

Standard Life European Private Equity Trust PLC

Report and Accounts

for the year ended 30 September 2012



SL Capital Partners

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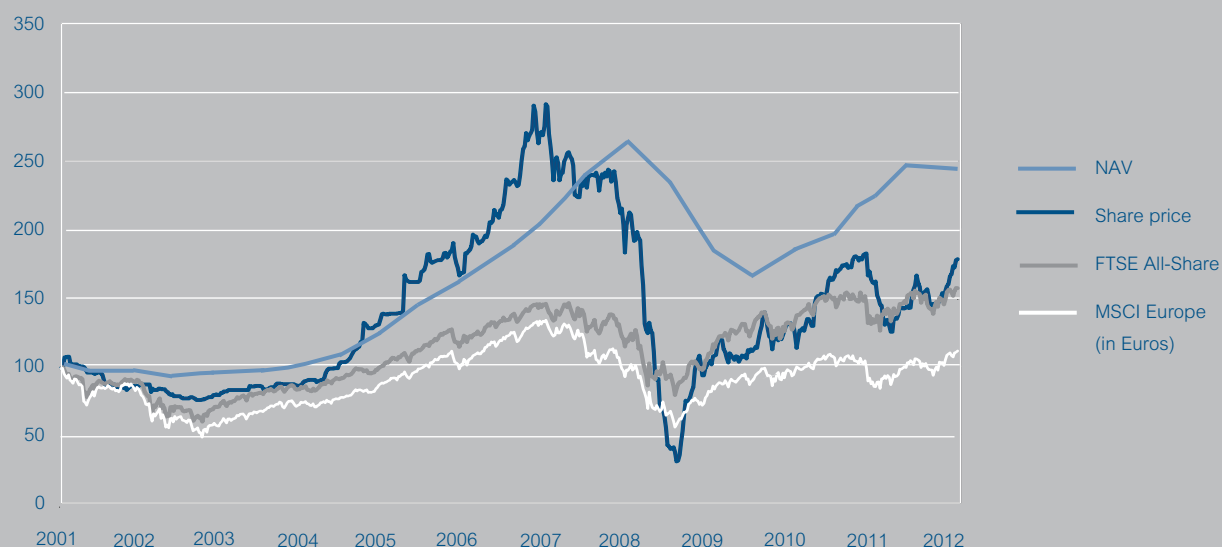
To achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

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	£369.7 million at 30 September 2012
Market capitalisation	£263.7 million at 30 September 2012
Capital structure	162,378,566 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. 3,596,981 founder A shares of 0.2p each The above founder shares do not carry any right to vote, except in the case of changes to class rights. The above founder shares confer rights to convert into an equivalent number of ordinary shares.
Management and incentive fees	The base management fee is 0.8% per annum of the net assets of the Company. In addition, there is an incentive fee payable, which is calculated on the basis of 10% of the growth in the diluted net asset value total return in excess of an 8% hurdle rate, measured over the five year period ending 30 September 2016 (more details are provided in the Directors' Report). The notice period is twelve 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 2012



Performance (Capital Only)	At 30 September 2012	At 30 September 2011	% Change
Net asset value per ordinary share ("NAV") (undiluted)	227.6p	228.7p	(0.5)
NAV (diluted)	224.9p	225.9p	(0.5)
Share price	162.4p	134.0p	21.2
FTSE All-Share Index ⁽¹⁾	2,998.9	2,654.4	13.0
MSCI Europe Index (in euros) ⁽¹⁾	92.6	78.4	18.1
Discount (difference between share price and diluted net asset value)	27.8%	40.7%	
Gearing (ratio of borrowing to shareholders' funds)	–	8.6%	

Performance (Total Return) ⁽²⁾	1 year %	Annualised 5 year %	Annualised since launch %
Share price	22.4	(5.7)	5.3
NAV (diluted)	0.1	(0.6)	8.3
FTSE All-Share Index ⁽¹⁾	17.2	1.7	4.0
MSCI Europe Index (in euros) ⁽¹⁾	23.2	(3.2)	0.8

High/low for the year ended 30 September 2012	High	Low
Share price (mid)	162.5p	113.5p

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

⁽²⁾Includes dividends reinvested.

