STANDARD LIFE INVESTMENTS

Standard Life European Private Equity Trust PLC

Report and Accounts
for the year ended 30 September 2010

Contents

Objective

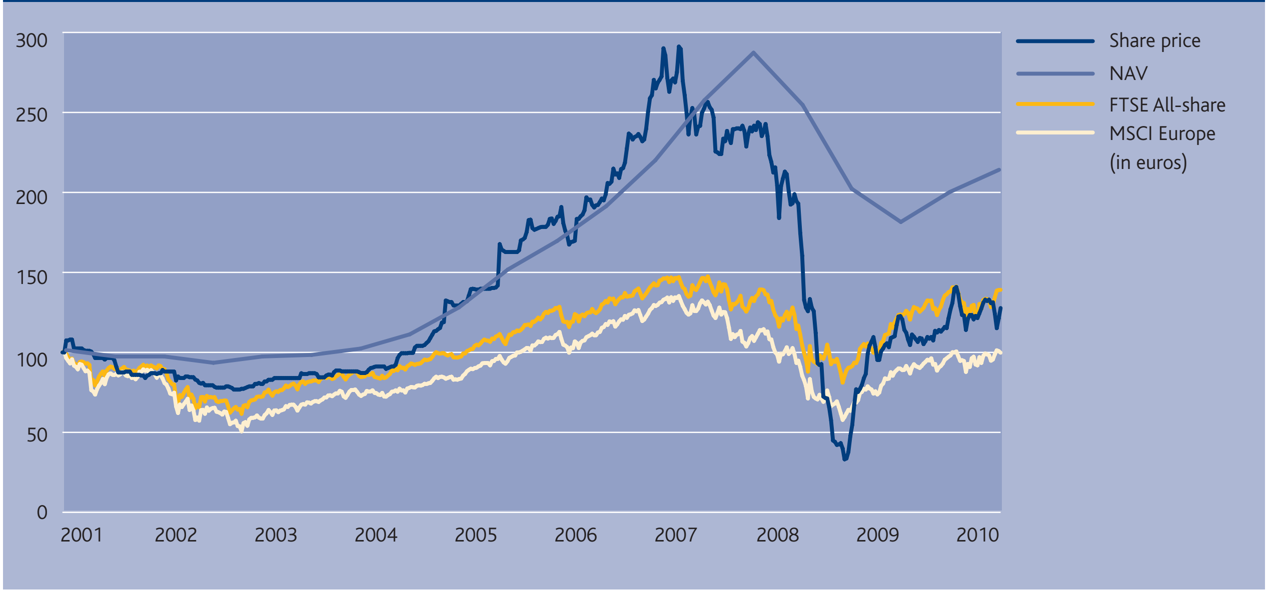
To achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

Company Summary

Investment policy	Full details of the Company's investment policy can be found on page 6.
Investment Manager	SL Capital Partners LLP ("The Manager")
Shareholders' funds	£315.2 million as at 30 September 2010
Market capitalisation	£183.6 million as at 30 September 2010
Capital structure	161,372,793 ordinary shares of 0.2p each Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held. 16,242,002 founder A shares of 0.2p each and 17,500,000 founder B shares of 0.2p each The founder shares do not carry any right to vote, except in the case of changes to class rights. The founder shares confer rights to convert into a maximum of 10% of the ordinary share capital, subject to certain performance conditions. The first measurement date for conversion was 30 September 2006 and 3,596,981 founder A shares remain convertible into an equivalent number of ordinary shares. Further details are given on pages 26 and 27.
Management fee	0.8% per annum of the net assets of the Company. The notice period is one year.
Company secretarial and administration fee	£155,927 plus VAT per annum, adjusted in line with the retail prices index on 1 July each year. The notice period is three months.
ISA status	The Company's ordinary shares are eligible for Individual Savings Accounts (ISAs).
AIC membership	The Company is a member of The Association of Investment Companies.

Financial Summary

Performance (total return) since launch to 30 September 2010



Performance (capital only)	As at 30 September 2010	As at 30 September 2009	% Change
Net asset value per ordinary share ("NAV") (undiluted)	195.3p	164.9p	18.4
Net asset value per ordinary share (diluted)	193.3p	163.4p	18.3
Share price	113.75p	112.25p	1.3
FTSE All-Share Index(1)	2,867.6	2,634.8	8.8
MSCI Europe Index (in euros)(1)	90.0	84.3	6.8
Discount (difference between share price and diluted net asset value)	41.2%	31.3%	
Gearing (ratio of borrowing to shareholders' funds)	19.2%	11.2%	

Performance (total return)	1 year %	5 year %	Since launch %
Share price	1.4	(23.5)	24.7
Net asset value per ordinary share (diluted)	18.4	41.9	113.8
FTSE All-Share Index (1)	18.7	24.7	38.5
MSCI Europe Index (in euros) (1)	10.5	2.1	(1.2)

(1) The Company has no defined benchmark; the indices above are solely for comparative purposes.

Highs/lows for the year ended 30 September 2010	High	Low
Share price (mid)	130.50p	93.75p

Summary financial information since the Company's listing.

NAV and share price	Net assets £m	NAV (undiluted) p	NAV (diluted) p	Share price p	Premium/ (discount) to diluted NAV %
As at 30 September 2001	151.0	94.3	94.3	96.5	2.3
As at 30 September 2002	143.8	90.3	90.3	82.00	(9.2)
As at 30 September 2003	148.9	93.6	93.6	82.00	(12.4)
As at 30 September 2004	168.6	105.9	105.9	94.50	(10.8)
As at 30 September 2005	228.3	143.5	143.5	156.25	8.9
As at 30 September 2006	289.8	182.1	179.6	183.50	2.1
As at 30 September 2007	385.7	241.3	237.7	226.50	(4.7)
As at 30 September 2008	375.5	234.8	231.4	161.00	(30.4)
As at 30 September 2009	265.6	164.9	163.4	112.25	(31.3)
As at 30 September 2010	315.2	195.3	193.3	113.75	(41.2)

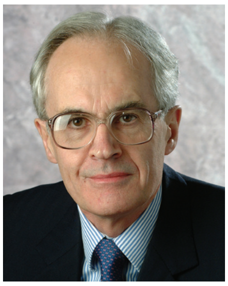
Performance and dividends	NAV total return %	Share price total return[1] %	Dividend paid[2] £m	Dividend paid per ordinary share p	Expense ratio %
Period to 30 September 2001	(4.3)	(10.2)	–	–	0.70[3]
Year to 30 September 2002	(3.8)	(14.6)	0.7	0.45	0.76[3]
Year to 30 September 2003	5.0	1.6	1.9	1.20	1.07
Year to 30 September 2004	13.8	16.0	0.9	0.55	1.04
Year to 30 September 2005	36.9	67.3	1.9	1.20	1.03
Year to 30 September 2006	26.6	18.7	2.9	1.80	1.01
Year to 30 September 2007	35.4	24.8	3.8	2.40	0.97
Year to 30 September 2008	(1.3)	(27.8)	5.6	3.50	0.99
Year to 30 September 2009	(29.2)	(29.5)	0.6	0.70	0.87
Year to 30 September 2010	18.4	1.4	0.1	0.10	1.02

[1] Data supplied by Fundamental Data.
[2] Represents the cash dividend paid during the year, declared for the previous financial year.
[3] For the period from the Company's listing until 1 July 2002, no management fee was charged on the Company's cash or money market holdings.

	Fund manager as a % of net assets		Fund investments as a % of net assets		
Investment exposure	Top 5 %	Top 10 %	Top 10 %	Top 20 %	Top 30 %
As at 30 September 2001	36.0	45.7	39.2	47.1	47.4
As at 30 September 2002	36.6	51.8	42.0	55.5	60.3
As at 30 September 2003	49.1	72.3	61.3	81.9	85.2
As at 30 September 2004	48.6	76.1	64.9	86.7	89.1
As at 30 September 2005	44.9	75.5	60.7	78.3	81.4
As at 30 September 2006	40.9	67.4	50.3	74.0	81.4
As at 30 September 2007	41.0	66.5	42.5	64.8	80.4
As at 30 September 2008	54.5	84.6	55.1	84.0	102.4
As at 30 September 2009	55.5	87.2	61.1	93.8	109.0
As at 30 September 2010	62.1	96.4	67.9	101.0	116.2

Chairman's Statement

The year ended 30 September 2010 was more positive for the Company, following the challenges experienced in the aftermath of the financial crisis in late 2008.



Scott Dobbie CBE

Results and performance

During the financial year there was a gradual improvement in the level of activity in the European private equity market, while valuations across the Company's portfolio rose, driven by earnings growth at underlying investee companies. For the year ended 30 September 2010 the Company's NAV increased by 18.4% to 195.3p (diluted NAV – 193.3p), from 164.9p at 30 September 2009 (diluted NAV – 163.4p). Accordingly, the Company can now report five consecutive quarterly increases in NAV. At 30 September 2010 the Company's net assets were £315.2 million.

The closing mid-market price of the Company's ordinary shares on 30 September 2010 was 113.75p, compared to 112.25p a year earlier. The Company's share price was trading at a 41.2% discount to the Company's diluted NAV at the year end. The share price to NAV discount remained wide throughout the financial year, in line with most of the Company's listed European peer group.

The Company's practice is one of reinvestment and to pay a dividend marginally in excess of the minimum required to maintain investment trust status. The Board is recommending a final dividend of 0.2p per ordinary share for the financial year. Subject to shareholder approval at the forthcoming Annual General Meeting, this dividend will be paid on 28 January 2011 to shareholders on the Company's share register at 31 December 2010. Shareholders will have the opportunity to elect to receive the final dividend in the form of ordinary shares. A circular and an election form are enclosed with the Company's annual report and accounts.

Private equity is a long-term asset class. For the five years ended 30 September 2010 the Company's share price total return fell 23.5%, compared to positive returns of 24.7% in the FTSE All-Share Index and 2.1% in the MSCI Europe Index (in euros) on a total return basis. The fall in the Company's share price total return over the five year period reflects, in particular, the fall in the Company's share price in 2008-2009 and the continued wide discount to NAV. Over the same five year period, the Company's NAV total return was 41.9%.

Valuation

At 30 September 2010 the Company's portfolio comprised 39 private equity fund interests. During the financial year the value of the investment portfolio rose by 26.1%. At 30 September 2010 the value of the portfolio was £369.6 million, of which unrealised gains arising during the year were £47.9 million. This latter amount was net of £12.6 million of unrealised foreign exchange losses.

The unrealised gains before foreign exchange rate movements arose from increased profits at the underlying investee companies, enhanced by the impact of gearing within those companies. In contrast, listed comparable valuation multiples, embodied in the Company's valuation process, declined during the year. The unrealised foreign exchange losses were as a result of sterling appreciating by 5.5% relative to the euro. Of the Company's gross assets of £376.1 million at 30 September 2010, £283.8 million comprised euro denominated assets and £65.3 million dollar denominated assets.

Around 89.8% by value of the private equity funds held by the Company were valued by the relevant fund manager at 30 September 2010. In undertaking the valuations the fund managers have followed the International Private Equity and Venture Capital Valuation Guidelines. In so doing, the primary valuation methodology is to use listed comparable valuation multiples.

Investment activity

The last eighteen months has seen a rise in the number and value of new private equity investments and realisations completed in Europe. The value of all buy-out transactions completed in the European private equity market during the year ended 30 September 2010 was €51.1 billion (year ended 30 September 2008 and 2009 - €92.0 billion and €21.3 billion respectively). In particular, the mid-market segment of the European buy-out market has been active, albeit a significant number of the transactions have arisen from one private equity owner selling to another. It is expected that this trend will reverse over the coming year, as more buy and sell-side transactions are undertaken by corporate owners.

Reflecting the gradual improvement in the European private equity market, the Company's draw downs during the year increased to £48.0 million and distributions to £23.0 million. The distributions received generated net realised gains and income of £10.1 million, equivalent to an average return on the Company's acquisition cost of the realised investments of 1.8 times. Most of the distributions received came from investments made between 2003 and 2006. It is still too early to expect significant distributions from investments made in the peak years of 2007 and 2008.

The Company's aggregate outstanding commitments were £150.3 million at 30 September 2010. Where drawn they will be funded from the Company's cash resources, distributions received from the portfolio of fund investments and the use of the Company's borrowing facility. A number of the private equity funds held by the Company have, however, completed their respective investment periods and any future draw downs are likely to be limited. Accordingly, the Manager believes that up to £30 million of the Company's existing outstanding commitments are unlikely to be drawn. At 30 September 2010 the Company's net indebtedness was £54.2 million.

The European private equity market is starting to see a number of the more experienced mid and large buy-out managers attempting to raise new funds. This is against a background of very few such funds having been raised since 2008. It is the Board's hope that, as distributions to the Company increase and the Company's net indebtedness starts to decline, the Company will be able to make new fund commitments.

During the period from 30 September 2010 to 2 December 2010 the Company funded £13.7 million of draw downs and received £10.8 million of distributions. At 2 December 2010 the Company's total outstanding commitments and net indebtedness were £134.5 million and £57.5 million respectively.

New debt facility

On 29 November 2010 the Company entered into a new £120 million syndicated revolving credit facility, led by The Royal Bank of Scotland plc. This facility expires on 31 December 2013 and is an increase on the existing £100 million facility.

The Board

Clive Sherling, who has served on the Board since December 2006, and who has subsequently increased his range of business interests, intimated some time ago, to the regret of his colleagues, that he wished to step down from the Board after the Annual General Meeting in January 2011. Clive has made a significant contribution to the Board, where his expertise was particularly valuable on private equity related matters. Clive carries with him the best wishes of the Board and the Manager for continued success in the future.

The Company has announced that Jonathan Taylor has been co-opted to the Board and will stand for election at the Annual General Meeting. Jo Taylor, who was selected with the help of recruitment consultants, worked for almost 25 years in 3i Group, where before retirement in 2008 he headed the Ventures Division and was a member of the Group management and investment committees. Jo has deep practical knowledge of the European private equity and ventures businesses and his new colleagues believe he will provide a material addition to the expertise available to the Company.

Outlook

The last year has seen a continuing recovery in the European private equity market, with an increasing number and value of new investments and realisations. Positive earnings growth at the underlying investee companies also gives confidence in our investment portfolio. With the Company's funding position and outstanding commitments now in better balance, the Board believes that the building blocks for future growth are in place.

Scott Dobbie CBE
Chairman

3 December 2010

Investment Policy

Objective

The objective of the Company is to achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

Investment strategy

The principal focus of the Company is to invest in the leading European private equity funds investing in mid to large sized buy-outs, which can be categorised as transactions with enterprise values ranging between €200 million and €2.0 billion.

The Company invests in private equity funds which themselves invest principally in countries in Europe, which the Manager defines as EU Member States, EU Associate Member States and other western European countries. However, the Company has the flexibility to invest up to 20% of its gross assets, at the time of purchase, in private equity funds which invest principally outside Europe.

The Company's policy is to maintain a broadly diversified portfolio by country, industry sector, maturity and number of underlying investments. The objective is for the portfolio to comprise around 35 - 40 "active" private equity fund investments; this excludes funds that have recently been raised, but have not yet started investing, and funds that are close to or being wound up.

The Company invests only in private equity funds, but occasionally may hold direct private equity investments or quoted securities as a result of distributions in specie from its portfolio of fund investments. The Company's policy is normally to dispose of such assets where they are held on an unrestricted basis.

To maximise the proportion of invested assets it is the Company's policy to follow an over-commitment strategy by making fund commitments which exceed its uninvested capital. In making such commitments, the Manager, together with the Board, will take into account the uninvested capital, the quantum and timing of expected and projected cashflows to and from the portfolio of fund investments and, from time to time, may use borrowings to meet draw downs.

The Company's non-sterling currency exposure is principally to the euro and US dollar. The Company does not seek to hedge this exposure into sterling, although any borrowings in euros and other currencies in which the Company is invested would have such a hedging effect.

Cash held pending investment is invested in short dated government bonds, money market instruments, bank deposits or other similar investments. These investments may be in sterling or such other currencies to which the Company has exposure.

Borrowings

The Company's maximum borrowing capacity is defined in its articles of association, and, unless otherwise sanctioned by an ordinary resolution of the Company, is an amount equal to the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of the consolidated reserves of the Company, all based on the latest audited consolidated balance sheet. It is expected that bank borrowings would not exceed more than 30% of the Company's net assets.

Investment trust approval

To comply with one of the conditions for approval as an investment trust, the Company will ensure that when all of its holdings in private equity funds are aggregated, no one underlying investment will represent, at the time of purchase, more than 15% by value of all of the Company's investments. The Company will not invest more than 15% of its total assets in other listed investment companies or listed investment trusts.

Benchmark

The Board has concluded, after careful consideration, that there is no currently available benchmark which is an appropriate measure of the investment performance of the Company. It has, however, resolved to review this issue at least annually.

Information on how the Company has invested its assets with a view to spreading investment risk in accordance with its investment policy during the year under review is set out in the Portfolio Review section of the Manager's Review.

The Manager, SL Capital Partners LLP ("SL Capital"), is based in Edinburgh, United Kingdom and comprises a team of 14 investment professionals with over 185 years of combined private equity experience. This team manages approximately £5.4 billion of private equity investments on behalf of over 150 clients worldwide.

SL Capital is a limited liability partnership and is 60% owned by Standard Life plc ("Standard Life") and 40% by its eight senior private equity managers. SL Capital has acted as Manager to the Company since its inception in 2001.

