United Clearing in a share-for-share transaction following a take-over bid. Although a net loss of £88,000 was realised on the overall disposal of this investment during the period, the share price has fallen further since the final sale of the holding. Subsequent to the period end, trading in the shares of Leisure & Gaming was temporarily suspended with effect from 13 October 2006. The company has confirmed the disposal of its US operation and has called an extraordinary meeting at which shareholders have been invited to approve the board's proposals to restore value.

## Realisations

The table below shows details of all of the sales from the investment portfolio made by the Company during the reporting period.

	Date first invested	Exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/ (loss) £'000
<b>Unlisted</b>					
Businesshealth	2001	Partial	6	6	–
Citel Technologies	2001	Partial	9	9	–
Conveco	2001	Partial	26	26	–
ELE Advanced Technologies	2000	Partial	149	149	–
Enterprise Food Group/Patisserie (UK)	2003	Deferred consideration	–	191	191
First Line	2000	Deferred consideration	46	46	–
GW1016/Mercury Inns	2002	Complete	896	469	(427)
Original Shoe Company	2005	Complete	750	750	–
<b>Total unlisted</b>			<b>1,882</b>	<b>1,646</b>	<b>(236)</b>
<b>AIM</b>					
1st Dental Laboratories	2004	Partial	8	7	(1)
Asfare	2003	Partial	66	54	(12)
Autoclenz	2005	Partial	20	21	1
Avanti Screenmedia	2004	Partial	99	120	21
Axeon	2005	Partial	67	92	25
Cello Group	2004	Partial	266	326	60
Inspicio	2005	Partial	44	54	10
Leisure & Gaming	2005	Partial	188	278	90
Mattioli Woods	2005	Partial	93	154	61
Neutrahealth	2005	Partial	56	73	17
Spectrum Interactive	2005	Partial	8	4	(4)
Synexus Clinical Research	2001	Partial	295	543	248
Talarius	2005	Partial	51	103	52
Tanfield Group	2004	Partial	205	415	210
United Clearing*	2005	Complete	280	370	90
Billing Services Group*	2006	Complete	370	192	(178)
<b>Total AIM</b>			<b>2,116</b>	<b>2,806</b>	<b>690</b>
<b>Total</b>			<b>3,998</b>	<b>4,452</b>	<b>454</b>

\* During the period under review, Billing Services Group acquired United Clearing.

**Post balance sheet disposals**

Disposals from the unlisted and AIM portfolio which completed between 31 August and 31 October 2006 are detailed in the table below.

	<b>Date first invested</b>	<b>Exit</b>	<b>Cost of shares disposed of £'000</b>	<b>Sales proceeds £'000</b>	<b>Realised gain/ (loss) £'000</b>
<b>Unlisted</b>					
Bond Aviation Solutions	2005	Complete	750	1,302	552
Heathcotes Restaurants	2001	Complete	1,583	722	(861)
Mining Communications	2003	Complete	750	1,181	431
TMI Foods	2003	Complete	230	1,391	1,161
<b>Total unlisted</b>			<b>3,313</b>	<b>4,596</b>	<b>1,283</b>
<b>AIM</b>					
Asfare	2003	Partial	31	30	(1)
Cello Group	2004	Partial	26	33	7
Talarius	2005	Partial	34	68	34
Tanfield Group	2004	Partial	16	55	39
<b>Total AIM</b>			<b>107</b>	<b>186</b>	<b>79</b>
<b>Total</b>			<b>3,420</b>	<b>4,782</b>	<b>1,362</b>

In addition, Styles & Wood Holdings was successfully floated on the main market of the London Stock Exchange on 7 November 2006. While not reflected in the results for the six months ended 31 August 2006, the flotation provided the opportunity for the Company to realise its investment for £1,603,000, an increase of £723,000 over the valuation at which the Company carried the investment at 31 August 2006. The effect of this would be to increase the NAV of the Company by 2.0p per share, representing 2.5% of the NAV at 31 August 2006.