10 Year Historical Record

Summary financial information

NAV and share price	Net assets £m	NAV (undiluted) p	NAV (diluted) p	Share price p	Premium/ (discount) to diluted NAV %
At 30 September 2003	148.9	93.6	93.6	82.00	(12.4)
At 30 September 2004	168.6	105.9	105.9	94.50	(10.8)
At 30 September 2005	228.3	143.5	143.5	156.25	8.9
At 30 September 2006	289.8	182.1	179.6	183.50	2.1
At 30 September 2007	385.7	241.3	237.7	226.50	(4.7)
At 30 September 2008	375.5	234.8	231.4	161.00	(30.4)
At 30 September 2009	265.6	164.9	163.4	112.25	(31.3)
At 30 September 2010	315.2	195.3	193.3	113.75	(41.2)
At 30 September 2011	369.4	228.7	225.9	134.00	(40.7)
At 30 September 2012	369.7	227.6	224.9	162.38	(27.8)

Performance and dividends	NAV total return %	Share price total return ¹ %	Dividend paid ² £m	Dividend paid per ordinary share p	Expense ratio 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	1.01
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	0.94
Year to 30 September 2009	(29.2)	(29.5)	0.6	0.70	0.92
Year to 30 September 2010	18.4	1.4	0.1	0.10	1.02
Year to 30 September 2011	17.0	18.0	0.2	0.20	1.02
Year to 30 September 2012	0.1	22.4	1.0	1.30	0.97

¹ Data supplied by Fundamental Data.

² Represents the cash dividend paid during the year, declared for the previous financial year.

³ The expense ratios have been re-calculated to follow the AIC's recommended methodology for calculating Ongoing Charges.

Investment exposure	Fund manager as a % of net assets		Top 10 %	Fund investments as a % of net assets	
	Top 5 %	Top 10 %		Top 20 %	Top 30 %
At 30 September 2003	49.1	72.3	61.3	81.9	85.2
At 30 September 2004	48.6	76.1	64.9	86.7	89.1
At 30 September 2005	44.9	75.5	60.7	78.3	81.4
At 30 September 2006	40.9	67.4	50.3	74.0	81.4
At 30 September 2007	41.0	66.5	42.5	64.8	80.4
At 30 September 2008	54.5	84.6	55.1	84.0	102.4
At 30 September 2009	55.5	87.2	61.1	93.8	109.0
At 30 September 2010	62.1	96.4	67.9	101.0	116.2
At 30 September 2011	57.9	89.1	69.0	95.4	106.8
At 30 September 2012	51.2	80.2	63.5	87.4	97.9

Chairman's Statement

Last year witnessed a fall in the number and value of new private equity investments completed in Europe. However, many private equity managers reported a better exit environment for realising investments.



Scott Dobbie, CBE

Results and performance

Over the last year listed financial markets have continued to show significant volatility, however, most listed equity indices have risen. This upward move has been particularly apparent in recent months, as confidence has grown about progress towards a possible resolution of the political, debt and banking problems affecting Europe. Against this background the Company saw a marginal fall in its NAV, due principally to the 8.1% depreciation in the euro relative to sterling over the year. For the year ended 30 September 2012 the Company's NAV fell by 0.5% to 227.6p (diluted NAV – 224.9p), from 228.7p at 30 September 2011 (diluted NAV – 225.9p). At 30 September 2012 the Company's net assets were almost unchanged on the prior year at £369.7 million.

The closing mid-market price of the Company's ordinary shares on 30 September 2012 was 162.4p, compared to 134.0p a year earlier. The share price discount to the Company's diluted NAV was 27.8% at the year end. This discount, while still high, was materially lower than the share price discount to diluted NAV of 40.7% at 30 September 2011, with the Company's share price discount, and that of its peers, narrowing notably during the summer of 2012 as European listed equity markets rose.