With the exception of the Company, all of the Manager's funds under management are held through limited partnership vehicles, which are structured as either pooled or segregated vehicles for clients. SL Capital's clients range from leading institutional investors in the UK, US, Canada and Europe, to family offices and high net worth individuals globally. The largest clients include Standard Life, the California Public Employees' Retirement System, a large number of UK local authorities and some significant North American pension funds. The Manager is also recommended by many institutional investment and pension fund consultants.

In addition to its Edinburgh investment office, the Manager has four investment professionals based in Boston, United States. This team selects and oversees private equity investments in North America.

SL Capital is one of the largest investors in private equity funds and co-investments in Europe. One of the key strengths of the investment team is their extensive fund and direct deal experience, which gives the Manager greater insight into the strategies, processes and disciplines of the funds invested in and allows better qualitative judgements to be made.

The Manager has a detailed and rigorous screening and due diligence process to identify and then evaluate the best private equity fund offerings. The Manager concentrates on opportunities in the buy-out segment of the European private equity market, but, where it is relevant to a particular investment mandate, it also considers funds targeted on the secondaries, venture, growth and mezzanine segments, as well as funds focused on particular sectors or geographies.

The private equity asset class has exhibited historically a wide dispersion of returns generated by fund investments and the Manager believes that appropriate portfolio construction and manager selection is vital to optimise investment performance. In that regard, the objective is for the Company's portfolio to comprise around 35-40 "active" private equity fund investments at any one time, with portfolio diversification being controlled through percentage concentration limits applied at an individual fund and manager level.

Finally, the Manager believes that as one of the largest and most experienced private equity investors in Europe, it is able to find and invest in Europe's premier private equity funds, where knowledge of and access to these funds are sometimes limited.

Market Review

European private equity activity recovered during the year, both in value and volume, from the relative low of 2009.

Market conditions for realisations have improved and the last year has seen a growing number of sales completed.

European market overview

The global macro-economic environment improved during the year ended 30 September 2010, with most of the major developed economies reporting positive growth. Much of the growth in these economies has been driven by corporate re-stocking, investment and export growth, particularly to developing countries. The pace of future growth, however, is going to be influenced by the quantum of any ongoing monetary stimulus and, for the major European economies, the impact of any fiscal tightening as governments seek to rein in annual and aggregate deficits.

The listed financial market experienced significant volatility during the year as macro-economic and political concerns impacted investor sentiment. Nevertheless, the major listed financial markets have risen year on year, with underlying corporate earnings growth being the principal driver.

As reported in the Chairman's Statement, European private equity market activity has increased, to the point where the overall enterprise value of transactions completed in 2010 should be similar to that in 2003 and more than double that completed in 2009. This increase in activity is expected to continue into 2011, with most private equity managers reporting enhanced deal flow. In addition, there now appear to be signs of greater corporate interest in mergers and acquisitions activity, which should be positive for new private equity investments and realisations.

Debt markets have also improved during the last year. While the multiple and proportion of total debt used to fund transactions remains at the lower end of historic norms, there has been a greater number of syndicated debt facilities and less reliance on single or small groups of banks to provide finance. In addition, although interest rate margins remain wide, there are signs that pricing is becoming more competitive and spreads narrowing. Moreover, there has been record issuance of non-investment grade bonds and this has offered a longer-term funding alternative for private equity managers.

Private equity managers have focused much of their time in the last two years on their portfolio companies, with the aim of protecting and enhancing value. Most private equity managers reduced costs quickly at their investee companies in late 2008 and early 2009 as the fall in global demand impacted sales and inventory levels. This allowed many companies to experience less pronounced falls in operating profit and, as the recovery has started, to see a more significant rise in operating profit and margins.

Market conditions for realisations have improved and the last year has seen a growing number of sales completed. Most of the investments sold were originally made in the years 2003-06 and have been companies that have performed relatively well in the recent economic downturn. The pace of realisations is expected to increase during 2011 and the breadth of the companies sold should widen, to include investments originally made in 2007-08 and companies which are less defensive and more cyclical in nature.

Finally, very few European private equity managers have raised new funds in the last year, particularly in the mid to large sized buy-out segments. With the turmoil in the macro-economic environment and financial markets many traditional private equity investors found themselves constrained in making new commitments to the asset class, while private equity managers were reluctant to raise new funds against a background of depressed valuations, problem investments and few realisations. In the last few months the European private equity market has seen a number of mid and large buy-out managers attempting to raise new funds and the pace of fund raising is expected to accelerate in 2011.

During the year to 30 September 2010 the Company funded £48.0 million of draw downs and received £23.0 million of distributions.

At 30 September 2010 the Company had £150.3 million of outstanding fund commitments.

Draw downs

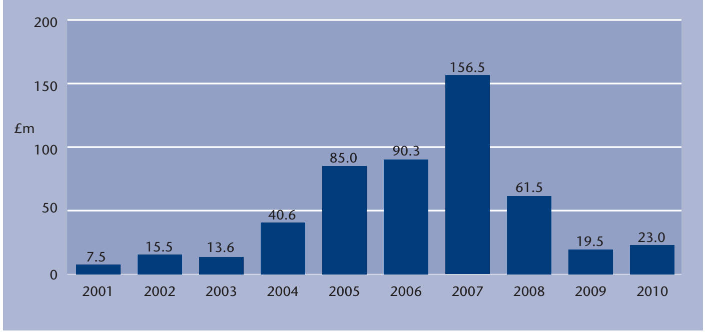
As reported above, the Company funded £48.0 million of draw downs during the financial year. This figure is below the long-term average quantum of draw downs funded by the Company, as a result of the low level of new investment activity in the European private equity market and the impact of the reduction in the Company's outstanding fund commitments. The Manager expects the quantum of draw downs to increase during the remainder of 2010 and into 2011 as a result of increasing activity levels within the European private equity market. The private equity funds to which the Company funded the five largest draw downs during the year are set out in the table below.

5 Largest fund draw downs during the year	Type of fund	Aggregate draw downs £m
Industri Kapital 2007	Buy-out	7.0
Barclays European Fund III	Buy-out	6.9
CVC European Equity Partners V	Buy-out	6.4
Candover 2005 Fund	Buy-out	4.6
Coller International Partners V	Secondary	3.6
Total of 5 largest drawdowns		**28.5**
Total of all drawdowns during the year		**48.0**

Distributions, gains and income

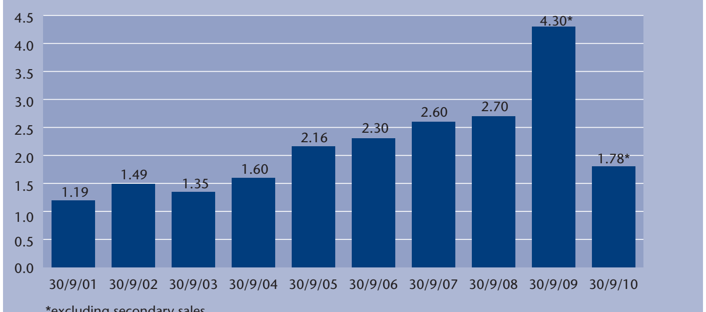
During the year the Company's portfolio of private equity fund interests generated aggregate distributions of £23.0 million, including net realised gains of £8.4 million and income of £1.7 million. The quantum of distributions received also reflected the low level of European private equity activity during the financial year. It is encouraging to note, however, that many of the individual company realisations were at a significant premium to their last reported valuation. The Manager expects to see an increase in the quantum of distributions received by the Company during the remainder of 2010 and into 2011 as realisation activity returns to more historic norms.

Distribution history (per financial year)



Private equity managers continue to use a number of different exit routes for investments and the distributions received by the Company included proceeds from trade sales and, to a lesser extent, refinancings and secondary buy-outs.

Average multiple on investment (X)



*excluding secondary sales

As shown in the bar chart above, the average return during the year on the Company's acquisition cost of realised investments was 1.8 times. The rise in the average return multiple between 2003 and 2009 can be attributed largely to the previous strength of the European private equity, debt and mergers and acquisitions markets and historic profit growth at underlying investee companies. The recent volatility in listed financial markets and the weaker macro-economic environment are likely to result in a reduction in the average return for realised investments. In particular, investments made during 2006 and 2007, at generally higher prices, will be most affected.

Investment Activity

The five largest distributions, gains and income, broken down by fund, received during the year are set out in the table below.

5 Largest fund distributions during the year	Aggregate distributions £m	Aggregate realised gains £m	Aggregate income received £m
Alchemy Investment Plan	4.0	1.0	0.3
Barclays European Fund	4.0	2.6	0.1
Advent Global Private Equity V	3.4	0.9	-
Industri Kapital 2004	2.3	0.6	0.5
Cinven Third Fund	1.4	1.2	-
Total of 5 largest distributions	**15.1**	**6.3**	**0.9**
Total of all distributions during the year	**23.0**	**8.4**	**1.7**

Commitments

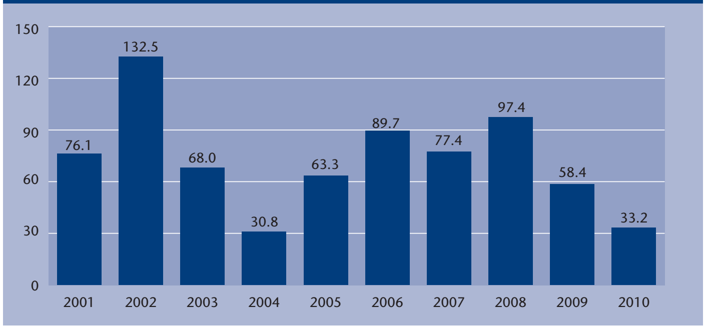
The Company made no new fund commitments during the year ended 30 September 2010. This represented a continuation of the cautious approach adopted in the previous financial year.

At 30 September 2010 the Company had £150.3 million of outstanding fund commitments, down from £227.8 million at 30 September 2009. The decline is the result largely of the Company having made no new fund commitments and having funded £48.0 million of draw downs.

	New / (reduced) commitments £m	Draw downs £m	Closing outstanding commitments £m
Year to 30 September 2010	(16.7)	48.0	150.3
Year to 30 September 2009	(169.7)	48.3	227.8
Year to 30 September 2008	138.1	155.2	389.2
Year to 30 September 2007	191.7	137.6	366.0
Year to 30 September 2006	200.5	75.3	307.7
Year to 30 September 2005	148.7	59.1	184.8
Year to 30 September 2004	—	39.9	92.1
Year to 30 September 2003	—	52.6	141.6
Year to 30 September 2002	113.3	36.0	191.0
Period to 30 September 2001	104.4	5.3	117.4

The Company has implemented an over-commitment strategy since late 2001, in line with the Manager's objective of maximising the invested assets. Over time this strategy has helped enhance overall returns generated by the Company.

Outstanding commitments in excess of available liquid resources as a percentage of net asset value at each year end (%)



Over the past five years the Company's outstanding fund commitments less its available liquid resources, expressed as a percentage of the Company's disclosed net asset value, has varied between 30.8% and 132.5%. The bar chart above shows the relevant percentages at each annual reporting date, from listing to 30 September 2010. The percentage has varied over time according to the quantum of available liquid resources held by the Company, the rate of draw downs made and distributions received and, importantly, the fund raising cycle of the leading private equity managers in Europe. Given market conditions and the Company's projected cash flows, the Manager will consider carefully the making and timing of any new fund commitments.

At 30 September 2010 the Company's net assets were £315.2 million. The Company had interests in 39 private equity funds with a value of £369.6 million.

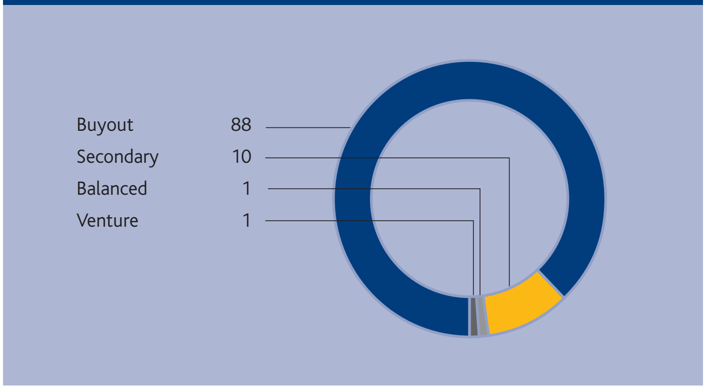
The effect of drawdowns and distributions over the year was to increase net indebtedness from £27.3 million at 30 September 2009 to £54.2 million at 30 September 2010.

Portfolio composition and performance

At 30 September 2010 the Company's portfolio comprised 39 private equity fund interests with a value of £369.6 million which, together with its current assets less liabilities, resulted in the Company having net assets of £315.2 million. This represented an undiluted NAV of 195.3p (diluted NAV – 193.3p). A breakdown of the £76.5 million movement in the Company's portfolio valuation during the year is detailed in the valuation bridge shown opposite.

The split of the Company's portfolio by type of private equity fund is set out in the pie chart below. Details of all of the Company's private equity fund interests, and more detailed information on the ten largest fund investments and thirty largest underlying portfolio companies, can be found on pages 14 to 17.

Type of fund (% of 30 September 2010 valuation)

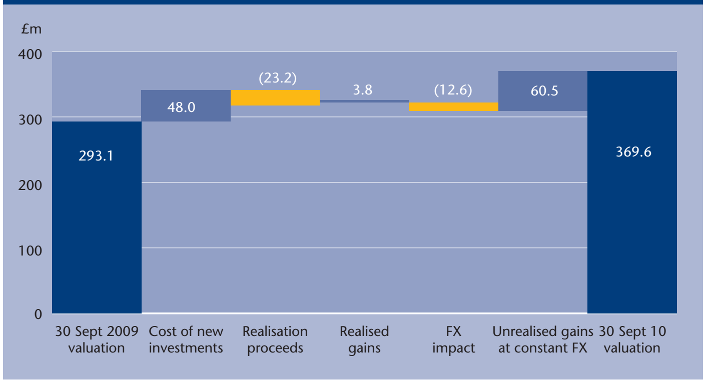


The valuation of the Company's private equity fund interests at the year end was carried out by the Manager and has been approved by the Board in accordance with the accounting policies set out on pages 35 and 36. In undertaking the valuation, the most recent valuation of each fund prepared by the relevant fund manager has been used, adjusted where necessary for subsequent cash flows. The fund valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines. These guidelines require investments to be valued at "fair value", which is the price at which an orderly transaction would take place between market participants at the reporting date.

Portfolio review

Of the 39 private equity funds in which the Company is invested, 33 of the funds, or 89.8% of the portfolio by value, were valued by their fund managers at 30 September 2010. The Manager continues to believe that the use of such timely valuation information is important.

Valuation bridge



The value of the Company's portfolio of private equity fund interests increased during the year from £293.1 million at 30 September 2009 to £369.6 million at 30 September 2010. The increase in the valuation was driven by unrealised gains on the investment portfolio, at constant foreign exchange rates, of £60.5 million, together with £48.0 million of new investments and £3.8 million of net realised gains (including the disposal of fund interests). These increases were partially offset by £23.2 million of realisation proceeds and a £12.6 million negative foreign exchange movement.

Portfolio Review

Information on the valuation movement for the Company's portfolio for each of the financial years since the Company's listing is set out below. This table provides a useful summary of the individual changes and the underlying trends in the Company's portfolio over time.

Valuation movement on unquoted investments Period/ year to	Draw downs £m	Return of cost £m	Unrealised movement £m	Closing valuation £m
September 2010	48.0	(19.4)	47.9	369.6
September 2009	48.3	(96.5)	(70.8)	293.1
September 2008	155.2	(22.9)	(42.8)	412.1
September 2007	137.6	(59.4)	5.1	322.6
September 2006	75.3	(39.2)	16.6	239.3
September 2005	59.1	(39.4)	16.6	186.6
September 2004	39.9	(26.5)	10.0	150.3
September 2003	52.6	(10.2)	(2.2)	126.9
September 2002	36.0	(10.4)	(10.5)	86.7
September 2001	5.3	(6.3)	(8.1)	71.6

During the year sterling appreciated against the euro by 5.5% and depreciated against the US dollar by 1.5%. This had a negative impact on the Company's NAV. The closing sterling/euro foreign exchange rate at 30 September 2010 was £1/€1.1543 and the closing sterling/dollar foreign exchange rate was £1/$1.5758. The combined effect of foreign exchange movements on the valuation of the portfolio over the year was a 7.8p decline in NAV.

The Manager and the Board do not believe it is appropriate for the Company to undertake any financial hedging of its foreign exchange exposure, given the irregularity in size and timing of individual cash flows to and from its fund interests. Any cash balances and bank indebtedness are generally held in sterling, euro and US dollars, broadly in proportion to the currency of the Company's outstanding fund commitments.

On 29 November 2010 the Company entered into a new £120 million committed, revolving credit facility, led by the Royal Bank of Scotland plc. This new facility expires on 31 December 2013.

Valuation and leverage multiple analysis

The bar charts below show the valuation and leverage multiples of the thirty largest underlying portfolio companies held by the Company's private equity fund interests at 30 June 2010. This analysis is at 30 June 2010 due to the fact that most private equity funds provide detailed information on the underlying portfolio companies twice a year, in June and December, rather than quarterly.

The valuation multiples of each underlying portfolio company are derived using the relevant listed comparable companies, adjusted where appropriate, in line with the International Private Equity and Venture Capital Valuation guidelines.

The median valuation and leverage multiples for the top thirty underlying portfolio companies are 8-9x EV/EBITDA and 4-5x Debt/EBITDA respectively. The Manager believes that these valuation and leverage multiples are in line with the European private equity market for similar sized deals and vintages.