**Outlook**

A number of investments in the unlisted portfolio are approaching a level of maturity when a realisation is likely to be sought. The Board intends to make further tax-free dividend payments out of the gains arising from realisations, but the quantum and timing of these payments cannot be predicted. The cost of any holdings realised will be re-invested by the Manager in accordance with the agreed strategy of selecting larger, profitable unlisted businesses while continuing the active management of the AIM portfolio. The Manager's network of regional offices is providing an increasing flow of new and interesting opportunities for unlisted investment, and in the AIM market which has stabilised following the disruption experienced during May.

8 November 2006

On behalf of the Board  
**Murray Johnstone Limited**  
 Manager and Secretary



# Summary of Investment Changes

For the six months ended 31 August 2006

	Valuation 28 February 2006		Net investment/ (disinvestment) £'000	Appreciation/ (depreciation) £'000	Valuation 31 August 2006	
	£'000	%			£'000	%
<b>Unlisted</b>						
Equities	6,305	22.1	(466)	1,981	7,820	27.9
Preference shares	657	2.3	(27)	(222)	408	1.4
Loan stocks	10,732	37.7	(427)	(397)	9,908	35.3
	17,694	62.1	(920)	1,362	18,136	64.6
<b>AIM</b>						
Equities	8,357	29.4	(2,340)	(589)	5,428	19.3
<b>Listed</b>						
Fixed income	1,855	6.5	612	(8)	2,459	8.8
<b>Total investments</b>	<b>27,906</b>	<b>98.0</b>	<b>(2,648)</b>	<b>765</b>	<b>26,023</b>	<b>92.7</b>
Other net assets	582	2.0	1,465	–	2,047	7.3
<b>Net assets</b>	<b>28,488</b>	<b>100.0</b>	<b>(1,183)</b>	<b>765</b>	<b>28,070</b>	<b>100.0</b>

# Investment Portfolio Summary

As at 31 August 2006

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other clients*
<b>Unlisted</b>					
<b>Transys Projects</b>					
Engineering services to the rail industry	825	2,874	10.2	20.9	20.9
<b>TLC (Tender Loving Childcare)</b>					
Operator of daycare nurseries	1,516	1,516	5.4	23.2	–
<b>TMI Foods</b>					
Manufacturer of cooked bacon and vegetable products	230	1,391	5.0	23.5	23.5
<b>Bond Aviation Solutions</b>					
Commercial pilot training services	750	1,302	4.6	12.0	28.0
<b>Mining Communications</b>					
Publisher of specialist trade journals	750	1,180	4.2	14.1	6.4
<b>House of Dorchester</b>					
Chocolate manufacturer	910	1,015	3.6	44.2	–
<b>RMS Europe</b>					
Provider of stevedoring and ships agency services	784	934	3.3	9.1	19.1
<b>Styles &amp; Wood Holdings</b>					
Independent provider of store fit-outs to the UK retail sector	400	880	3.1	1.5	44.8
<b>EIG (Investments)</b>					
Insurance business focussed mainly on niche risk areas in motor insurance	751	751	2.7	0.4	1.1
<b>MoneyPlus Group</b>					
Provider of debt management services to individuals	750	750	2.7	15.0	16.0
<b>Heathcotes Restaurants</b>					
Restaurant chain	1,583	722	2.6	19.1	10.0
<b>PSCA International</b>					
Producer of publications aimed at public sector officials	660	660	2.4	7.6	15.5
<b>Astraeus</b>					
Charter airline and provider of airline management activities	616	616	2.2	9.0	40.9
<b>ELE Advanced Technologies</b>					
Precision engineering	342	565	2.0	11.3	–
<b>Homelux Nenplas</b>					
Extruder of plastic tiling trims and related products	522	522	1.9	8.9	36.1
<b>Transrent Holdings</b>					
Rental and sale of trailers	873	450	1.6	3.0	33.3
<b>Sanastro</b>					
Business to business financial publishing	750	402	1.4	9.6	3.5
<b>PLM Dollar Group</b>					
On-shore helicopter services	402	402	1.4	4.6	26.2