The Company's practice has been one of reinvestment and to pay a dividend marginally in excess of the minimum required to maintain investment trust status. Accordingly, the Board is recommending a final dividend of 2.0p per ordinary share (year ended 30 September 2011 – 1.3p). Subject to shareholder approval at the forthcoming Annual General Meeting, this dividend will be paid on 1 February 2013 to shareholders on the Company's share register at 4 January 2013. As in previous years 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. As I mention later in this statement this is my last Chairman's statement and it is perhaps appropriate to consider the performance of the Company since it was listed on the London Stock Exchange just over eleven years ago. For the period from listing on 29 May 2001 to 30 September 2012 the Company's NAV and share price, both on an annualised total return basis, rose by 8.3% and 5.4% respectively, while the FTSE All-Share Index and the MSCI Europe Index (in euros), on a similar total return basis, were 4.0% and 0.8% higher respectively.

Investment activity

The last year saw a fall in the number and value of new private equity investments completed in Europe. The value of all new buy-out transactions completed in the European private equity market during the year ended 30 September 2012 was €48.0 billion (year ended 30 September 2011 and 2010 – €83.2 billion and €52.8 billion respectively). This fall not only reflected concerns by private equity managers about the political and macro-economic outlook for Europe, but also difficulties in raising debt for leveraged transactions. However, many private equity managers reported a better exit environment for realising investments.

As a result the Company received distributions during the year of £76.9 million and paid £40.1 million in draw downs (year ended 30 September 2011 – distributions of £82.6 million and draw downs of £49.6 million). After taking account of fees, dividends and costs, the Company was £32.0 million cashflow positive during the year. The distributions received by the Company generated net realised gains and income of £37.7 million, equivalent to an average return on the acquisition cost of the realised investments of 2.0 times (year ended 30 September 2011 – 1.8 times).

The Company made two new fund commitments during the year, with a €35 million commitment to BC European Capital IX, a €6.5 billion pan-European large buy-out fund, and a €30 million commitment to Equistone European Fund IV, currently a €1.2 billion mid-market buy-out fund focused on the UK, France and Germany. The Company's aggregate outstanding commitments were £129.0 million at 30 September 2012. As previously reported, a number of the private equity funds held by the Company have completed their respective investment periods and any future draw downs are likely to be limited. After undertaking a detailed review, the Manager continues to believe that up to £40 million of the Company's existing outstanding commitments are unlikely to be drawn.

During the period from 30 September 2012 to 30 November 2012 the Company funded £6.0 million of draw downs and received £7.6 million of distributions and at 30 November 2012 had a net cash balance of £4.5 million. The Company also made a €20 million commitment to Advent Global Private Equity VII in November 2012. Accordingly, at 30 November 2012 the Company's total outstanding commitments were £140.8 million.

Valuation

At 30 September 2012 the Company's portfolio comprised 37 private equity fund interests. The value of this portfolio was £365.9 million, of which net unrealised losses arising during the year were £32.5 million.

Unrealised losses on a constant exchange rate basis were £5.4 million (1.3% of the opening portfolio valuation), while negative foreign exchange movements, which principally arose from the 8.1% depreciation in the euro relative to sterling during the year, were £27.1 million (6.8% of the opening portfolio valuation).

95.5% by value of the private equity funds held by the Company was valued by the relevant fund manager at 30 September 2012. In undertaking the valuations the fund managers followed the International Private Equity and Venture Capital Valuation Guidelines. In so doing, the principal valuation methodology is to use listed comparable valuation multiples.

Investment strategy

In the years following its listing in 2001 the Company pursued a strategy of material over-commitment, which provided good returns in a period in which the European economies and listed financial markets were strong. Following the 2008 financial crash, distributions to the Company weakened significantly and the Board found it necessary to make a number of secondary market sales to reduce outstanding commitments and to draw on the Company's bank facility. Subsequently, after two years of positive cashflow the Company was debt free by mid 2012, with a modest level of outstanding commitments. This position provided the opportunity for the Board to re-assess the Company's investment strategy. In doing so, the Board took account not only of the anticipated European macro-economic environment, but also of the large and sustained discount to diluted NAV at which the Company's shares and that of its peers have traded.

After a comprehensive review, the Board believes it is appropriate to continue with the Company's investment strategy and with the policy of over-commitment, but to limit this to a lower proportion of net assets than was historically the case. Given that the Company has a small net cash balance and is projected to remain cashflow positive, in addition to making new primary fund commitments more emphasis will be placed on buying secondary fund interests and, when conditions are appropriate, on the investment benefit of purchasing the Company's shares for cancellation where the share price discount provides a meaningful enhancement to NAV.