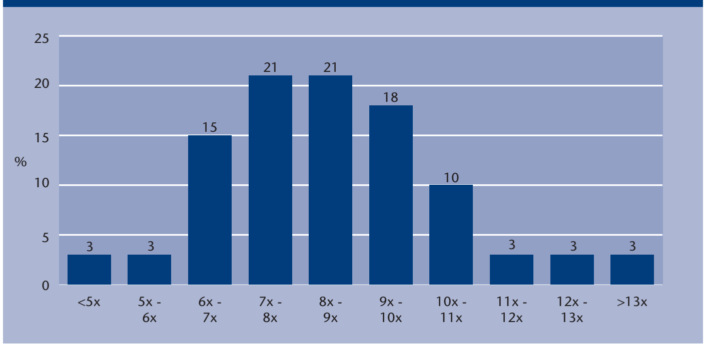
Diversification

The Board has agreed, and regularly reviews, diversification limits with the Manager regarding the Company's net asset and commitment exposure to both individual private equity funds and their managers. The Manager also monitors the Company's exposure to the underlying investments held by the different private equity funds in which the Company is invested. At 30 September 2010, the Company was invested in 39 different private equity funds, which collectively had interests in a total of 510 underlying investments.

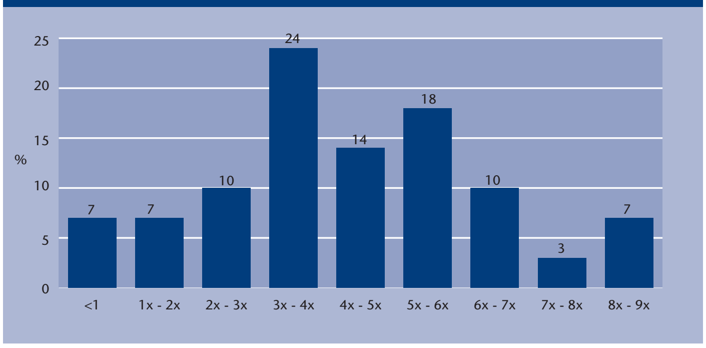
Analysis of the underlying investments held by the different private equity funds allows the Manager to track the Company's exposure by geography, industrial sector, maturity of investment and value relative to original cost. Such information is used by the Manager in reviewing the exposure of the Company's portfolio, in assisting it to make new investment decisions and in having a better understanding of the timing of prospective cash flows.

The diversification of the Company's private equity fund interests, at 30 September 2010 and 2009, is set out in the four bar charts shown opposite.

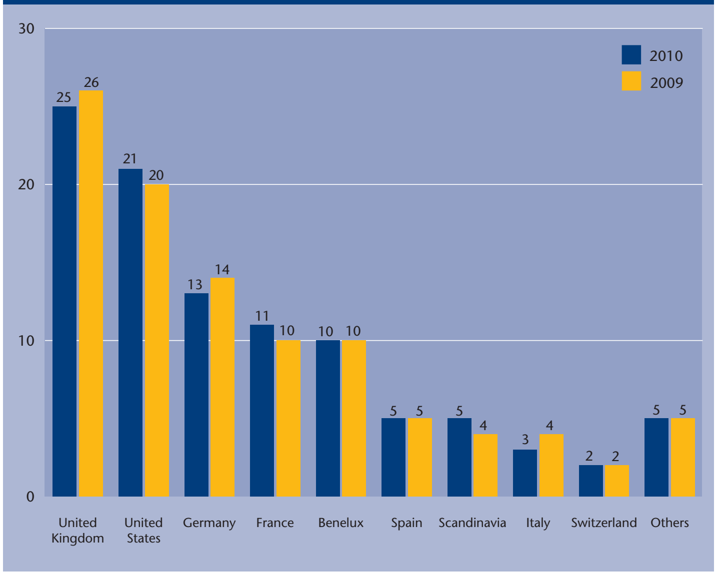
EV/EBITDA multiple



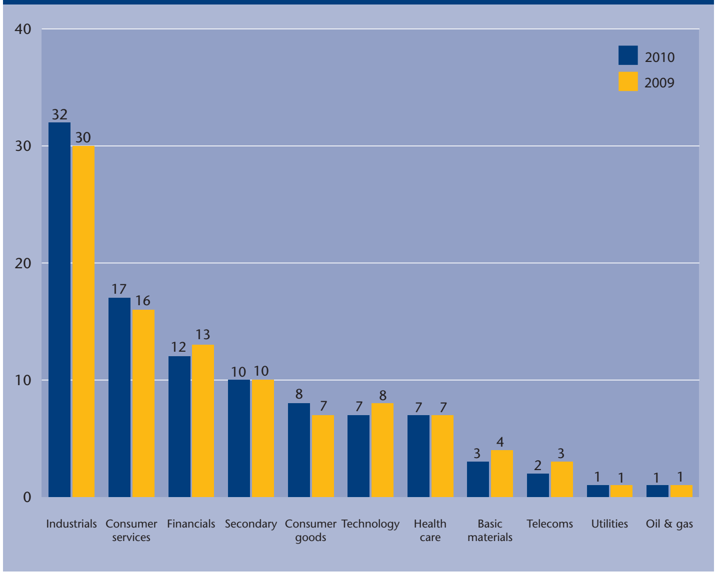
Debt/EBITDA multiple



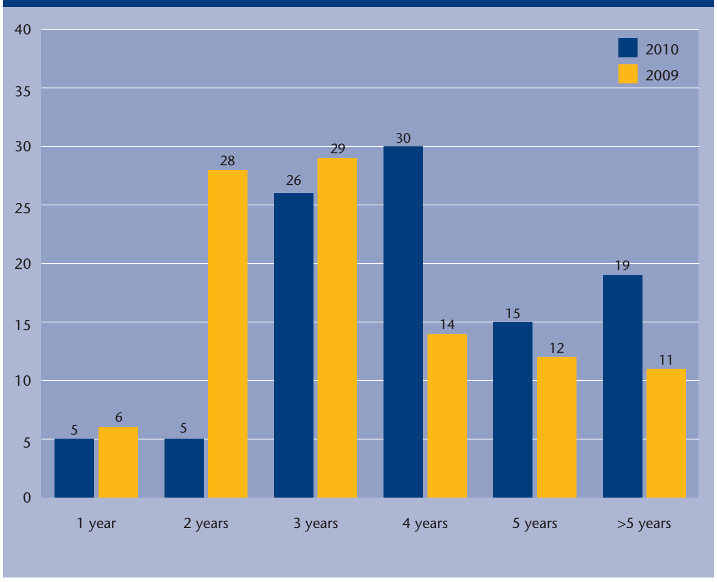
Geographic exposure (% of 30 September 2010 valuation)



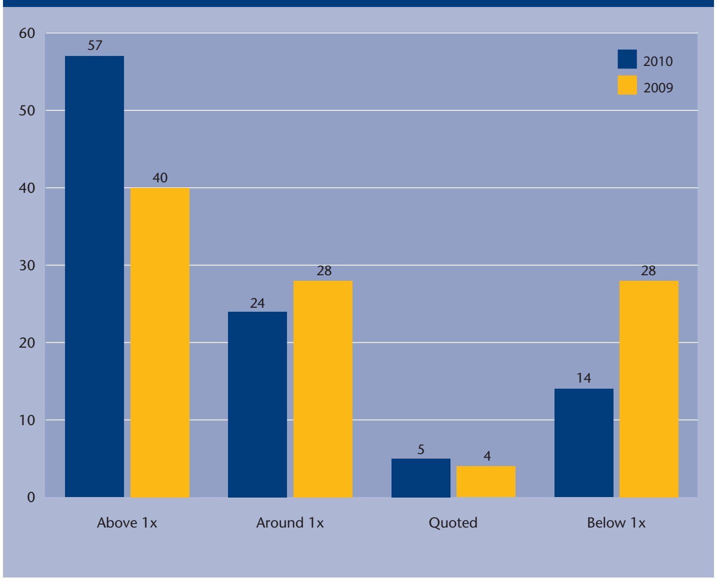
Sector exposure (% of 30 September 2010 valuation)



Maturity exposure (% of 30 September 2010 valuation)



Value relative to original cost (% of 30 September 2010 valuation)



The charts demonstrate the broad diversification that applies by geography and by sector within the Company's underlying portfolio of investments. The UK still remains the single largest geographic exposure, although it has fallen from 64% at the time of the Company's listing to 25% at 30 September 2010, as other European private equity markets continue to develop.

At 30 September 2010, the Company had five fund investments – Pomona Capital V, Pomona Capital VI, Coller International Partners IV, Coller International Partners V and Towerbrook Investors II – which are likely to invest a significant proportion of their capital outside Europe. In total, these funds represent 13.2% of the Company's gross assets. The broad diversification in sectors like industrials, consumer services and financial helps to mitigate the effect of volatility in any individual sector.

The chart showing the maturity exposure of underlying investments highlights the increasing maturity of the portfolio, as a result of the reduced levels of private equity activity over the last two years. The chart showing value relative to the original cost of underlying investments illustrates that, despite an increase in the percentage of investments valued below original investments cost, the portfolio remains healthy with 81% of the portfolio valued at or above cost.

SL Capital Partners LLP

3 December 2010

Fund Investments

at 30 September 2010

The private equity funds in which the Company invests usually take the form of limited partnerships. Contractual commitments are made to the funds and these are drawn down by the managers of the funds as required for investment over time. Details of all of the Company's fund investments, by valuation, and a description of the ten largest fund investments follow:

Year of commitment	Fund	Type	Number of investments	Valuation date*	Outstanding commitments £000	Cost £000	Valuation £000	% of net assets
2007	Barclays European Fund III	Buy-out	32	30.09.10	8,356	40,572	37,076	11.8
2006	Charterhouse Capital Partners VIII	Buy-out	11	30.09.10	10,706	33,783	32,381	10.3
2007	Apax Europe VII	Buy-out	19	30.09.10	8,381	24,412	28,287	9.0
2007	Industri Kapital 2007	Buy-out	5	30.06.10	23,972	17,666	21,154	6.7
2005	Candover 2005 Fund	Buy-out	9	30.09.10	5,028	37,635	19,978	6.3
2005	Advent Global Private Equity V	Buy-out	15	30.09.10	1,365	10,338	18,617	5.9
2006	HgCapital 5	Buy-out	13	30.09.10	3,503	15,427	15,176	4.8
2006	Coller International Partners V	Secondary	37	30.09.10	9,392	12,137	14,527	4.6
2006	3i Eurofund V	Buy-out	21	30.09.10	11,176	18,614	13,809	4.4
2006	Towerbrook Investors II	Buy-out	11	30.09.10	3,905	9,573	13,056	4.1
2000	CVC European Equity Partners III	Buy-out	8	30.09.10	933	5,717	12,550	4.0
2008	CVC European Equity Partners V	Buy-out	9	30.09.10	19,327	10,530	12,109	3.8
2006	Cinven Fourth Fund	Buy-out	12	30.09.10	6,835	9,570	11,974	3.8
2005	Pomona Capital VI Fund	Secondary	40	30.09.10	1,732	10,337	11,050	3.5
2005	CVC European Equity Partners IV	Buy-out	16	30.09.10	1,935	8,265	10,683	3.4
2001	Cinven Third Fund	Buy-out	6	30.09.10	1,153	9,558	10,310	3.3
2002	Charterhouse Capital Partners VII	Buy-out	6	30.09.10	3,032	8,901	9,854	3.1
2005	Barclays European Fund II	Buy-out	24	30.09.10	2,216	11,915	9,092	2.9
2006	Permira IV	Buy-out	12	30.09.10	2,144	17,929	9,020	2.9
2001	Alchemy Investment Plan	Buy-out	5	30.06.10	-	8,967	7,740	2.5
2002	Coller International Partners IV	Secondary	37	30.09.10	2,665	2,046	7,681	2.4
2004	Industri Kapital 2004	Buy-out	7	30.06.10	14	8,227	6,534	2.1
2002	Barclays European Fund	Buy-out	8	30.09.10	1,052	3,827	6,221	2.0
2006	Terra Firma Capital Partners III	Buy-out	4	30.09.10	10,194	16,127	5,760	1.8
2006	CVC Tandem Fund	Buy-out	14	30.09.10	1,175	4,721	5,326	1.7
2001	Candover 2001 Fund	Buy-out	5	30.09.10	-	10,437	4,787	1.5
2008	Advent Global Private Equity VI	Buy-out	11	30.09.10	7,039	3,471	3,706	1.2
2001	Pomona Capital V Fund	Secondary	75	30.09.10	108	6,824	3,492	1.1
2000	Scottish Equity Partners II	Venture capital	12	30.06.10	-	4,271	2,202	0.7
1998	CVC European Equity Partners II	Buy-out	8	30.09.10	1,088	2,887	2,085	0.7
1999	Apax Europe IV	Balanced	9	30.09.10	-	7,879	1,969	0.6
2001	MUST 4	Buy-out	6	30.09.10	1,906	3,984	1,086	0.3
1997	Apax UK VI	Buy-out	1	30.09.10	-	3,190	228	0.1
1992	M.M. Investissement	Buy-out	1	30.09.10	-	430	53	-
1998	Candover 1997 Fund	Buy-out	-	30.06.10	-	535	25	-
1995	Phildrew Fourth	Buy-out	1	30.09.10	-	499	20	-
1999	Phildrew Fifth	Buy-out	-	30.09.10	-	5,864	12	-
1997	Global Rights Development Fund	Development	-	30.09.10	-	827	-	-
1995	Granville Private Equity V	Buy-out	-	30.06.10	-	-	-	-
	Total portfolio investments†		510		150,332	407,892	369,630	117.3
	Current assets less liabilities						(54,388)	(17.3)
	Shareholders funds						315,242	100.0

* valuation date refers to the date of the last valuation prepared by the manager of the relevant fund.
† the 510 underlying investments represent holdings in 487 separate companies.

Ten Largest Fund Investments

at 30 September 2010

Barclays European Fund III

Barclays European Fund III is a €1.8 billion private equity fund focused on European middle market buy-outs. The fund is managed, alongside €800 million from Barclays Bank, by Barclays Private Equity, the private equity arm of Barclays PLC. The manager operates from offices in London, Paris, Munich, Zurich, Milan, Birmingham, Manchester and Reading with just under half of the investments sourced in the UK.

	30 September 2010	30 September 2009
Value (£'000)	37,076	29,089
Cost (£'000)	40,572	33,675
Commitment (€'000)	60,000	60,000
Amount Funded	83.9%	70.4%
Holding in Fund	3.3%	3.3%
Income (£'000)	–	–

Charterhouse Capital Partners VIII

Charterhouse Capital Partners VIII is a €4.0 billion private equity fund focused on European buy-outs. The fund is managed by Charterhouse Capital Partners, one of the oldest private equity firms in the UK. The manager operates across western Europe from its London office and has a long track record of delivering superior returns for investors. The investment strategy is to target large corporate buy-outs with an equity requirement of €200 million to €450 million per transaction.

	30 September 2010	30 September 2009
Value (£'000)	32,381	23,750
Cost (£'000)	33,783	32,747
Commitment (€'000)	60,000	60,000
Amount Funded	79.4%	77.4%
Holding in Fund	1.5%	1.5%
Income (£'000)	–	–

Apax Europe VII

Apax Europe VII is a €11.1 billion private equity fund focused on the European market. The fund is managed by Apax Partners, one of the leading and most experienced private equity managers in Europe, where it operates from offices in London, Munich, Milan, Stockholm, Tel Aviv and Madrid. Apax Europe VII focuses on buy-outs and targets Apax Partners' six chosen sectors of information technology, telecommunications, healthcare, media, financial services and retail.

	30 September 2010	30 September 2009
Value (£'000)	28,287	18,848
Cost (£'000)	24,412	21,633
Commitment (€'000)	41,385	60,000
Amount Funded	76.6%	47.5%
Holding in Fund	0.4%	0.5%
Income (£'000)	–	–

Industri Kapital 2007

Industri Kapital 2007 is a €1.7 billion private equity fund focused on northern European buy-outs. The fund is managed by IK Investment Partners which is headquartered in Stockholm, Sweden with further offices in the UK, Norway, France and Germany. IK targets the buy-out of businesses with enterprise values of between €100 million and €500 million. Since its formation in 1989, IK has consistently generated strong performance across several funds.

	30 September 2010	30 September 20089
Value (£'000)	21,154	12,505
Cost (£'000)	17,666	10,657
Commitment (€'000)	50,000	50,000
Amount Funded	44.7%	28.1%
Holding in Fund	3.0%	3.0%
Income (£'000)	–	–

Candover 2005 Fund

The Candover 2005 Fund is a €3.5 billion private equity fund focused on European buy-outs. The fund is managed by Candover Partners Limited, a subsidiary of Candover Investments plc, an investment company listed on the London Stock Exchange. Historically, Candover concentrated on larger buy-outs in the UK market, however, investments in continental Europe are a significant part of the manager's and this fund's strategy.

	30 September 2010	30 September 2009
Value (£'000)	19,978	16,868
Cost (£'000)	37,635	33,042
Commitment (€'000)	60,000	60,000
Amount Funded	90.3%	81.2%
Holding in Fund	1.7%	1.7%
Income (£'000)	–	23

Ten Largest Fund Investments

at 30 September 2010

Advent Global Private Equity V

Advent Global Private Equity V is a €2.5 billion private equity fund focused on global buy-outs. The Company's commitment is to the euro denominated partnership that only invests in European transactions. The fund is managed by Advent International which has a strong track record in Europe, where it operates from offices in London, Paris, Frankfurt, Milan, Madrid and Amsterdam. Advent targets middle market buy-out transactions across a wide range of sectors.