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held by fund	% of equity held by other clients*
<b>Riverdale Publishing</b>					
Publisher of greeting cards	2	350	1.3	22.2	42.8
<b>Voxsurf</b>					
Software development	744	303	1.1	0.6	–
<b>The BigWord Holdings</b>					
Translation services	199	199	0.7	–	–
<b>Driver Hire</b>					
Supplier of temporary drivers	171	171	0.6	1.0	38.7
<b>Other unlisted investments (11) valued individually at less than £100,000</b>	7,027	181	0.6		
<b>Total unlisted</b>	<b>21,557</b>	<b>18,136</b>	<b>64.6</b>		
<b>AIM</b>					
<b>Strategic Retail</b>					
Retailer of home furnishings	700	596	2.1	2.6	2.6
<b>Cello Group</b>					
Marketing and media services	485	591	2.1	1.5	0.5
<b>Synexus Clinical Research</b>					
Clinical trials	328	578	2.1	2.4	1.8
<b>Tanfield Group</b>					
Technical solutions and manufacturing group	164	499	1.8	0.7	0.6
<b>Avanti Screenmedia</b>					
Provider of screens and media advertising	321	387	1.4	0.6	1.1
<b>AT Communications Group</b>					
Leading communications integrator	301	337	1.2	1.4	0.6
<b>Talarius</b>					
High street amusement centres	138	274	1.0	0.3	0.6
<b>Leisure &amp; Gaming**</b>					
Provider of on-line gaming services	313	209	0.7	0.5	0.4
<b>Amazing Holdings</b>					
Leisure and hotel developer	251	208	0.7	0.9	1.4
<b>Axeon</b>					
Developer of semi-conductor intellectual properties	184	200	0.7	1.3	6.7
<b>Fountains</b>					
Land management services	252	195	0.7	1.3	1.4
<b>System C Healthcare</b>					
Provider of information services and IT systems to the healthcare sector	311	164	0.6	0.6	0.7
<b>Imprint</b>					
Provider of recruitment and search services	203	159	0.6	0.2	0.4

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other clients*
<b>Autoclenz</b>					
Provider of valeting services	185	158	0.6	1.4	0.3
<b>Public Recruitment Group</b>					
Public sector staffing in healthcare and education	467	144	0.5	1.2	0.8
<b>Careforce Group</b>					
Provider of domiciliary care services	137	126	0.4	0.9	0.4
<b>Neutrahealth</b>					
Provider of Biocare products to health practitioners and specialist retailers	94	112	0.4	0.7	1.5
<b>Citel Technologies</b>					
Integrated solutions for the telephony and communications sector	170	97	0.3	–	0.5
<b>Mattioli Woods</b>					
Provider of pension consultancy, troubleshooting and administration services	59	96	0.3	0.3	–
<b>1st Dental Laboratories</b>					
Provider of dental laboratory services	180	87	0.3	1.4	–
<b>Asfare</b>					
Manufacture and supply of equipment for the emergency services	106	85	0.3	2.1	1.3
<b>Inspicio</b>					
Acquisition and management of businesses in the inspection and testing sector	70	79	0.3	0.1	0.2
<b>Spectrum Interactive</b>					
Provider of payphones and internet access throughout the UK	209	47	0.2	0.7	0.9
<b>Award International Holdings</b>					
Sourcing and delivery of merchandising materials	350	–	–	10.8	7.7
<b>Elevation Events Group</b>					
Events management	200	–	–	3.4	7.2
<b>Total AIM</b>	<b>6,178</b>	<b>5,428</b>	<b>19.3</b>		

	Bookcost £'000	Valuation £'000	% of total assets	% of equity held	% of equity held by other clients*
<b>Listed fixed income</b>					
Treasury 7.5% 2006	1,150	1,147	4.1		
Treasury 4.5% 2007	975	973	3.5		
Treasury 7.25% 2007	342	339	1.2		
	2,467	2,459	8.8		
<b>Total investments</b>	<b>30,202</b>	<b>26,023</b>	<b>92.7</b>		

\* Other clients of the Aberdeen Asset Management Group.