Dividends from capital

In reviewing the options available to the Company the Board considered the recent changes in taxation legislation and the ability of investment companies to pay dividends from realised capital profits. The Board has no present intention of paying dividends from capital profits, but believes it is prudent for the Company to amend its articles of association to provide such flexibility in its capital structure. A special resolution to amend the

Company's articles of association has been proposed for the forthcoming Annual General Meeting.

Debt facility

In November 2010 the Company entered into a £120 million syndicated revolving credit facility, led by The Royal Bank of Scotland plc. This facility expires on 31 December 2013. At 30 September 2012 the Company had a net cash balance of £3.5 million. Given the Company's improved financial position and a proposed lower proportion of outstanding commitments in future, the Board and the Manager have decided that a smaller credit facility is appropriate. Accordingly, the Company expects shortly to put in place a new £80 million four year revolving credit facility to replace the existing facility.

The Board

I have had the privilege to serve as Chairman of this Company since the time of its listing in 2001, and have informed my colleagues that I wish to retire from the Board at the forthcoming Annual General Meeting. In a decade of challenge for private equity investors, I have been fortunate to work with a group of wise and able director colleagues and to have the support of a highly experienced and professional management team. The Board has invited Edmond Warner OBE, now Senior Independent Director, to succeed me as Chairman. Ed, who has served on the Board since 2008, brings wide experience of the financial services industry and contributes to public life as Chairman of UK Athletics. I am very confident that the Company will make good progress, in hopefully a more sympathetic environment, under Ed's leadership and would like to thank all who have supported me during my time in the Chair.

Outlook

The difficult political and macro-economic environment in Europe, coupled to weak corporate earnings growth, has led to a continuing lack of business and investor confidence. It is thus expected that new private equity investment activity will remain weak and that managers will focus their efforts on building and distributing value at investee companies. The Company is well positioned to meet this difficult environment. It has a proven management team and a portfolio of investments, well diversified geographically and by sector and vintage year, which generates cash to be deployed flexibly to meet conditions, as they arise. I believe that the Company and its shareholders can look forward to a positive long-term future with confidence.

Scott Dobbie CBE
Chairman

30 November 2012

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 to 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.

SL Capital Partners

The Manager, SL Capital Partners LLP (“SL Capital”), is headquartered in Edinburgh, United Kingdom and comprises a team of 22 investment professionals with over 237 years of combined private equity experience. This team manages approximately £5.1 billion of private equity investments on behalf of over 170 clients worldwide.

SL Capital is a limited liability partnership and is 60% owned by Standard Life plc (“Standard Life”) and 40% by its seven Partners. 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 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 to 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.

Investment Activity

During the year to 30 September 2012 the Company funded £40.1 million of draw downs and received £76.9 million of distributions.

At 30 September 2012 the Company had £129.0 million of outstanding fund commitments.

Draw downs

As reported above, the Company funded £40.1 million of draw downs during the financial year. This figure is below the Company's long-term average, as a result of the lower level of new investment activity in the European private equity market. Activity continues to be impacted by the weak macro-economic environment, sovereign debt worries, political uncertainty and limited leveraged loan availability. The Manager expects the quantum of draw downs to remain modest during the remainder of 2012 and into 2013, as macro-economic uncertainty continues to impact activity levels in 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
Equistone Partners Europe Fund IV	Buy-out	5.4
Terra Firma Capital Partners III	Buy-out	5.3
BC European Capital IX	Buy-out	4.6
Montagu IV	Buy-out	4.3
Industri Kapital 2007	Buy-out	3.9
Total of 5 largest drawdowns		23.5
Total of all drawdowns during the year		40.1