	30 September 2010	30 September 2009
Value (£'000)	18,617	16,220
Cost (£'000)	10,338	11,809
Commitment (€'000)	22,500	22,500
Amount Funded	93.0%	88.0%
Holding in Fund	8.0%	8.0%
Income (£'000)	–	–

HgCapital 5

HgCapital 5 is a £830 million private equity fund focused on buy-outs of companies with enterprise values of between £100 and £500 million, located in the UK, Germany and the Benelux region. The fund is managed by HgCapital, which has offices in London and Munich. The manager was established in 2000, following a management buy-out from Merrill Lynch.

	30 September 2010	30 September 2009
Value (£'000)	15,176	10,295
Cost (£'000)	15,427	14,207
Commitment (€'000)	20,300	20,300
Amount Funded	82.7%	77.0%
Holding in Fund	2.4%	2.4%
Income (£'000)	–	–

Coller International Partners V

Coller International Partners V is a $4.5 billion private equity fund focused on secondary private equity opportunities. The fund is managed by Coller Capital, one of the most established managers of secondary funds, which was founded in 1990 and is led by Jeremy Coller. The manager operates from offices in London and New York and targets secondary positions in buy-out and venture funds globally.

	30 September 2010	30 September 2009
Value (£'000)	14,527	10,237
Cost (£'000)	12,137	9,795
Commitment ($'000)	40,000	40,000
Amount Funded	63.0%	49.0%
Holding in Fund	0.8%	0.9%
Income (£'000)	–	-

3i Eurofund V

3i Eurofund V is a €5.0 billion private equity fund, including a commitment of €2.8 billion from 3i Group plc, focused on mid to large sized European buy-outs. The fund is managed by 3i Buyouts, a division of 3i Group plc, an investment company listed on the London Stock Exchange. 3i is one of the oldest and most experienced private equity managers in Europe and operates from a network of offices, including Amsterdam, London, Madrid, Paris and Stockholm. 3i targets buy-out transactions with enterprise values of between €250 million and €1.0 billion, across a wide range of sectors.

	30 September 2010	30 September 2009
Value (£'000)	13,809	10,600
Cost (£'000)	18,614	16,434
Commitment (€'000)	40,000	40,000
Amount Funded	67.8%	58.5%
Holding in Fund	0.8%	0.8%
Income (£'000)	–	–

Towerbrook Investors II

Towerbrook Investors II is a $1.3 billion private equity fund focused on the North American and European markets. The fund is managed by Towerbrook Capital Partners, a trans-atlantic private equity group founded in 2005 as a result of a spin-off from Soros Private Equity. The manager operates from offices in New York and London and pursues control-oriented, contrarian in nature, investments in middle market companies.

	30 September 2010	30 September 2009
Value (£'000)	13,056	10,328
Cost (£'000)	9,573	10,284
Commitment ($'000)	25,000	25,000
Amount Funded	75.4%	79.0%
Holding in Fund	2.0%	2.0%
Income (£'000)	(18)	116

Top 30 Underlying Investments

at 30 September 2010

The table below summarises the top 30 underlying investments, by value, in the Company's portfolio of private equity funds. The valuations are gross, before any carry provision.

Entity	Description	Fund	Year of investment	% of net assets
Acromas	Provider of financial, insurance, travel and road side assistance services	Charterhouse Capital Partners VII & VIII, CVC European Equity Partners IV & CVC Tandem Fund	2004	3.6
Elior	Catering provider	Charterhouse Capital Partners VII & VIII	2006	2.5
bpost	Belgian postal service	CVC European Equity Partners III, IV & CVC Tandem	2006	2.3
Vivarte	Footwear and apparel retailer	Charterhouse Capital Partners VIII	2007	2.2
Amadeus	Travel distribution services	Cinven Third Fund	2005	2.2
Parques Reunidos	Amusement parks	Candover 2005 Fund	2007	1.9
Visma	Provider of accounting software and services	HgCapital 5	2006	1.7
Stork	Manufacturing and engineering conglomerate	Candover 2005 Fund	2008	1.6
Cengage Learning	Publisher of books for the higher education sector	Apax Europe VII	2007	1.5
Autobar	Vending machines, distribution and packaging	Charterhouse Capital Partners VII	2004	1.5
Converteam	Manufacturer of power conversion machinery	Barclays European Fund III	2008	1.4
Evonik Industries	Speciality chemicals, power generation and real estate	CVC European Equity Partners V & CVC Tandem	2008	1.4
ista	Heat and water metering	Charterhouse Capital Partners VIII	2007	1.4
Flabeg	Manufacturer of industrial mirror glass components	Industri Kapital 2007	2008	1.3
Jack Wolfskin	Outdoor equipment retailer	Barclays European Fund	2005	1.3
AWAS/Pegasus	Aircraft lessor	Terra Firma Capital Partners III	2007	1.2
Kestrel Holdings	Specialist mortgage lending	Alchemy Investment Plan	2004	1.2
Global Blue	Travel related payment services	Barclays European Fund III	2007	1.2
Minimax	Producer of fire suppression systems	Industri Kapital 2004 & Industri Kapital 2007	2006	1.2
Schenck Process	Provider of industrial weighing and measuring solutions	Industri Kapital 2007	2007	1.1
Flint (Xsys/BASF)	Manufacturer of printing inks	CVC European Equity Partners III	2004	1.1
Not disclosed	Fashion discount retailer	Advent Global Private Equity V	2007	1.1
Tnuva	Food manufacturer and distributor	Apax Europe VII	2008	1.0
Alma Consulting	Operational consulting	Candover 2005 Fund	2007	1.0
Jimmy Choo	Produces women's luxury footwear and handbags	Towerbrook Investors II	2007	1.0
Weather Investments	Portfolio of telecom operators	Apax Europe VII	2008	1.0
PHS	UK business services	Charterhouse Capital Partners VII	2005	0.9
A-Plan Holdings	Retail insurance broking	Barclays European Fund III	2008	0.9
Etanco	Producer of building fastener and fixing systems	Industri Kapital 2007	2008	0.9
Ziggo	Cable operator	Cinven Fourth Fund	2006	0.9
Total of top 30 underlying investments				43.5

Board of Directors

Scott Dobbie CBE
Chairman
Scott Dobbie, Chairman, was appointed on 25 April 2001. He has worked with Wood Mackenzie & Co. and its successor companies since 1972 and remains a senior adviser to Deutsche Bank. He is Chairman of The Edinburgh Investment Trust plc, former Chairman of The Chartered Institute for Securities and Investment and a director of the Qualifications and Curriculum Authority.

Hamish Buchan*
Director
Hamish Buchan was appointed on 25 April 2001. He started with Wood Mackenzie & Co. in 1969, where he was appointed a partner in 1979. Following his retirement in 1999, he has worked as a consultant in the investment company sector and is a former Chairman, and remains a director, of the Association of Investment Companies. He is also Chairman of JP Morgan American Trust plc and Personal Assets Trust plc and a non-executive director of Aberforth Smaller Companies Trust plc, Templeton Emerging Markets Investment Trust plc and The Scottish Investment Trust plc.

Clive Sherling
Director
Clive Sherling was appointed on 1 December 2006. He spent 17 years with Arthur Andersen, the last five years as a partner. He joined Apax Partners in 1987 and was, for the last ten years until he retired in 2004, the group chief operating officer. He is Chairman of Mosaic Property LLP and the Football Foundation and is a Trustee of the National Theatre. He is a former Chairman of the British Venture Capital Association.

Jonathan Taylor
Director
Jonathan Taylor was appointed on 2 December 2010. He is a former global head of the Venture Capital Division of 3i Group. He has extensive experience of the private equity sector, having worked at 3i Group from 1984 until 2008. He is a member of the Investment Committee of MVM Life Sciences, and Chairman of Halycon Hotels and Resorts plc and Tideway Investment Group Limited. He is a former member of the Council of the British Venture Capital Association and former Chairman of its Venture Capital Committee.

Edmond Warner
Director
Edmond Warner was appointed on 27 November 2008. He is Chairman of UK Athletics, the sport's national governing body with a mandate to lead it through to London 2012, investment bank Panmure Gordon & Co, and online derivatives exchange LMAX. He has been a top ranked investment strategist in the surveys of institutional investors, and a leading commentator on financial and business matters in both the press and broadcast media. He is also a non-executive director at Clarkson PLC, Grant Thornton UK LLP and The Eastern European Trust.

David Warnock
Director
David Warnock was appointed on 26 January 2009. He has over 30 years' investment experience in both public and private companies, in both the UK and USA. He co-founded Aberforth Partners LLP and was a partner for 19 years until his retirement from the firm in 2008, prior to which he was with Ivory & Sime plc for four years and before that with 3i Group plc for seven years. He is also a non-executive director of Phoenix IT Group plc, British Polythene Industries PLC, Troy Income & Growth Trust plc and a number of private companies.

Donald Workman
Director
Donald Workman was appointed on 1 December 2006. He is an employee of The Royal Bank of Scotland currently managing the relationship with the Asset Protection Agency (an Agency of HM Treasury). Previously he was a member of the Managing Board of ABN AMRO responsible for the Global Banking and Markets business and for the separation of the domestic and wholesale activities of ABN AMRO following its acquisition by a consortium led by RBS. Since joining RBS in 1992 his responsibilities have included strategic planning and implementation, head of change management and he was responsible for RBS corporate markets relationship with Bank of China. He is also a non-executive director of Bank of China (UK) Ltd and of Star Capital Partners.

* Hamish Buchan has been nominated as the Senior Independent Director and is also Chairman of the Audit Committee.
All of the directors, except Scott Dobbie, are members of the Audit Committee.
All of the directors are members of the Management Engagement and Nominations Committees.

The directors present their report and the audited financial statements for the year ended 30 September 2010.

Business Review

Business and Status

The Company carries on business as an investment trust and has been approved as such by HM Revenue & Customs for the year ended 30 September 2009, subject to their rights to further enquiry under the Finance Act 1998. The Company has subsequently conducted its affairs so as to enable it to continue to seek such approval. The Company is an investment company within the terms of section 833 of the Companies Act 2006.

The Manager of the Company is SL Capital Partners LLP. The Board is independent of the Manager and Standard Life.

Investment Objective

The investment objective is to achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe. The full text of the Company's investment policy can be found on page 6 and the Portfolio Review section of the Manager's Review on pages 11 to 13 explains how the Company has invested its assets with a view to spreading investment risk in accordance with the Company's investment policy during the year under review.

Review of performance over one year and five years

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the last five years, as well as the investment outlook, are provided in the Chairman's Statement and the Manager's Review.

Monitoring performance – Key Performance Indicators

At each Board meeting the directors consider a number of performance indicators to assess the Company's success in achieving its objectives, which include both absolute and relative performance compared to market indices and peer group. The key performance indicators ("KPIs") are established industry measures, covering both the Company and its fund investments, and include:

- Net asset value capital return
- Projected and actual portfolio cashflows
- Discount and discount volatility
- Share price capital return
- Expenses and expense ratio

The net asset value and share price performance for the year and five years ended 30 September 2010 and since listing are provided in the Financial Summary on page 2. The Company's expense ratio and discount levels are provided on page 3. An analysis of the portfolio cashflows, including draw downs, distributions and fund commitments, is provided in the Investment Activity section of the Manager's Review.

Principal Risks and Uncertainties

The major focus of the Company is to invest in European private equity funds, which themselves invest in unquoted companies. The Company has the ability to invest up to 20% of its gross assets in funds that operate outside Europe. The aim is to build a portfolio of private equity fund interests diversified by country, industry sector, maturity and number of underlying investments. The financial risk management objectives and policies of the Company are contained in note 19 to the accounts on page 43. The principal risks facing the Company relate to the Company's investment activities and include the following:

- market risk
- currency risk
- over–commitment risk
- liquidity risk
- credit risk
- interest rate risk
- operating and control environment risk

An explanation of these risks and how they are managed is contained in note 19 to the accounts on pages 43 to 46.

Social, Community, Employee Responsibilities and Environmental Policy

As an investment trust, the Company has no direct social, community, employee or environmental responsibilities. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly invested and managed. The Company has no employees and no requirement to report separately on this area, as the management of the portfolio has been delegated to the Manager, SL Capital Partners LLP. Details of the Investment Management Agreement are provided on pages 20 and 21.

Share capital

At 30 September 2010, the Company's issued and paid up share capital was £356,859 divided into 161,372,793 fully paid up ordinary shares, 13,577,627 founder A shares and 14,835,625 founder B shares partly paid up as to 0.1p per share and 2,664,375 founder A shares and 2,664,375 founder B shares partly paid up as to 0.107p per share. During the year to 30 September 2010 223,021 founder A shares were converted into ordinary shares and 83,755 new ordinary shares were issued as a result of elections received pursuant to the scrip dividend alternative in respect of the 2009 final dividend.

The ordinary shares, founder A shares and founder B shares represent 82.71%, 8.32% and 8.97% respectively of the Company's total issued share capital. The ordinary shares are listed, whereas the founder shares are not. Further information on the rights attaching to the different classes of shares in the Company are set out in the appendix which forms part of the Directors' Report.

Directors' Report

Income and final dividend

Income available for dividends was £543,000, or 0.34p per ordinary share (30 September 2009 – £311,000, or 0.19p per ordinary share). The directors recommend that a final dividend of 0.2p per ordinary share (30 September 2009 – 0.1p) be paid on 28 January 2011 to shareholders on the Company's share register as at the close of business on 31 December 2010. Shareholders are being offered the right to elect to receive shares instead of all or part of the recommended final dividend. A separate circular and form of election relating to the scrip dividend alternative are enclosed with this document.

Directors

Scott Dobbie and Hamish Buchan, having served more than nine years, will retire at the Annual General Meeting and, being eligible, offer themselves for re-election at the Annual General Meeting. Biographies of the directors can be found on page 18. Jonathan Taylor was appointed as a non-executive director on 2 December 2010 and, in accordance with the Company's articles of association, will retire from the Board and offer himself for election at the Annual General Meeting. The Board supports the candidature of the above directors for the reasons described in the Corporate Governance section below.

Clive Sherling will retire from the Board at the conclusion of the forthcoming Annual General Meeting in January 2011.

The names of the directors and their shareholdings in the Company are shown in the table below. The Company has not been notified of any changes to the directors' shareholdings between 30 September 2010 and 3 December 2010.

Directors and their shareholdings in the Company	Ordinary shares held as at 30 September 2010	2009
Scott Dobbie	150,150	150,000
Hamish Buchan	25,000	25,000
Clive Sherling	100,000	100,000
Jonathan Taylor (appointed 2 December 2010)	—	—
Edmond Warner	25,000	—
David Warnock	—	—
Donald Workman	—	—

All of the above ordinary shares are held benefically by the directors and their families. No director held any founder shares.

No contract or arrangement existed during the period in which any of the directors had a material interest. No director has a service contract with the Company.

Conflicts of interest

The Board regularly monitors the interests of each director and a register of directors' interests, including potential conflicts of interest, is maintained by the Company. Directors who have potential conflicts of interest will not take part in any discussions which relate to that particular conflict. The Board will continue to monitor and review potential conflicts of interests on a regular basis.

Directors' and Officers' Liability Insurance/Directors' Indemnity

The Company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the Company. The Company's articles of association provide that any director or other officer of the Company is to be indemnified out of the assets of the Company against any liability incurred by him as a director or other officer of the Company to the extent permitted by law.

Investment Management Arrangements

The investment manager to the Company is SL Capital Partners LLP.

Under the terms of the Company's investment management agreement with the Manager (the "Investment Management Agreement"), the Company pays the Manager a quarterly fee, equal to 0.8% per annum of the Company's net assets at the end of the relevant quarter. Undrawn commitments to limited partnerships and other funds are disregarded when calculating the net assets for this purpose. No fee is payable on any investments in any investment trust, collective investment scheme or any other company or fund managed, operated or advised by the Manager or any other subsidiary of Standard Life.

The Manager's appointment may be terminated by either party giving to the other not less than 12 months' written notice. In the event that the Company terminates the Investment Management Agreement on less than 12 months' written notice, the Manager would be entitled to compensation except in the circumstances noted below.

The maximum compensation which the Manager would be entitled to receive for early termination (that is, if no notice of termination were given by the Company) would be an amount equal to 0.8% of the Company's net assets at termination. If a period of notice were given by the Company (but less than the required 12 months), the Manager would be entitled to receive a proportion of that maximum compensation, the relevant proportion being the number of days by which the notice given falls short of 365 days expressed as a proportion of the required 12 month notice period.

The Manager's appointment under the Investment Management Agreement may be terminated by the Company without compensation in the following circumstances: the Manager being wound up; an insolvency event occurring in respect of the Manager; the Manager being guilty of negligence, wilful default or fraud in the performance of its duties under the Investment Management Agreement; the Manager's material breach of the Investment

Management Agreement; the Manager becoming legally prohibited from carrying on investment business; on a change of control of Standard Life Investments (Private Equity) Limited ("SLIPE") where at that time SLIPE controls the Manager; on a change of control of the Manager (except where it has been approved by the Board); on the Company ceasing to satisfy the conditions for approval as an investment trust by reason of the negligence or wilful default of the Manager; or if less than two "key executives" remain engaged by any member of the Manager's group. The key executives are currently David Currie and Peter McKellar, but the directors may from time to time accept as a key executive any other employee or member of any entity in the Manager's group who is a member of the Manager's investment committee and who has been proposed by the Manager to the Company as a key executive.

The Investment Management Agreement contains provisions indemnifying the Manager against any liability not due to its negligence, wilful default or fraud.

Corporate Governance

Compliance

The Board and the Manager are committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the 2008 Combined Code on Corporate Governance ("the Combined Code") which is available on the Financial Reporting Council's website www.frc.org.uk. The Board has established corporate governance procedures, which it believes are appropriate for an investment trust company and which enable the Company to comply with the relevant provisions of the Combined Code and, where appropriate, with the provisions of the AIC Code of Corporate Governance© which can be found on the AIC's website at www.theaic.co.uk.