\*\*Trading temporarily suspended with effect from 13 October 2006 pursuant to AIM Rule 34.

# Income Statement

For the six months ended 31 August 2006

	Six months ended 31 August 2006 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000
Investment income and deposit interest	253	–	253
Investment management fees	(40)	(161)	(201)
Other expenses	(77)	–	(77)
Gains on investments	–	765	765
<b>Profit on ordinary activities before taxation</b>	<b>136</b>	<b>604</b>	<b>740</b>
Tax on ordinary activities	(14)	14	–
<b>Profit on ordinary activities after taxation</b>	<b>122</b>	<b>618</b>	<b>740</b>
<b>Earnings per share (pence)</b>	<b>0.4</b>	<b>1.7</b>	<b>2.1</b>

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

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

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

## Reconciliation of movements in Shareholders' funds

	Six months ended 31 August 2006 (unaudited) £'000	Six months ended 31 August 2005 (unaudited) £'000	Year ended 28 February 2005 (audited) £'000
Opening Shareholders' funds	28,488	28,632	28,632
Total profit for the year	740	156	1,972
Repurchase and cancellation of shares	(299)	(460)	(979)
Dividends paid - revenue	(286)	(223)	(406)
Dividends paid - capital	(573)	–	(731)
<b>Closing Shareholders' funds</b>	<b>28,070</b>	<b>28,105</b>	<b>28,488</b>

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

Six months ended 31 August 2005  
(unaudited)

Year ended 28 February 2006  
(audited)

Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
494	–	494	1,053	–	1,053
(59)	(235)	(294)	(165)	(660)	(825)
(86)	–	(86)	(187)	–	(187)
–	42	42	–	1,931	1,931
349	(193)	156	701	1,271	1,972
(110)	110	–	(196)	196	–
<b>239</b>	<b>(83)</b>	<b>156</b>	<b>505</b>	<b>1,467</b>	<b>1,972</b>
<b>0.6</b>	<b>(0.2)</b>	<b>0.4</b>	<b>1.4</b>	<b>4.0</b>	<b>5.4</b>

# Balance Sheet

As at 31 August 2006

		31 August 2006 (unaudited)	31 August 2005 (unaudited)	28 February 2006 (audited)
	Notes	£'000	£'000	£'000
<b>Fixed assets</b>				
Investments		26,023	26,760	27,906
<b>Current assets</b>				
Debtors		1,799	963	834
Cash and overnight deposits		439	503	242
		2,238	1,466	1,076
<b>Creditors: amounts falling due within one year</b>		(191)	(121)	(494)
<b>Net current assets</b>		2,047	1,345	582
<b>Net assets</b>		<b>28,070</b>	<b>28,105</b>	<b>28,488</b>
<b>Capital and reserves</b>				
Called up share capital	2	3,556	3,694	3,602
Share premium	2	17,235	17,235	17,235
Realised capital reserve	2	(3,459)	(2,088)	(3,192)
Unrealised capital reserve	2	(3,550)	(3,858)	(3,862)
Capital redemption reserve	2	329	191	283
Profit and loss account	2	13,959	12,931	14,422
<b>Net assets attributable to Ordinary shareholders</b>		<b>28,070</b>	<b>28,105</b>	<b>28,488</b>
<b>Net Asset Value per Ordinary Share (pence)</b>		<b>78.9</b>	<b>76.1</b>	<b>79.1</b>