Distributions, gains and income

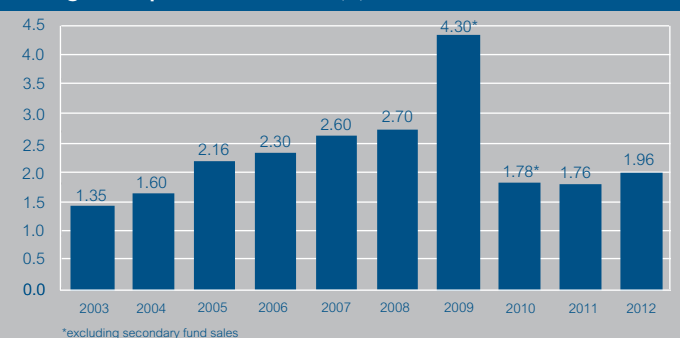
During the year the Company's portfolio of private equity fund interests generated aggregate distributions of £76.9 million, including net realised gains of £31.9 million and income of £5.8 million. The quantum of distributions received reflected a strong level of European private equity sales during the year and it is encouraging to note that most of the individual company realisations were at a premium to their last reported valuation. There appears to have been a slight slow down in realisations since summer 2012, however, the Manager expects the Company to receive meaningful distributions during the remainder of 2012 and into 2013. This continues to be due to the maturity of the Company's underlying portfolio.

Distribution history (per financial year)



The distributions received by the Company during the year included proceeds from trade sales and secondary buy-outs and, to a lesser extent, refinancings and IPOs.

Average multiple on investment (X)



As shown in the bar chart above, the average return during the year on the Company's acquisition cost of realised investments was 1.96 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 current weaker macro-economic environment is likely to result in a reduction in the average return for realised investments over the next few years. In particular, investments made during 2006 and 2007, at generally higher prices, will be most affected. However, a number of funds are reporting interesting buying opportunities at lower prices which should have the potential to drive future returns.

The five largest distributions received during the year, split into gains and income and broken down by fund, 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
Equistone Partners Europe Fund III	14.6	9.1	1.8
CVC European Equity Partners IV	7.6	6.6	0.3
HgCapital 5	6.3	2.7	0.8
Candover 2005 Fund	5.1	3.3	–
Coller International Partners V	3.1	–	–
Total of 5 largest distributions	36.7	21.7	2.9
Total of all distributions during the year	76.9	31.9	5.8

Commitments

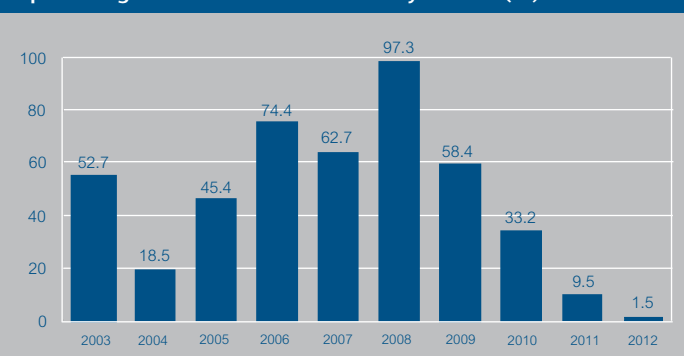
The Company made two new fund commitments during the year with a £30.2 million commitment to BC European Capital IX in October 2011 and a £23.7 million commitment to Equistone Partners European Fund IV in September 2012. The Manager anticipates following a conservative schedule of new fund commitments over the remainder of 2012 and into 2013, subject to the Company's cashflows and the broader market environment.

At 30 September 2012 the Company had £129.0 million of outstanding fund commitments, marginally up from £126.4 million at 30 September 2011. The increase is the net result of the Company having made two new fund commitments totalling £53.9 million, having funded £40.1 million of draw downs and the impact of unrealised foreign exchange movements. Since the year end, the Company has made a £16.0 million commitment to Advent Global Private Equity VII.

	New/ (reduced) commitments £m	Draw downs £m	Closing outstanding commitments £m
Year to 30 September 2012	53.9	40.1	129.0
Year to 30 September 2011	26.5	49.6	126.4
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

The Company has implemented an over-commitment strategy since late 2001. This is in line with the Manager's objective of maximising the Company's invested assets and the Manager believes that such a strategy should enhance the 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 (including any undrawn debt facility), expressed as a percentage of the Company's disclosed net asset value, has varied between 97.3% and 1.5%. The bar chart above shows the relevant percentages at each annual reporting date, from 2003 to 30 September 2012. 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.