The Board believes that the Company has complied throughout the year ended 30 September 2010 with the provisions of the Combined Code, except for the provision which relates to the combination of the roles of the Chairman and Chief Executive. This provision does not apply as the Company has no executive directors.

Directors

The Board has overall responsibility for the Company's affairs. It delegates, through the investment management and administration agreements and through specific instructions, the day to day management of the Company to the Manager, SL Capital Partners LLP, and to the Administrator, Aberdeen Asset Managers Limited. The Company has no executives or employees. There are a number of matters reserved for the Board's approval which include strategy, investment policy, borrowings, dividend policy and Board appointments.

The Board presently consists of seven non-executive directors, one of whom is Chairman. All of the directors are independent of the Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The terms and conditions of appointment of the directors are available at the Company's registered office.

The directors have the requisite business and financial experience to enable the Board to provide strategic leadership and proper governance to the Company. The Senior Independent Director is Hamish Buchan.

The Board meets formally at least five times each year. There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, budgets, dividends and communication with shareholders. There is regular contact between the directors and the Manager throughout the year.

The table below sets out the number of formal directors' and committee meetings attended by each director during the year compared with the total number of meetings that each director was entitled to attend.

Meetings held and attendance	Board	Audit Committee	Management Engagement Committee	Nominations Committee
Scott Dobbie[A]	6/6	2/2	1/1	1/1
Hamish Buchan	6/6	2/2	1/1	1/1
Clive Sherling	6/6	2/2	1/1	1/1
Jonathan Taylor[B]	—	—	—	—
David Warnock	6/6	2/2	1/1	1/1
Edmond Warner	6/6	2/2	1/1	1/1
Donald Workman	6/6	2/2	1/1	1/1

[A] Scott Dobbie attended the audit committee as a non-voting observer.
[B] Jonathan Taylor was appointed on 2 December 2010 and therefore did not attend meetings during the financial year.

Nominations Committee

All of the directors are members of the Nominations Committee and Scott Dobbie is the Chairman. The terms of reference, which are available on the Company's website, include review of the Board, identification and nomination of candidates for appointment to the Board, appraisal of the Chairman and the Board, succession planning and training.

Any future appointments of new directors will be considered by the Nominations Committee, taking into account the need to maintain a balanced Board. New directors appointed to the Board will be given an induction meeting with the Manager and will be provided with all relevant information regarding the Company and their duties as a director. Thereafter, regular briefings are provided on changes in regulatory requirements that could affect the Company and the directors. Professional advisers report from time to time and directors will, if necessary, attend seminars covering relevant issues and developments.

The Company's articles of association provide that a director appointed during any period is required to retire and seek election by shareholders at the next Annual General Meeting. The articles also require that every director submits himself or herself for re-election at least every three years. Directors are appointed to the Board for a specified period, initially three years, and subsequent extensions are, in each case, considered by the Board. Under the Combined Code, directors with more than nine years service are required to submit themselves for annual re-election.

The Board supports the re-elections of Scott Dobbie and Hamish Buchan, who are due to retire at this year's Annual General Meeting, and recommends their re-elections to shareholders. Mr Dobbie has considerable experience of the investment trust sector and has made a significant contribution to the work of the Board, especially in his role as Chairman. Mr Buchan is a former chairman of the AIC and also has considerable experience of the investment trust sector.

There is a procedure for directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access which every director has to the advice and services of the Company Secretary, Aberdeen Asset Management PLC, which is responsible to the Board for ensuring that Board procedures are followed and that the Company complies with the applicable rules and regulations.

Directors' remuneration is considered by the Board and, therefore, a separate remuneration committee has not been established. Details of remuneration are contained within the Directors' Remuneration Report on page 28.

Performance evaluation

An assessment of the operation of the Board and its Committees and of the contribution of each director, including the Chairman, was undertaken during the year. The process was based upon individual discussions between each director and the Chairman. The Chairman was assessed by his colleagues in discussions with the Senior Independent Director. Overall, the performance of the Board, collectively and individually, continues to be judged as fully satisfactory.

Succession Planning

The Board has agreed a succession planning timetable in order to provide an appropriate balance in future between new blood and continuity, in line with good corporate governance.

Following a review of the Board composition, the Nominations Committee recognised the advantages of having representatives with private equity expertise. A number of candidates were considered and an external consultant was also used to identify potential candidates. This resulted in the appointment of Jonathan Taylor as a non-executive director on 2 December 2010. Mr Jonathan Taylor has over 25 years' experience of the private equity sector. He will offer himself for election by shareholders at the forthcoming Annual General Meeting and the Board supports his candidature.

Communication with shareholders

The directors place great importance on communication with the Company's shareholders. The Manager also carries out a programme of regular dialogue and individual meetings with institutional shareholders. The Chairman and the Senior Independent Director welcome correspondence from shareholders, addressed to the Company's registered office. During the year the Board met with representatives of major shareholders.

The notice of the Annual General Meeting, included with this annual report and accounts, is sent out at least 20 working days in advance of the meeting. Representatives of the Board intend to be available at the Annual General Meeting and shareholders are encouraged to attend and ask questions of the Board. The Board hopes that as many shareholders as possible will be able to attend the meeting. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands.

Accountability and audit

The Audit Committee is chaired by Hamish Buchan and comprises all of the directors with the exception of Scott Dobbie. The Board has taken note of the recommendation that a member of the Audit Committee should have recent and relevant experience and is satisfied that the members of the Audit Committee have the necessary skills and experience. The Audit Committee's terms of reference, which are available on the Company's website, are reviewed on an annual basis.

The Audit Committee meets at least twice a year and considers reports from the Independent Auditors, the Manager and the Administrator. In addition, the Audit Committee meets, at least annually, with the Independent Auditors in the absence of the Manager. The main responsibilities of the Audit Committee include:

- monitoring the integrity of the Company's financial statements and appropriateness of its accounting policies;
- reviewing the effectiveness of the Company's system of internal controls (including financial, operational and compliance controls and risk management);
- considering the scope of work undertaken by the Manager's and the Administrator's internal audit and compliance departments including a review of their 'whistle-blowing' policies; and
- making recommendations to the Board regarding the appointment and independence of the Independent Auditors and the objectivity and effectiveness of the audit process, with particular regard to the level of non-audit fees, if any.

Shareholders have the opportunity at each Annual General Meeting to vote on the election of the Independent Auditors for the forthcoming year.

Internal controls

The respective responsibilities of the directors and the Independent Auditors in connection with the financial statements appear on pages 29 and 30.

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance, against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks and that it has been in place for the year ended 30 September 2010 and up to the date of approval of the annual report and accounts. It is regularly reviewed by the Board and accords with the FRC's Internal Control: Revised Guidance.

Under the terms of the investment management and administration agreements, the day to day management and operation of the Company has been delegated to the Manager and the Administrator. Clear lines of accountability have been established between the Board, the Manager and the Administrator and the Board and the Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. The Manager and the Administrator are responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly. The system extends to financial, operational and compliance controls and risk management. The Board reviews financial reports and performance statistics, including projections and management accounts, from the Manager on a regular basis. Twice a year the Audit Committee carries out an assessment of internal risks and controls. In carrying out its review, the Board has regard to the activities of the Manager and the Administrator, including their internal audit and compliance functions and whistle-blowing policies, and the Independent Auditors.

The Board considers that an internal audit function is not required by the Company as the internal control systems operated by the Manager's ultimate parent and the Administrator, both of whom have strong internal audit functions, provide sufficient assurance over the effectiveness of internal controls.

Management Engagement Committee

All of the directors are members of the Management Engagement Committee and Scott Dobbie is the Chairman. The Committee reviews the performance of both the Manager and the Administrator and their compliance with the terms of the investment management and the administration agreements respectively. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The management agreement is terminable on not less than 12 months' written notice. The Manager's appointment may be terminated by a lesser period of notice, with (save in some exceptional circumstances) compensation in lieu of notice payable by the Company to the Manager.

The Committee considers that the Manager, whose team is well qualified and experienced, has met fully the terms of its agreement with the Company. Investments are carefully identified, screened and monitored, risks rigorously controlled and cashflow projections updated regularly. Written and verbal presentations to the Board are made in a highly professional manner, as is communication to shareholders, City commentators and the media. Company secretarial and support services have also performed well.

A review of management fees, relative to the peer group, indicates that the fees paid by the Company are competitive. Having regard to the foregoing, the Committee, and hence the Board, believes that the continuing appointment of the Manager on the current terms is in the interests of shareholders.

Going concern

The directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the accounts.

Significant Shareholdings

The significant holdings in the Company's ordinary share capital which had been notified to the Company as at 3 December 2010 are shown below.

Substantial share interests	No. of ordinary shares	%
Standard Life PLC	81,707,284	50.6
Foreign & Colonial Asset Management PLC	11,767,245	7.3
Including: Foreign & Colonial Investment Trust	5,500,000	3.4
Quilter & Co. Limited	8,029,904	5.0
The Alliance Trust PLC	6,125,000	3.8
Merseyside Pension Fund	5,000,305	3.1

Significant Agreements

The Company considers the following agreements, each of which may be effected, altered or terminated on a change of control of the Company, to be of significance.

Investment Management Agreement

The principal terms of the Investment Management Agreement are summarised above in the section of the Directors' Report entitled "Investment Management Arrangements".

Relationship Agreement with Standard Life

By a letter dated 1 October 2007, Standard Life has irrevocably undertaken to the Company that, at any time when Standard Life and its Associates (meaning any company which is a member of the Standard Life group) are entitled to exercise or control 30% or more of the rights to vote at general meetings of the Company, it will not (and will procure that none of its Associates will) seek to nominate directors to the Board of the Company who are not independent of Standard Life or take any action which would be detrimental to the Company's shareholders as a whole (for this purpose, any action which has the support or recommendation of a majority of the directors is deemed not to be detrimental).

These undertakings do not apply where: (i) an offer is made for the Company, or a reconstruction or winding up of the Company is proposed (other than by Standard Life or any of its Associates), or any hostile corporate action has been initiated in relation to the Company; (ii) the Manager has been removed or is proposed to be removed as the discretionary investment manager of the Company (save where the removal or proposed removal is instigated by Standard Life or its Associates or is effected by the Company and the Manager in accordance with the terms of the Investment Management Agreement), or material changes have been made or are proposed to be made to the Investment Management Agreement; (iii) the Company's investment policy is altered or proposed to be altered with shareholder approval in any material way; or (iv) there has been any failure of generally accepted corporate governance principles or an increase in the remuneration limit for the directors is proposed without Standard Life's previous written approval.

Standard Life Name

In the event that Standard Life ceases to have control of the Company's investment manager or there is a takeover of the Company, Standard Life is entitled under the Company's articles of association to require that the name of the Company be changed to a name which does not contain the words "Standard Life" or any confusingly similar words.

Facility Agreement

During the year the Company had in place a £100,000,000 committed, multi-currency syndicated revolving credit facility led by The Royal Bank of Scotland plc ("RBS"). Under this facility the Company must repay each loan under the facility on the last day of the specified interest period of the loan, but any such amounts may be reborrowed. If any person or group of persons acting in concert gains control of the Company or Standard Life ceases to be the beneficial owner directly or indirectly through wholly owned subsidiaries of more than 50.01% of the issued share capital of the Company, the Company will be required to notify RBS and the syndicated revolving credit facility will be cancelled. The Company will then have to repay all outstanding loans together with accrued interest. At 30 September 2010, £60,600,000 of this loan facility was drawn down.

Since 30 September 2010 the Company has renegotiated its credit facility. On 29 November 2010 the above £100,000,000 facility was cancelled and replaced with a £120,000,000 committed, multi-currency syndicated revolving credit facility led by RBS. The expiry date of this facility is 31 December 2013.

Independent Auditors

A resolution to re-appoint the Company's Independent Auditors, PricewaterhouseCoopers LLP, and authorise the directors to agree their remuneration for the ensuing year will be proposed at the forthcoming Annual General Meeting. The directors confirm that so far as each director is aware there is no relevant audit information of which the Company's auditors are unaware. Each director has also taken all reasonable steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Independent Auditors are aware of that information.

Payment policy

The Company's payment policy is to ensure settlement of suppliers' invoices in accordance with the stated terms. In certain circumstances, settlement terms are agreed prior to business taking place. The Company had no trade creditors at either 30 September 2010 or 30 September 2009.

Annual General Meeting

The resolutions which will be proposed at the forthcoming Annual General Meeting include the following:

Resolution 8: Authority to offer scrip dividends

Recognising that the investment objective of the Company is to achieve long-term capital gains, interest has been expressed by some shareholders in having the option for dividends to be taken in the form of ordinary shares, rather than cash. This may also assist in improving liquidity in the Company's ordinary shares. Renewing this authority would offer the Company and shareholders flexibility and a resolution to this effect is accordingly proposed.

Resolution 9: Section 551 authority to allot shares

Resolution 9, which is an ordinary resolution, will, if approved, give the directors a general authority to allot new securities up to an aggregate nominal amount of £107,581.86 (representing approximately 33.3% of the total ordinary share capital of the Company in issue (excluding treasury shares) as at the date of this document). This authority will expire on 30 March 2012 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2012. The directors intend to use this authority inter alia to issue new ordinary shares pursuant to the scrip dividend alternative referred to on page 20.

Resolution 10: Disapplication of pre-emption rights

As noted above, resolution 9 will, if approved, give the directors a general authority to allot securities up to an aggregate nominal amount of £107,581.86. Resolution 10, which is a special resolution, will, if approved, authorise the directors to allot new ordinary shares and existing ordinary shares held by the Company in treasury up to an aggregate nominal amount of £16,137 (representing approximately 5% of the total ordinary share capital of the Company in issue as at the date of this document) for cash without first offering such ordinary shares to existing shareholders pro rata to their existing shareholdings.

These authorities, which relate both to the issue of new ordinary shares and to the re-issue by the Company of existing ordinary shares held in treasury, will continue in effect until 30 March 2012 or, if earlier, the conclusion of the Annual General Meeting in 2012. Other than for the purpose of issuing new ordinary shares pursuant to the scrip dividend alternative, the directors will only issue new ordinary shares pursuant to these authorities, and will only re-issue existing ordinary shares held in treasury pursuant to these authorities, if they believe it is advantageous to the shareholders to do so and where the issue price exceeds the last published NAV. The Company does not, as at the date of this report, hold any ordinary shares in treasury.

Resolution 11: Share buy-backs

The existing buy-back authority, granted at the Annual General Meeting of the Company held on 27 January 2010, permits the Company to make market purchases of up to 14.99% of the Company's issued ordinary share capital as at 27 January 2010 and expires at the forthcoming Annual General Meeting. During the financial year ended 30 September 2010, no ordinary shares were bought back by the Company. Nonetheless, the directors consider that the Company should continue to have the authority to make market purchases of its ordinary shares for cancellation, or to be held in treasury. The directors will be proposing resolution 11 as a special resolution to authorise the Board to buy back up to 14.99% of the Company's issued ordinary share capital as at the date on which the resolution is proposed. The making and timing of any market purchases of ordinary shares will be at the absolute discretion of the Board. Any ordinary shares bought back may be held by the Company in treasury.

Purchases under any such buy-back authority will only be made through the market for cash at prices below the last published NAV of the ordinary shares, such that purchases will enhance the NAV of the remaining ordinary shares. The minimum price which may be paid for an ordinary share shall be 0.2p per ordinary share (being the nominal value of an ordinary share). The maximum price shall be an amount being not more than the higher of (i) 105% of the average middle market quotation of an ordinary share (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase, and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an ordinary share on the trading venue where the purchase is carried out. This authority will expire on 30 March 2012 or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2012.

By order of the Board

Aberdeen Asset Management PLC
Company Secretary
Edinburgh, 3 December 2010

Appendix to Directors’ Report: Rights attaching to shares in the Company

General

The Company’s issued share capital comprises ordinary shares, which are listed, and founder A and founder B shares, which are not. The ordinary shares, founder A shares and founder B shares represent 82.71%, 8.32% and 8.97% respectively of the Company’s total issued share capital.

The rights attaching to the Company’s shares are set out in the Company’s articles of association and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 2006 and other legislation applying to the Company from time to time (the “Statutes”).

Dividends

The ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the directors) and to receive any interim dividends which the directors may resolve to pay.

The founder shares carry a right to a fixed non-cumulative dividend of 0.05% per annum of the nominal amount paid up on those shares, which accrues daily and is payable annually in arrears on 30 September each year.

The founder A and founder B shares are to be reclassified as deferred shares on the occurrence of certain prescribed events, at which time they would cease to be convertible into ordinary shares (see the section entitled “Conversion of Founder Shares” below for an explanation of the conversion rights attaching to the founder shares). As at 30 September 2010, there were no deferred shares in issue. The deferred shares entitle their holders to a fixed non-cumulative dividend of 1% of their nominal amount but they confer no other right to share in the profits of the Company.

Voting

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company.

Subject to suspension of voting rights in the limited circumstances summarised below in the section entitled “Restrictions on the Rights Attaching to Shares”, on a show of hands every ordinary shareholder present in person or by proxy has one vote and on a poll every ordinary shareholder present in person has one vote for every share he holds and a proxy has one vote for every share in respect of which he is appointed.

Neither the founder shares nor the deferred shares carry voting rights, except at separate class meetings in the case of changes to class rights. Any alteration to Part 2 of the Company’s articles of association is deemed to be a change to the class rights attaching to the founder shares.