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

8 November 2006

**Fiona E Wollocombe**  
Director

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



# Cash Flow Statement

For the six months ended 31 August 2006

	Six months ended 31 August 2006 (unaudited)		Six months ended 31 August 2005 (unaudited)		Year ended 28 February 2006 (audited)	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Operating activities</b>						
Investment income received	276		947		1,706	
Deposit interest received	9		14		23	
Miscellaneous income received	–		19		–	
Investment management fees paid	(531)		(377)		(460)	
Secretarial fees paid	(25)		(41)		(66)	
Cash paid to and on behalf of Directors	(38)		(35)		(49)	
Other cash payments	(63)		(56)		(88)	
<b>Net cash (outflow)/inflow from operating activities</b>		(372)		471		1,066
<b>Financial investment</b>						
Purchase of investments	(3,152)		(5,405)		(12,190)	
Sale of investments	4,858		5,960		13,332	
<b>Net cash inflow from financial investment</b>		1,706		555		1,132
Equity dividends paid		(855)		(223)		(1,137)
<b>Net cash inflow before financing</b>		479		803		1,061
<b>Financing</b>						
Issue of Ordinary Shares	–		–		–	
Repurchase of Ordinary Shares	(282)		(560)		(1,079)	
<b>Net cash outflow from financing</b>		(282)		(560)		(1,079)
<b>Increase/(decrease) in cash</b>		<b>197</b>		<b>243</b>		<b>(18)</b>

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

# Notes to the Financial Statements

## 1. Accounting policies

The financial information for the six months ended 31 August 2006 and the six months ended 31 August 2005 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information contained in this report has been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements for the year ended 28 February 2006.

The results for the year ended 28 February 2006 are extracted from the full accounts for that year, which received an unqualified report from the Auditors and have been filed with the Registrar of Companies.

	Share premium	Realised capital reserve	Unrealised capital reserve	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000	£'000	£'000
<b>2. Movement in reserves</b>					
As at 28 February 2006	17,235	(3,192)	(3,862)	283	14,422
Gains on sales of investments	–	453	–	–	–
Net increase in value of investments	–	–	312	–	–
Investment management fees	–	(161)	–	–	–
Repurchase and cancellation of shares	–	–	–	46	(299)
Dividends paid	–	(573)	–	–	(286)
Tax effect of capital items	–	14	–	–	–
Profit on ordinary activities after taxation	–	–	–	–	122
At 31 August 2006	<b>17,235</b>	<b>(3,459)</b>	<b>(3,550)</b>	<b>329</b>	<b>13,959</b>

## 3. Return per Ordinary Share

*The returns per share have been based on the following figures:*

	Six months ended 31 August 2006
Weighted average number of Ordinary Shares	35,793,070
Revenue return	£122,000
Capital return	£618,000

# Corporate Information

<b>Directors</b>	F E Wollocombe (Chairman) A G MacMillan C G Stuart-Menteth A E Whitworth
<b>Manager and Secretary</b>	Murray Johnstone Limited Customer Services Department: freephone 0845 300 2830 (open Monday to Friday, 9am to 5pm) e-mail: vcts@aberdeen-asset.com
<b>Points of Contact</b>	<i>The Chairman and/or the Company Secretary at:</i> 123 St Vincent Street Glasgow G2 5EA e-mail: company.secretary@invtrusts.co.uk
<b>Website</b>	<a href="http://www.aberdeen-asset.com">www.aberdeen-asset.com</a>
<b>Registered Office</b>	One Bow Churchyard Cheapside London EC4M 9HH Registered in England and Wales Company Registration Number: 3908220
<b>Registrar</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA Shareholder Helpline: 0870 162 3100
<b>Auditors</b>	Ernst & Young LLP
<b>Custodian Bankers</b>	J P Morgan Chase Bank
<b>Solicitors</b>	S J Berwin
<b>Stockbroker</b>	Teather & Greenwood Limited

**Murray Johnstone Limited**

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Authorised and regulated by the Financial Services Authority

Member of the Aberdeen Asset Management Group of Companies