Deadlines for Exercising Voting Rights

If an ordinary shareholder wishes to appoint a proxy to vote at a meeting on his behalf, a valid appointment is made if the form of proxy is received by the Company no later than the time specified in the notice convening the meeting, which: (i) cannot be more than 48 hours (excluding non-working days) before the start of the meeting or adjourned meeting; (ii) in the case of a poll taken more than 48 hours after it is demanded, cannot be more than 24 hours before the time appointed for the taking of the poll; or (iii) in the case of a poll taken not more than 48 hours after it is demanded at a meeting, cannot be more than 48 hours (excluding non-working days) prior to the meeting at which the poll is demanded.

Rights to the Capital of the Company on Winding Up

If and when the Company is wound up, the capital and assets of the Company will be distributed as follows: (i) if there are deferred shares in issue, in paying to each deferred shareholder 1p in aggregate; then (ii) in paying to the founder shareholders the nominal amount paid up on each founder share which they hold; and then (iii) the remaining capital and assets will be divided among the ordinary shareholders in proportion to their shareholdings.

Conversion of Founder Shares

Standard Life Investments Limited and individual members of the Manager’s investment team were allotted 35,000,000 founder shares on the Company’s launch in May 2001. Subject to the performance of the Company measured over two periods from 2001 to 2006 and from 2006 to 2011, the founder shares are convertible into a maximum of 10% of the ordinary share capital of the Company as enlarged by conversion. There are no other convertible classes of shares, convertible instruments, warrants or options to subscribe for equity shares outstanding as at the date of this document.

The first performance period, relating to the conversion of the founder A shares, came to an end on 30 September 2006 and resulted in 4,854,979 founder A shares becoming convertible at any time up to 31 December 2013 into an equal number of ordinary shares. During the year to 30 September 2010, 223,021 founder A shares were converted into ordinary shares. As at 3 December 2010, there were 3,596,981 founder A shares capable of conversion into ordinary shares, representing 2.2% of the Company’s fully diluted ordinary share capital.

The performance condition for the founder B performance period is that the compound annual growth rate on the Company’s net asset value per ordinary share, including distributions other than share buy-backs, exceeds 10%. The extent to which the founder B shares are convertible will depend on the total return achieved in excess of the 10% hurdle, with the founder B shares being fully convertible at a compound annual return of 15% into 5% of the enlarged issued ordinary share capital.

The conversion price for each convertible founder A or B share is 100p less the amount already paid up on that founder share, subject to adjustment in certain circumstances.

The detailed provisions regarding the conversion of the founder A and B shares are set out in Part 2 of the Company’s articles of association.

Restrictions on the Rights Attaching to Shares

The Company may, by serving a "restriction notice" on a shareholder, place restrictions on the right of a shareholder to vote, receive dividends and transfer his shares if the shareholder (or any other person appearing to be interested in his shares) has been requested by the Company to provide details of any direct or indirect interests held by any person in his shares and he fails to comply with that request within 14 days of the request being made.

From the date of service of the restriction notice, the shares to which the notice relates will be subject to some or all of the following restrictions. Where the shares represent 0.25% or more in number or nominal value of the shares of the Company then in issue, or of any class of share, (i) the shares cease to confer on the shareholder any rights to attend or vote at general meetings of the Company or at class meetings or to exercise any other right to participate in meetings; (ii) any dividends payable in respect of the shares may be withheld by the Company; and (iii) no transfers of the shares (other than by way of an arm's length sale) will be registered. In any other case, the sole restriction is that the shares cease to confer on the shareholder any rights to attend or vote at general meetings of the Company or at class meetings or to exercise any other right to participate in meetings.

Other Restrictions on Transfers of Shares

In accordance with the eligibility requirements for listing, the Company's ordinary shares are freely transferable.

However, in addition to the restrictions noted above (see "Restrictions on the Rights Attaching to Shares"), the directors may refuse to register a transfer of shares held in certificated form unless the instrument of transfer is (i) lodged at the Company's registered office, accompanied by the relevant share certificate(s) and such other evidence (if any) as the directors may reasonably require to show the right of the transferor to make the transfer; (ii) stamped or adjudged or certified as not chargeable to stamp duty; (iii) in respect of only one class of share; and (iv) not in favour of more than four persons jointly.

The directors may only decline to register a transfer of an uncertificated share in the circumstances set out in the Statutes and where in the case of a transfer to joint holders the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the directors decline to register a transfer, they are required to send notice of the refusal to the transferee within two months, giving reasons for their decision.

Restrictions on Transfers of Founder Shares

A founder shareholder who is an individual may only transfer founder shares to certain close family relations or to trustees to be held in a family trust. A founder shareholder which is a body corporate may transfer its founder shares to any member of the same group.

Any other proposed transfer of founder shares is subject to the prior approval of the directors in their absolute discretion.

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's Independent Auditors to audit certain of the disclosures provided herein. Where disclosures have been audited, they are indicated as such. The Independent Auditors' opinion is included in their report on page 30.

Remuneration committee

The Company has seven non-executive directors. The Board as a whole fulfils the function of a remuneration committee. The Board has instructed the Manager, SL Capital Partners LLP, to provide annually appropriate information to assist the Board in considering the level of directors' fees.

Policy on directors' fees

The Company's policy is to remunerate directors at a rate which both attracts and retains individuals of the necessary calibre and experience and is comparable to that paid by other companies with similar characteristics. It is intended that this policy will continue for the year ending 30 September 2011 and for subsequent years.

The fees for the non-executive directors are determined within the limits set out in the Company's articles of association and directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The annual limit on directors' fees in the Company's articles of association is £250,000.

At the September 2010 Board meeting, the Board carried out a review of the level of directors' fees and agreed that directors' fees should be increased to £42,000 per annum for the Chairman, £30,000 per annum for the Senior Independent Director and Chairman of the Audit Committee and £24,000 per annum for each other Director.

Directors' service contracts

It is the Board's policy that none of the directors has a service contract. The terms of their appointment provide that a director shall retire and be subject to re-election at the first Annual General Meeting after their appointment and at least every three years thereafter. The terms also provide that a director may be removed without notice and that compensation will not be due on leaving office.

Directors' emoluments for the year (audited)

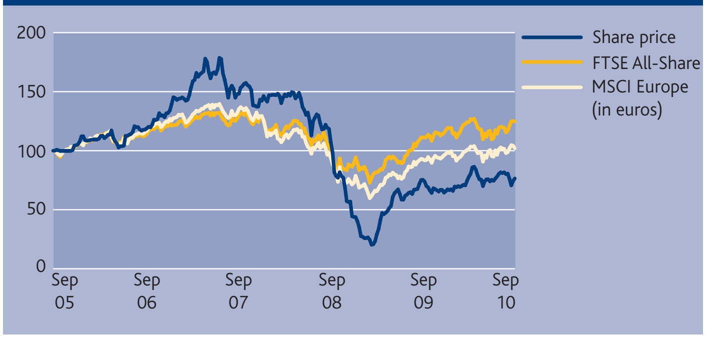
All directors who served during the year ended 30 September 2010 received the emoluments, in the form of fees, as described in the table below.

Directors' fees excluding VAT and NI (audited)	2010 £	2009 £
Scott Dobbie	38,500	38,500
Hamish Buchan	27,500	27,500
Simon Edwards (retired 26 January 2009)	—	7,189
Clive Sherling	22,000	22,000
Edmond Warner (appointed 27 November 2008)	22,000	18,578
David Warnock (appointed 26 January 2009)	22,000	15,021
Donald Workman	22,000	22,000
Total	**154,000**	**150,788**

Total shareholder return

The graph below presents for the period from 30 September 2005 to 30 September 2010 the total shareholder return, assuming all dividends were reinvested, for a holding in the Company's ordinary shares, compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the FTSE All-Share and MSCI Europe (in euros) indices are calculated. These indices, being the two most relevant indices, are chosen for comparative purposes only.

Total cumulative ordinary shareholder return for the five years to 30 September 2010



Approval

The Directors' Remuneration Report was approved by the Board of directors on 3 December 2010.

By order of the Board

Aberdeen Asset Management PLC
Company Secretary
Edinburgh, 3 December 2010

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 judgements and accounting 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;

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they comply with all the above requirements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors confirms that, to the best of their knowledge:

– the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the company; and

– the directors' report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

For Standard Life European Private Equity Trust PLC

Scott Dobbie CBE
Chairman
Edinburgh, 3 December 2010

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

We have audited the financial statements of Standard Life European Private Equity Trust PLC for the year ended 30 September 2010 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' Report, set out on page 23, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Mark Hannam (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh, 3 December 2010

	Notes	For the year ended 30 September 2010 Revenue £'000	Capital £'000	Total £'000	For the year ended 30 September 2009 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	9	—	51,693	51,693	—	(100,733)	(100,733)
Currency gains/(losses)	14	—	944	944	—	(4,938)	(4,938)
Income from investments	2	1,713	—	1,713	1,363	—	1,363
Interest receivable and other income	2	1	—	1	86	—	86
Investment management fee	3	(238)	(2,138)	(2,376)	(220)	(1,984)	(2,204)
Administrative expenses	4	(581)	—	(581)	(580)	(7)	(587)
NET RETURN ON ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND TAXATION		895	50,499	51,394	649	(107,662)	(107,013)
Finance costs	5	(191)	(1,716)	(1,907)	(250)	(2,247)	(2,497)
NET RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		704	48,783	49,487	399	(109,909)	(109,510)
Taxation	6	(161)	141	(20)	(88)	21	(67)
NET RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		543	48,924	49,467	311	(109,888)	(109,577)
NET RETURN PER ORDINARY SHARE	8	0.34p	30.36p	30.70p	0.19p	(68.43p)	(68.24p)
DILUTED NET RETURN PER ORDINARY SHARE	8	0.34p	30.30p	30.64p	0.19p	(68.43p)	(68.24p)

The "Total" column of this statement represents the profit and loss account of the Company.

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

No operations were acquired or discontinued in the year.

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

The dividend which has been recommended based on this Income Statement is 0.2p (2009 - 0.1p) per ordinary share.

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 September 2010

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2009		356	79,356	79,148	3	101,498	5,280	265,641
Total recognised gains		—	—	—	—	48,924	543	49,467
Conversion of founder A shares		—	217	—	—	—	—	217
Scrip Issue of ordinary shares		1	77	—	—	—	—	78
Dividends paid	7	—	—	—	—	—	(161)	(161)
Balance at 30 September 2010	13,14	357	79,650	79,148	3	150,422	5,662	315,242

For the year ended 30 September 2009

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2008		354	78,535	79,148	2	211,386	6,088	375,513
Total recognised (losses)/gains		—	—	—	—	(109,888)	311	(109,577)
Conversion of founder A shares		—	256	—	1	—	—	257
Scrip Issue of ordinary shares		2	565	—	—	—	—	567
Dividends paid	7	—	—	—	—	—	(1,119)	(1,119)
Balance at 30 September 2009	13,14	356	79,356	79,148	3	101,498	5,280	265,641

	Notes	As at 30 September 2010 £'000	As at 30 September 2010 £'000	As at 30 September 2009 £'000	As at 30 September 2009 £'000
NON-CURRENT ASSETS					
Investments at fair value through profit or loss	9		369,630		293,106
CURRENT ASSETS					
Debtors	10	108		161	
Cash and short term deposits		6,403		2,378	
		6,511		2,539	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(60,899)		(30,004)	
NET CURRENT LIABILITIES			(54,388)		(27,465)
TOTAL ASSETS LESS CURRENT LIABILITIES			315,242		265,641
CAPITAL AND RESERVES					
Called up share capital	13		357		356
Share premium	14		79,650		79,356
Special reserve	14		79,148		79,148
Capital redemption reserve	14		3		3
Capital reserves	14		150,422		101,498
Revenue reserve	14		5,662		5,280
TOTAL SHAREHOLDERS' FUNDS			315,242		265,641
ANALYSIS OF SHAREHOLDERS' FUNDS					
Equity interests (ordinary shares)			315,208		265,607
Non-equity interests (founder shares)	13		34		34
			315,242		265,641
NET ASSET VALUE PER EQUITY SHARE	16		195.3p		164.9p

The financial statements on pages 31 to 47 were approved by the Board on 3 December 2010 and were signed on its behalf by:

SCOTT DOBBIE CBE, CHAIRMAN

3 December 2010

Cashflow Statement

	Notes	For the year ended 30 September 2010 £'000	For the year ended 30 September 2010 £'000	For the year ended 30 September 2009 £'000	For the year ended 30 September 2009 £'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15		(1,252)		(1,521)
NET CASH OUTFLOW FROM SERVICING OF FINANCE			(1,921)		(2,656)
NET CASH INFLOW FROM TAXATION			8		274
FINANCIAL INVESTMENT					
Purchase of investments	9	(47,994)		(48,296)	
Disposal of underlying investments by funds	9	21,273		18,193	
Disposal of fund investments by way of secondary sales	9	1,890		48,348	
NET CASH (OUTFLOW)/INFLOW FROM FINANCIAL INVESTMENTS			(24,831)		18,245
ORDINARY DIVIDENDS PAID			(78)		(547)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(28,074)		13,795
Net proceeds on issue of ordinary shares		212		252	
Bank loans drawn down/(repaid)		30,943		(10,020)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			31,155		(9,768)
INCREASE IN CASH			3,081		4,027
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS					
Increase in cash as above			3,081		4,027
(Drawdown)/repayment of loan			(30,943)		10,020
Currency movements			944		(4,938)
MOVEMENT IN NET DEBT IN THE PERIOD			(26,918)		9,109
Opening net debt			(27,324)		(36,433)
CLOSING NET DEBT			(54,242)		(27,324)
REPRESENTED BY:					
Cash and short term deposits			6,403		2,378
Loans			(60,645)		(29,702)
			(54,242)		(27,324)

1 Accounting Policies

(a) Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments, and in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (issued January 2009). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The financial statements, and the net asset value per equity share figures, have been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP"). The directors consider the Company's functional currency to be sterling, as the Company is registered in Scotland, the Company's shareholders are predominantly based in the UK and the Company is subject to the UK's regulatory environment.

(b) Revenue, expenses and finance cost

Dividends from quoted investments are included in revenue by reference to the date on which the price is marked ex-dividend. Interest on quoted investments and other interest receivable are dealt with on an effective interest rate basis. Dividends and income from unquoted investments are included when the right to receipt is established. All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account of the Income Statement except as follows:

- transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Income Statement; and
- the Company charges 90% of investment management fees and finance costs to capital, in accordance with the Board's expected long-term split of returns between capital gains and income from the Company's investment portfolio.

(c) Investments

Investments have been designated upon initial recognition as fair value through the profit or loss. Investments are recognised as at the date of the commitment to the fund and removed when the fund is wound up. Subsequent to initial recognition, investments are valued at fair value as detailed below. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the unrealised reserve.

Unquoted investments are stated at the directors' estimate of fair value and follow the recommendations of the EVCA and the BVCA. The estimate of fair value is normally the latest valuation placed on a fund by its manager as at the balance sheet date. The valuation policies used by the manager in undertaking that valuation will generally be in line with the joint publication from the EVCA and the BVCA, 'International Private Equity and Venture Capital Valuation guidelines'. Where formal valuations are not completed as at the balance sheet date the valuation from the fund manager is adjusted for any subsequent cash flows occurring between the valuation date and, the balance sheet date. The Company's Manager may further adjust such valuations to reflect any changes in circumstances from the last manager's formal valuation date to arrive at the estimate of fair value.

(d) Dividends payable - Interim and final dividends are recognised in the period in which they are paid. Scrip dividends are recognised in the period in which shares are issued.

(e) Capital reserves – Gains or losses on investments realised in the year that have been recognised in the Income Statement are transferred to the "capital reserve - gains/(losses) on disposal". In addition, any prior unrealised gains or losses on such investments are transferred from the "capital reserve - revaluation" to the "capital reserve - gains/(losses) on disposal" on the disposal of the investment. Increases and decreases in the fair value of investments are recognised in the Income Statement and are then transferred to the "capital reserve - revaluation".

(f) Taxation

i) Current taxation - Provision for corporation tax is made at the current rate on the excess of taxable income net of any allowable deductions.

ii) Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the balance sheet date, measured on an undiscounted basis and based on enacted tax rates. 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 temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

1 Accounting Policies (continued)

Due to the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Overseas currencies - Overseas assets and liabilities are translated at the exchange rate prevailing at the Company's balance sheet date. Gains or losses on translation of investments held at the year end are accounted for through the unrealised capital reserve. Gains or losses on the translation of overseas currency balances held at the year end are accounted for through the realised capital reserve.

Rates of exchange to sterling at 30 September were:

	2010	2009
Euro	1.1543	1.0942
US Dollar	1.5758	1.5993

Transactions in overseas currency are translated at the exchange rate prevailing on the date of transaction.

2 Income

	Year to 30 September 2010 £'000	Year to 30 September 2009 £'000
Income from unquoted investments	1,713	1,363
Interest receivable on cash	—	71
Other income	1	15
Total income	1,714	1,449

3 Investment management fee

	Year to 30 September 2010			Year to 30 September 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	238	2,138	2,376	220	1,984	2,204

The investment management fee payable to the Manager is 0.8% per annum of the investments and other assets of the Company and any subsidiaries less the aggregate of the liabilities of the Company and any subsidiaries. The investment management fee is allocated 90% to the realised capital reserve and 10% to the revenue account. The management agreement between the Company and the Manager is terminable by either party on twelve months written notice.

4 Administrative expenses

	Year to 30 September 2010 £'000	Year to 30 September 2009 £'000
Secretarial and administration fee	177	172
Directors' fees	154	151
Auditors' remuneration - statutory audit	21	26
- interim review	14	13
- other assurance	1	1
Legal fees	25	40
Fees and subscriptions	44	45
Professional and consultancy fees	52	60
Other expenses	93	79
	581	587

Irrecoverable VAT has been shown under the relevant expense line. In the year to 30 September 2010: nil (2009: £7,000) of administrative expenses were charged to capital.

4 Administrative expenses (continued)

The secretarial and administration fee is payable to Aberdeen Asset Management PLC and is adjusted in line with the retail prices index on 1 July each year. The secretarial and administration agreement is terminable by either party on three months' notice.

The emoluments of the Chairman, who was the highest paid Director, were £38,500 (2009 - £38,500) per annum. The emoluments of each of the other directors were £22,000 (2009 - £22,000) per annum, except for Hamish Buchan who received an additional £5,500 (2009 - £5,500) as Senior Independent Director and Chairman of the Audit Committee.

	Year to 30 September 2010			Year to 30 September 2009		
5 Finance costs	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans	191	1,716	1,907	250	2,247	2,497

	Year to 30 September 2010			Year to 30 September 2009		
6 Taxation	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Factors affecting the current tax charge for the year						
Return on ordinary activities before taxation	704	48,783	49,487	399	(109,909)	(109,510)

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below.

	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities multiplied by the effective rate of corporation tax in the UK (28%)	197	13,659	13,856	112	(30,775)	(30,663)
Capital (gains)/losses*	—	(13,659)	(13,659)	—	30,775	30,775
Franked investment income taxed at source	(25)	—	(25)	—	—	—
Non taxable overseas dividends	(3)	—	(3)	—	—	—
Overseas withholding tax	28	—	28	91	—	91
Overprovision from previous period	(8)	—	(8)	(24)	—	(24)
Double tax relief	(28)	—	(28)	(91)	—	(91)
Tax relief for expenses taken to capital	—	(141)	(141)	—	(21)	(21)
Current tax charge/(credit) for the year	161	(141)	20	88	(21)	67

* The Company carries on business as an investment trust company with respect to sections 1158-1159 of the Corporation Tax Act 2010. As such any capital gains are exempt from UK taxation.

	Year to 30 September 2010 £'000	Year to 30 September 2009 £'000
(b) Analysis of the tax charge throughout the year		
Current tax		
Overseas withholding tax	28	91
Overprovision from previous period	(8)	(24)
	20	67

(c) Factors that may affect future tax charges

At the year end there is a potential deferred tax asset of £938,000 (2009 : £1,164,000) in relation to excess management expenses carried forward. The deferred tax asset is unrecognised at the year end in line with the Company's stated accounting policy.

7 Dividend on ordinary shares	Year to 30 September 2010 £'000	Year to 30 September 2009 £'000
Amount recognised as a distribution to equity holders in the year:		
Dividend paid in the year ended 30 September 2010 of 0.10p (2009 - 0.70p) per ordinary share paid on 29 January 2010 (2009 - paid on 30 January 2009)	78	547
Scrip dividend issue of 83,755 shares, in lieu of the cash dividend, in the year ended 30 September 2010 (2009 - 881,040 shares)	83	572
	161	1,119

During the year the Company issued 83,755 ordinary shares as a result of elections received following a scrip dividend offer in respect of the 2009 final dividend. One new ordinary share was issued for every 99.1p otherwise payable as a cash dividend.

Set out below are the total dividend paid and proposed in respect of the financial year, which is the basis on which the requirements of sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of a dividend for the year is £543,000 (2009 - £311,000).

Proposed final dividend of 0.2p per ordinary share (dividend proposed at 30 September 2009 - 0.1p per ordinary share) due to be paid on 28 January 2011 (paid 29 January 2010).	323	161

8 Net return per ordinary share	Year to 30 September 2010 p	Year to 30 September 2010 £'000	Year to 30 September 2009 p	Year to 30 September 2009 £'000
The net return per ordinary share is based on the following figures:				
Revenue net return	0.34	543	0.19	311
Capital net return	30.36	48,924	(68.43)	(109,888)
Total net return	30.70	49,467	(68.24)	(109,577)
Weighted average number of ordinary shares in issue:		161,122,847		160,583,224

	Year to 30 September 2010 p	Year to 30 September 2010 £'000	Year to 30 September 2009 p	Year to 30 September 2009 £'000
The fully diluted net return per ordinary share is based on the following figures:				
Revenue net return (fully diluted)	0.34	543	0.19	311
Capital net return (fully diluted)	30.30	48,924	(68.43)	(109,888)
Total net return (fully diluted)	30.64	49,467	(68.24)	(109,577)

Fully diluted net returns have been calculated on the basis set out in Financial Reporting Standard 22 'Earnings per share' ('FRS 22'). For the year ended 30 September 2010, this is based on 161,434,348 shares, comprising the weighted average 161,122,847 ordinary shares and 311,501 founder A shares capable of conversion. For the year ended 30 September 2009, this is based on the weighted average of 160,583,224 ordinary shares, as the founder A shares did not have a dilutive effect in this year as the conversion price was greater than the average share price.

9 Investments	30 September 2010 £'000	30 September 2009 £'000
Fair value through profit or loss:		
Opening market value	293,106	412,084
Opening investment holding losses	86,163	15,351
Opening book cost	379,269	427,435
Movements in the year:		
Additions at cost	47,994	48,296
Disposal of underlying investments by funds	(21,273)	(18,193)
Disposal of fund investments by way of secondary sales	(1,890)	(48,348)
	404,100	409,190
Gains on disposal of underlying investments	8,433	13,635
Losses on disposal of fund investments	(4,638)	(43,556)
Closing book cost	407,895	379,269
Closing investment holding losses	(38,265)	(86,163)
Closing market value	369,630	293,106

	Year to 30 September 2010 £'000	Year to 30 September 2009 £'000
Gains/(losses) on investments:		
Net gains/(losses) on disposal of unquoted investments	3,795	(29,921)
Net revaluation of unquoted investments	47,898	(70,812)
	51,693	(100,733)

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments. These have been expensed through capital and are included within gains/(losses) on investments in the Income Statement. The total costs were as follows:

	£'000	£'000
Secondary sales	53	1,122
Purchases in respect of new unquoted fund investments	4	27
	57	1,149

10 Debtors	30 September 2010 £'000	30 September 2009 £'000
Amounts falling due within one year:		
Prepayments	108	161

11 Creditors: amounts falling due within one year

	30 September 2010 £'000	30 September 2009 £'000
Bank loans (see note 12)	60,645	29,702
Management fee	51	86
Secretarial fee	46	86
Other accruals	87	46
Loan interest and commitment fee	70	84
	60,899	30,004

12 Bank loans

	30 September 2010 £'000	30 September 2009 £'000
Unsecured bank loans repayable within one year:		
€20,000,000 at 3.118% repayable 25 October 2010	17,327	—
€50,000,000 at 3.121% repayable 29 October 2010	43,318	—
€5,000,000 at 2.949% repayable 23 October 2009	—	4,570
€27,500,000 at 2.938% repayable 30 October 2009	—	25,132
	60,645	29,702

At 30 September 2010, the Company had a £100 million committed, multi currency syndicated revolving credit facility led by The Royal Bank of Scotland plc of which £60.6m (2009 - £29.7m) had been drawn down in euros. The interest rate on this facility was LIBOR plus 2.5% and the commitment fee payable on non-utilisation was 1.0% per annum.

On 29 November 2010, the Company entered into a new £120 million committed, multi currency syndicated revolving credit facility led by The Royal Bank of Scotland plc, which expires on 31 December 2013. The interest rate on this facility is LIBOR plus 2.50% and the commitment fee payable on non-utilisation is 1.0% per annum.

13 Called up share capital

	30 September 2010 £'000	30 September 2009 £'000
Issued:		
161,372,793 (2009 - 161,066,017) ordinary shares of 0.2p - fully paid	322,746	322,132
16,242,002 (2009 - 16,465,023) founder A shares of 0.2p - partly paid	16,426	16,651
17,500,000 (2009 - 17,500,000) founder B shares of 0.2p - partly paid	17,687	17,687
	356,859	356,470

On 2 May 2001, 14,835,625 founder A shares and 14,835,625 founder B shares were allotted each partly paid up at 0.1p per share and 2,664,375 founder A shares and 2,664,375 founder B shares were allotted each partly paid up at 0.11p per share. The founder shares are entitled to a fixed non-cumulative dividend of 0.05% per annum on the nominal amount per share paid up. The founder shares do not carry any right to vote, except in the case of changes to class rights.

At 30 September 2010, 3,596,981 (2009: 3,820,002) founder A shares were in issue. During the year 223,021 founder A shares were converted into ordinary shares at a cost of £222,800, before deduction of conversion costs of £5,600. The Company also issued 83,755 ordinary shares as a result of elections received following a scrip dividend offer in respect of the 2009 final dividend. One new ordinary share was issued for every 99.1p otherwise payable as a cash dividend.

Following the end of the founder A shares performance period on 30 September 2006, as of 30 September 2010, 3,596,981 founder A shares (2009: 3,820,002) have a right to convert into an equivalent number of ordinary shares at a conversion price of £1 per ordinary share up to 31 December 2013.

14 Reserves	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves - gains/ (losses) on disposal £'000	Capital reserves - revaluation £'000	Revenue reserve £'000
Opening balances at 1 October 2009	79,356	79,148	3	187,661	(86,163)	5,280
Gains on disposal of unquoted investments	—	—	—	3,795	—	—
Management fee charged to capital	—	—	—	(2,138)	—	—
Finance costs charged to capital	—	—	—	(1,716)	—	—
Tax relief on management fees and finance costs above	—	—	—	141	—	—
Currency gains	—	—	—	944	—	—
Revaluation of unquoted investments	—	—	—	—	47,898	—
Conversion of founder A shares	223	—	—	—	—	—
Expenses of conversion of founder A shares	(6)	—	—	—	—	—
Scrip issue of ordinary shares	83	—	—	—	—	—
Expenses of conversion of scrip issue	(6)	—	—	—	—	—
Return on ordinary activities after taxation	—	—	—	—	—	543
Dividends during the period	—	—	—	—	—	(161)
Closing balances at 30 September 2010	79,650	79,148	3	188,687	(38,265)	5,662

Court approval was given on 27 September 2001 for 50% of the initial premium arising on the issue of the ordinary share capital to be cancelled and transferred to a special reserve. The reserve is a distributable reserve and may be applied in any manner as a distribution, other than by way of a dividend.

15 Reconciliation of net return on ordinary activities before taxation to net cash outflow from operating activities	30 September 2010 £'000	30 September 2009 £'000
Net total return before finance costs and taxation	51,394	(107,013)
Adjustment for:		
(Gains)/losses on disposal of unquoted investments	(3,795)	29,921
Revaluation of unquoted investments	(47,898)	70,812
Currency (gains)/losses on cash balances	(944)	4,938
Decrease/(increase) in debtors	53	(123)
(Decrease)/increase in creditors	(34)	35
Tax deducted from non - UK income	(28)	(91)
Net cash outflow from operating activities	(1,252)	(1,521)

16 Net asset value per ordinary share	30 September 2010	30 September 2009
Basic:		
Ordinary shareholders' funds	£315,207,880	£265,607,000
Number of ordinary shares in issue	161,372,793	161,066,017
Net asset value per ordinary share	195.3p	164.9p

16 Net asset value per ordinary share (continued)

	30 September 2010	30 September 2009
Diluted:		
Ordinary shareholders' funds	£318,804,861	£269,427,002
Number of ordinary shares in issue	164,969,774	164,886,019
Net asset value per ordinary share	193.3p	163.4p

The net asset value per ordinary share and ordinary shareholders' funds are calculated in accordance with the Company's articles of association.

17 Commitments and contingent liabilities

	30 September 2010 £'000	30 September 2009 £'000
Outstanding calls on investments	150,331	227,758

This represents commitments made to fund investments remaining undrawn.

18 Parent undertaking and related party transactions

The Manager during the year was SL Capital Partners LLP which is 60% owned by Standard Life Investments Limited and 40% by its eight senior private equity managers. Standard Life Investments Limited is a wholly owned subsidiary of Standard Life PLC, the ultimate parent undertaking of the Company. The accounts of the ultimate parent undertaking are the only group accounts incorporating the accounts of the Company. Copies of the accounts of the ultimate parent undertaking can be obtained at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.

Standard Life PLC and the Company have entered into a relationship agreement which provides that, for so long as Standard Life PLC and its subsidiaries exercise, or control the exercise, of 30% or more of the voting rights of the Company, Standard Life PLC will not seek to nominate directors who are not independent of Standard Life PLC and will not take, in its capacity as a beneficial holder of any ordinary shares, any action which would be detrimental to the general body of shareholders. For this purpose any action which has the support or recommendation of a majority of the directors shall be deemed not to be detrimental. A more detailed summary of the terms of the relationship agreement are set out in the Directors' Report on page 23 and 24.

During the year ended 30 September 2010 the Manager charged management fees totalling £2,376,000 (2009 - £2,204,000) to the Company in the normal course of business. The balance of management fees outstanding at 30 September 2010 was £51,000 (2009 - £86,000).

At 30 September 2010, the Company had a £100 million committed, multi currency syndicated revolving credit facility led by The Royal Bank of Scotland plc ("RBS"). Standard Life Assurance Limited ("SLAL"), a subsidiary of Standard Life PLC, participated in the syndicated facility on an arm's length basis and had a commitment of £40 million. Under the terms of the agreement, SLAL received £703,000 during the year ended 30 September 2010 (2009 - £826,000). Under the new loan facility disclosed in note 12 above, SLAL retains a £40 million commitment. Donald Workman, who is a director of the Company and an investment director within the Corporate Markets division of RBS, took no part in the Board's deliberations concerning, or its approval of, the credit facilities. Within parameters agreed with the Board, it is Standard Life Investment's treasury team which determines the funds in which the Company's surplus cash is invested from time to time.

No other related party transactions were undertaken during the year ended 30 September 2010.

19 Risk management, financial assets and liabilities

Financial assets and liabilities

The Company's financial instruments comprise fund and other investments, cash balances, loans and debtors and creditors that arise from its operations. The assets and liabilities are managed with the overall objective of achieving long-term capital gains for shareholders.

Summary of Financial Assets and Financial Liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities, as recognised at the balance sheet date of the reporting periods under review, are categorised as follows:

	30 September 2010 £'000	30 September 2009 £'000
Financial Assets		
Financial assets at fair value through profit or loss:		
Fixed asset investments – designated as such on initial recognition	369,630	293,106
Loans and receivables:		
Current assets:		
Debtors (accrued income and other debtors)	108	161
Cash and short-term deposits	6,403	2,378
	376,141	295,645
Financial Liabilities		
Measured at amortised cost:		
Creditors: amounts falling due within one year:		
Bank loans	60,645	29,702
Accruals	254	302
	60,899	30,004

Fair values of financial assets and financial liabilities

The carrying value of the current assets and liabilities is deemed to be fair value due to the short term nature of the instruments and/or the instruments bearing interest at the market rates.

Risk management

The directors manage investment risk principally through setting an investment policy and by contracting management of the Company's investments to an investment manager under terms which incorporate appropriate duties and restrictions and by monitoring performance in relation to these. The Company's investments are in private equity funds, typically unquoted limited partnerships. These are valued by their managers generally in line with the EVCA and the BVCA guidelines, which provide for a fair value basis of valuation. The funds may hold investments that have become quoted and these will be valued at the appropriate listed price, subject to any discount for marketability restrictions.

As explained in the Company's investment policy, risk is spread by investing across a range of countries and industrial sectors, thereby reducing excessive exposure to particular areas. The Manager's investment review and monitoring process is used to identify and, where possible, reduce risk of loss of value in the Company's investments. Any surplus funds are invested generally in 'AAA' rated money market funds, which generate securities income rather than interest in order to meet the income requirements of investment trust status. The money market fund investments are monitored by the treasury team of Standard Life Investments for credit risk and interest rate risk.

19 Risk management, financial assets and liabilities (continued)

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, currency risk, over-commitment risk, liquidity risk, credit risk and interest rate risk.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

Market risk

The Company is at risk of the economic cycle impacting the listed financial markets and hence potentially affecting the pricing of new underlying investments, the valuation of existing underlying investments and the price and timing of exits. By having a diversified and rolling portfolio of fund investments the Company is well placed to take advantage of economic cycles.

100% of the Company's investments are in unquoted funds held at fair value. The valuation methodology employed by the managers of these funds may include the application of EBITDA ratios derived from listed companies with similar characteristics. Therefore, the value of the Company's portfolio is indirectly affected by price movements on listed financial exchanges. A 10% increase in the valuation of unquoted investments at 30 September 2010 would have increased the net assets attributable to the Company's shareholders and the total return for the year by £36,963,000 (2009: £29,311,000); a 10% change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total return for the year by an equivalent amount.

Currency risk

The Company makes fund commitments in currencies other than sterling and, accordingly, a significant proportion of its investments and cash balances are in currencies other than sterling. In addition, the Company's syndicated revolving credit facility is a multi-currency facility. Therefore, the Company's balance sheet is sensitive to movements in foreign exchange rates. The Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. It is not the Company's policy to hedge this foreign currency risk. It is expected that the majority of the Company's commitments and investments will be denominated in euros. Accordingly, the majority of the Company's liquidity and any indebtedness is usually held in that currency. No currency swaps or forwards were used during the year.

The table below sets out the Company's currency exposure.

	30 September 2010		30 September 2009	
	Local Currency '000	Sterling Equivalent £'000	Local Currency '000	Sterling Equivalent £'000
Fixed asset investments: unquoted				
Sterling	26,488	26,488	27,252	27,252
Euro	321,703	278,700	230,892	211,014
US Dollar	101,548	64,442	87,708	54,840
Cash and short term deposits:				
Sterling	438	438	478	478
Euro	5,866	5,082	1,425	1,303
US Dollar	1,391	883	955	597
Other debtors and creditors:				
Sterling	(140)	(140)	(138)	(138)
Euro	(70,009)	(60,651)	(32,505)	(29,705)
Total		315,242		265,641

19 Risk management, financial assets and liabilities (continued)

	30 September 2010 Local Currency '000	30 September 2010 Sterling Equivalent £'000	30 September 2009 Local Currency '000	30 September 2009 Sterling Equivalent £'000
Outstanding commitments:				
Sterling	5,409	5,409	7,616	7,616
Euro	144,402	125,099	215,939	197,349
US Dollar	31,237	19,823	36,453	22,793
Total		150,331		227,758

The revenue account is subject to currency fluctuations arising on overseas income. The Company does not hedge this currency risk.

Currency sensitivity

During the year ended 30 September 2010 sterling appreciated by 5.5% relative to the euro (2009: depreciated 13.8%) and depreciated by 1.5% relative to the US dollar (2009: depreciated 10.3%).

To highlight the sensitivity to currency movements, if the value of sterling had weakened against both of the above currencies by 10% compared to the exchange rates at 30 September 2010, the capital gain would have increased for the year by £25,681,000 (2009: decrease of £21,639,000 in capital loss); a 10% change in the opposite direction would have decreased the capital gain for the year by an equivalent amount.

The calculations above are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not necessarily representative of the year as a whole.

Based on similar assumptions, the amount of outstanding commitments would have increased by £13,175,000 at the year end (2009: £20,013,000), a 10% change in the opposite direction would have decreased the amount of outstanding commitments by an equivalent amount.

Over-commitment risk

The Board has taken the decision to make commitments to new fund investments which are greater than the current cash and committed credit facilities. As private equity funds generally call monies over a five year period whilst they are making investments, the draw downs for funds which are investing should be offset by the more mature funds which are realising their investments and distributing cash back to the Company. The Manager monitors the Company's ongoing cash requirements by the use of cash flow modelling and reports to the Board on a regular basis. To minimise the risk of having an obligation to pay out more cash than is in the bank or on short-term deposit on any particular day, a committed, multi-currency revolving credit facility was arranged, led by The Royal Bank of Scotland plc. At 30 September 2010, £60.6 million of the loan facility had been drawn down (2009: £29.7 million). To minimise over commitment risk, during the year ended 30 September 2010, the Company disposed of part of one private equity fund interest (2009: disposed of all or part of 11 private equity fund interests) and made an election to cap its exposure to one fund interest (2009: one fund interest). This released the Company from £16.7 million of outstanding commitments (2009: £169.7 million)

Liquidity risk

The Company has significant investments in unquoted fund investments which are relatively illiquid. As a result, the Company may not be able to quickly liquidate its investments in these funds at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments. The Company manages its liquid investments to ensure sufficient cash is available to meet contractual commitments and also seeks to have cash available to meet other short term financial needs. Short term flexibility is achieved, where necessary, through the use of the syndicated revolving multi-currency loan facility. Liquidity risk is monitored by the Manager on an ongoing basis and by the Board on a regular basis. A maturity analysis of all financial liabilities is included in notes 11 and 12.

Credit risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company places funds with authorised deposit takers from time to time and, therefore, is potentially at risk from the failure of any such institution. At the period end, the Company's financial assets exposed to credit risk amounted to the following:

	30 September 2010 £'000	30 September 2009 £'000
Cash and short term deposits	6,403	2,378

19 Risk management, financial assets and liabilities (continued)

At 30 September 2010, all of the Company's cash was held by JPMorgan Chase Bank ("JP Morgan") which was rated 'AA -' by Standard and Poors. The Board monitors the risk by reviewing the internal control report of JP Morgan annually. Should the credit quality or the financial position of JP Morgan deteriorate significantly the Manager would move the cash balances to another institution.

Interest rate risk

The Company will be affected by interest rate changes as it holds some interest bearing financial assets and liabilities which are shown in the table below, however, the majority of its financial assets are investments in private equity funds which are non-interest bearing. Interest rate movements may affect the level of income receivable on cash deposits and interest payable on the Company's variable rate borrowings. The possible effects on the cashflows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. Derivative contracts are not used to hedge against any exposure to interest rate risk.

Interest risk profile

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

	30 September 2010		30 September 2009	
	Weighted average interest rate %	£'000	Weighted average interest rate %	£'000
Floating rate				
Financial assets: Cash and short term deposits	—	6,403	—	2,378
	—	6,403	—	2,378
Fixed rate				
Financial liabilities: Bank loans	3.12	(60,645)	2.94	(29,702)
	3.12	(60,645)	2.94	(29,702)

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on the bank loans is based on the interest rate payable, weighted by the total value of the loans. The weighted average period for which interest rates are fixed on the bank loans is 30.5 days (2009 - 30.0 days). The maturity dates of the bank loans are shown in note 12 to the financial statements.

Interest rate sensitivity

An increase of 1% in interest rates would have decreased the net assets attributable to the Company's shareholders and decreased the total gain for the year ended 30 September 2010 by £19,000 (2009: £24,000). A decrease of 1% would have increased the net assets attributable to the Company's shareholders and increase the total gain for the year ended 30 September 2010 by an equivalent amount. The calculations are based on the interest paid and received during the year.

Operating and control environment risk

The Board is responsible for the Company's system of internal controls. The Manager and the Administrator have in place control systems which include the custody and safeguarding of the Company's assets, compliance with regulations (mainly sections 1158-1159 of the Corporation Tax Act 2010, Companies Act and Listing Rules) and the provision of accurate financial reporting. There is a risk that the Manager and the Administrator fail to ensure that their controls are performed in a satisfactory manner. The Board monitors the services and systems provided by the Manager and the Administrator and reviews their internal control reports to ensure that an effective system of internal controls is maintained.

20 Fair value hierarchy

The Company has adopted the amendments to FRS 29 'Financial Instruments: Disclosures' effective from 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the input:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities, measured at fair value in the statement of financial position, are grouped into the following fair value hierarchy at 30 September 2010:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Unquoted equities	—	—	369,630	369,630
Net fair value	—	—	369,630	369,630

Unquoted equities

The fair value of the Company's investments in unquoted fund interests has been determined by reference to the primary valuation techniques described in note 1(c) to these accounts.

A reconciliation of fair value measurements in Level 3 is set out in note 9 to these accounts. There have been no movements between the different levels within the fair value hierarchy.

Information for Investors

Registered address

This report has been mailed to shareholders at the address shown on the Company's share register. Any change of address should be advised to the Registrars at the following address under the signature of the shareholder:

Equiniti Limited
34 South Gyle Crescent
South Gyle Business Park
Edinburgh EH12 9EB
United Kingdom

Registrars' shareholder helpline: 0871 384 2618*
Registrars' broker helpline: 0906 559 6025

* Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary.

If your shares are held via nominees you should contact them with any change of address.

Ordinary share price and net asset value

The Company's ordinary share price is published in the Financial Times.

The Stock Exchange code for the Company's ordinary shares is SEP. The Company's Sedol number is 3047468 and the ISIN number is GB0030474687.

In view of the unlisted nature of the Company's investment portfolio, the NAV is announced to the Stock Exchange quarterly.

ISA (Individual Savings Accounts)

Lump sum and regular savings ISAs in the Company's ordinary shares are offered by Standard Life Savings Limited. These provide a tax efficient vehicle for investors wishing to invest up to £10,200 in the tax year 2010/2011. There is an initial charge of 1.25% and no annual management charge for the plans. Further details are available from Standard Life Savings Limited, 12 Blenheim Place, Edinburgh EH7 5ZR, or by telephoning 0845 602 4247.

Investment Manager

SL Capital Partners LLP
1 George Street
Edinburgh EH2 2LL

Telephone: 0131 245 0055
Fax: 0131 245 6105

SL Capital Partners LLP is authorised and regulated by the Financial Services Authority and is a subsidiary of Standard Life Investments Limited. Standard Life Investments Limited may record and monitor telephone calls to help improve customer service.

Financial Calendar

December – Preliminary results for the year announced
December – Annual report and accounts published
January – Annual General Meeting
March – Quarterly trading statement announced
May – Interim results announced
June – Interim report published
September – Quarterly trading statement announced

The Annual General Meeting will be held at
The Balmoral Hotel, 1 Princes Street, Edinburgh EH2 2EQ on 25 January 2011 at 12.30pm.

NOTICE IS HEREBY GIVEN that the tenth annual general meeting of Standard Life European Private Equity Trust PLC (the "Company") will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh on 25 January 2011 at 12.30 p.m, for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. That the report and accounts for the year ended 30 September 2010, the Directors' report, the Directors' remuneration report and the independent auditors' report be received.
2. That the Directors' remuneration report for the year ended 30 September 2010 be approved.
3. That a final dividend of 0.2p per ordinary share be declared.
4. That Mr Scott Dobbie be re-elected as a director.
5. That Mr Hamish Buchan be re-elected as a director.
6. That Mr Jonathan Taylor be elected as a director.
7. That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.
8. That the Board of directors of the Company be and is hereby authorised to offer the holders of ordinary shares of 0.2 pence each in the capital of the Company (''ordinary shares'') (excluding any member holding ordinary shares as treasury shares) and (subject to the Articles of Association of the Company and to such exclusions or other arrangements as the Board may consider necessary or expedient in relation to any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange) the right to elect to receive new ordinary shares credited as fully paid instead of cash in respect of all or part of any dividend declared or paid on ordinary shares after the date of passing this resolution and before the earlier of (a) the conclusion of the next annual general meeting of the Company to be held in 2012 and (b) 30 March 2012.
9. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £107,581.86, such authority to expire on 30 March 2012 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2012, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following as special resolutions:

10. That, subject to the passing of resolution numbered 9 in the notice of the meeting and in substitution for any existing powers, the directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by the resolution numbered 9 in the notice of the meeting as if section 561 of the Act did not apply to the allotment. This power:

    (i) expires on 30 March 2012 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2012, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and

    (ii) shall be limited to:

    (a) the allotment of equity securities in connection with an issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of a regulatory body or stock exchange; and

    (b) the allotment of ordinary shares for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount equal to £16,137.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 724 of the Act as if in the first paragraph of this resolution 10 the words "pursuant to the authority under section 551 of the Act conferred by the resolution numbered 9 in the notice of the meeting" were omitted.

11. That, in substitution for any existing authority, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of section 693 (4) of the Act) of ordinary shares of 0.2p each ("ordinary shares") in the share capital of the Company, provided that:

    (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99 per cent. of the Company's issued ordinary share capital as at the date on which this resolution is passed;

    (ii) the minimum price which may be paid for an ordinary share shall be 0.2p;

    (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be an amount being not more than the higher of (a) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List) for the ordinary shares for the five business days immediately preceding the date of purchase and (b) the higher of the price of the last independent trade and the highest current independent bid relating to an ordinary share on the trading venue where the purchase is carried out; and

    (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 30 March 2012 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2012, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board

Aberdeen Asset Management PLC
Company Secretary
Edinburgh, 17 December 2010

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such a proxy need not also be a shareholder of the Company. If appointing more than one proxy, each proxy must be appointed to exercise rights attaching to different shares held by the shareholder.

2. A proxy form for use by shareholders at the meeting is enclosed with this document. Proxies must be lodged with the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR, not less than 48 hours (excluding non-working days) before the time appointed for the meeting together with any power of attorney or other authority (if any) under which it is signed. Completion of the proxy form will not prevent a shareholder from attending the meeting and voting in person.

3. Only those ordinary shareholders having their name entered on the Company's share register not later than 6.00 p.m. on 21 January 2011 or, if the meeting is adjourned, 6.00 p.m. on the day which is two business days prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the Company's share register after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the meeting, notwithstanding any provision in any enactment, the Articles of Association of the Company or other instrument to the contrary.

4. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual which can be viewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting 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.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or 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 Equiniti (ID RA19) by no later than 12.30 pm on 21 January 2010. No such message received through the CREST network after this time will be accepted. The time of receipt will be taken to be the time from which the Registrars are able to retrieve the message by enquiry to CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

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.

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 1) and 2) above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.

7. As at 10 December 2010, the Company's issued share capital comprised 161,372,793 ordinary shares of 0.2 pence each, 16,242,002 founder A shares of 0.2 pence each and 17,500,000 founder B shares of 0.2 pence each. Only ordinary shareholders are entitled to attend and vote at the meeting. Therefore, as at 10 December 2010, the total number of voting rights exercisable at the meeting is 161,372,793.

8. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules.

9. Shareholders may require the Company to publish, on its website (without payment), a statement which is also passed to the Auditors, setting out any matter relating to the audit of the Company's accounts, including the Auditors' Report and the conduct of the audit, which they intend to raise at the meeting. The Company will be required to do so once it has received such requests from either (i) shareholders representing at least 5% of the total voting rights of the Company or (ii) at least 100 shareholders who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per shareholder of at least £100. Such requests must be made in writing and must state the member's, full name and address and be sent to the Company's registered office.

10. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, privateequity.standardlifeinvestments.com/products/slepet/index.html

11. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

    a. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    b. the answer has already been given on a website in the form of an answer to a question; or

    c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

12. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

13. No director has a service contract with the Company. The terms and conditions of appointment of the directors will be available for inspection at the Company's registered office during normal business hours and for at least 15 minutes before and during the meeting.

Form of Proxy

Standard Life European Private Equity Trust PLC

For use at the Annual General Meeting of the Company convened for 12.30pm on Tuesday, 25 January 2011

I/We

of

BLOCK CAPITALS PLEASE

being (a) shareholder(s) of Standard Life European Private Equity Trust PLC, hereby appoint the Chairman of the Meeting or (see note 1)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Balmoral Hotel, 1 Princes Street, Edinburgh EH2 2EQ on 25 January 2011 at 12.30pm, on the following Resolutions to be submitted to the Meeting and at any adjournment thereof.

☐ Please mark this box to indicate that this proxy appointment is one of multiple appointments being made (see note 4)

This form of proxy relates to .... shares held by me/us in the Company (see note 4).

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote as he/she thinks fit or abstain.

Ordinary Resolutions	For	Against	Vote withheld
1. To receive the report and accounts for the year ended 30 September 2010			
2. To approve the Directors' Remuneration Report for the year ended 30 September 2010			
3. To approve a final dividend of 0.2p per ordinary share			
4. To re-elect Mr Scott Dobbie as a Director			
5. To re-elect Mr Hamish Buchan as a Director			
6. To elect Mr Jonathan Taylor as a Director			
7. To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the directors to determine their remuneration			
8. To renew the authority to offer scrip dividends			
9. To authorise the directors to allot shares in the Company up to an aggregate nominal amount of £107,581.86			
Special Resolutions	**For**	**Against**	**Vote withheld**
10. To disapply statutory pre-emption rights			
11. To renew the Company's authority to purchase its own ordinary shares			

Signed Date

Notes:

1. As a shareholder of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. If you wish to appoint as your proxy some person other than the Chairman of the Meeting please insert in block capitals the full name of the person of your choice, delete the words 'the Chairman of the Meeting' and initial the alteration. A proxy need not be a shareholder 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 rights attached to any one share.
2. In the case of a corporation, this form of proxy must be executed under seal or signed by an officer, attorney or other person duly authorised to sign it.
3. To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be deposited at the offices of the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZR, not later than 48 hours (excluding non-working days) before the time appointed for the Meeting.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Company's registrars, Equiniti Limited on 0871 384 2618 or you may copy this proxy form. Calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines open 8.30am to 5.30pm, Monday to Friday. The contact number for overseas shareholders is +44 121 415 7161. Please indicate in the box next to the proxy holder's name the number of shares in relation to which he or she is authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the one envelope.
5. In the case of joint holders, the signature of any one joint holder is sufficient. If more than one joint holder tenders a vote in person or by proxy, the vote of the person whose name stands first in the Company's share register will be accepted to the exclusion of the votes of the other joint holders.
6. Completion of this form of proxy will not prevent a shareholder from attending the Meeting and voting in person should he or she so wish.
7. To have the right to attend and vote at the Meeting (and also for the purpose of determining how many votes a shareholder may cast on a poll), a shareholder must first have his or her name entered on the Company's share register not later than 6.00pm on 21 January 2011 or, if the meeting is adjourned, 6.00pm on the day which is two business days prior to the date of the adjourned meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the Meeting.
8. Please indicate by placing an "X" in the appropriate box above how you wish your votes to be cast in respect of each resolution. A "vote withheld" is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. If this form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he votes.

Corporate Information

Registered Office
1 George Street
Edinburgh EH2 2LL
United Kingdom

Investment Manager
SL Capital Partners LLP
1 George Street
Edinburgh EH2 2LL
United Kingdom

Company Secretary and Administrator
Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY
United Kingdom

Company Broker
Collins Stewart Europe Limited
88 Wood Street
London EC2V 7QR
United Kingdom

Solicitors
Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF
United Kingdom

Independent Auditors
PricewaterhouseCoopers LLP
PO Box 90
Erskine House
68-73 Queen Street
Edinburgh EH2 4NH
United Kingdom

Tax Advisers
Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ
United Kingdom

Bankers
The Royal Bank of Scotland plc
Level 5
135 Bishopsgate
London EC2M 3UR
United Kingdom

JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ
United Kingdom

Registrars
Equiniti Limited
34 South Gyle Crescent
South Gyle Business Park
Edinburgh EH12 9EB
United Kingdom

Standard Life European Private Equity Trust PLC
Registered in Scotland no. 216638
1 George Street
Edinburgh EH2 2LL
United Kingdom

Managed by SL Capital Partners LLP
1 George Street
Edinburgh EH2 2LL
United Kingdom