The Manager anticipates that outstanding fund commitments less available liquid resources, expressed as a percentage of the Company's disclosed net asset value, will increase from the current low over the next few years as further new fund commitments are made. However, the Manager remains mindful of market conditions and the Company's projected cash flows and will consider carefully the making and timing of any new fund commitments. In addition, following a review of the Company's investment strategy more emphasis will also be placed on buying secondary fund interests.

Portfolio Review

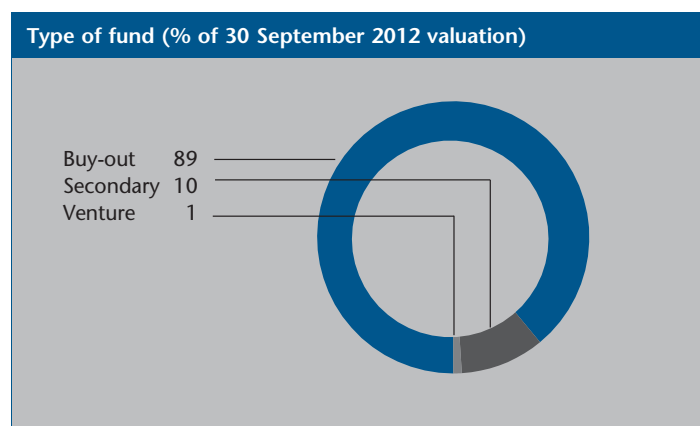
At 30 September 2012 the Company's net assets were £369.7 million. The Company had interests in 37 private equity funds with a value of £365.9 million.

The effect of drawdowns and distributions over the year was to reduce net indebtedness from £28.5 million at 30 September 2011 to a net cash balance of £3.5 million at 30 September 2012.

Portfolio composition and performance

At 30 September 2012 the Company's portfolio comprised 37 private equity fund interests with a value of £365.9 million which, together with its current assets less liabilities, resulted in the Company having net assets of £369.7 million. This represented an undiluted NAV of 227.6p (diluted NAV – 224.9p). A breakdown of the £31.5 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 16.



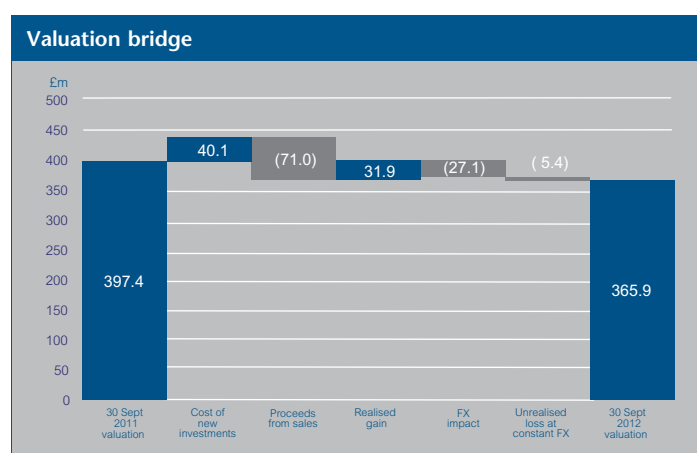
The valuation of the Company's private equity fund interests at the year end was carried out by the Manager and has been approved by the Board in accordance with the accounting policies set out on pages 34 and 35. In undertaking the valuation, the most recent valuation of each fund prepared by the relevant fund manager has been used, adjusted where necessary for subsequent cashflows. 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. In addition, through its advisory board

relationships and contacts with the relevant fund managers, the Manager is able to consider the appropriateness of the valuation methodologies employed.

Portfolio review

Of the 37 private equity funds in which the Company is invested, 34 of the funds, or 95.5% of the portfolio by value, were valued by their fund managers at 30 September 2012. The Manager continues to believe that the use of such timely valuation information is important.



The value of the Company's portfolio of private equity fund interests decreased from £397.4 million at 30 September 2011 to £365.9 million at 30 September 2012. The decrease was driven by £71.0 million of realisation proceeds, £5.4 million of unrealised losses on the investment portfolio, at constant foreign exchange rates and a £27.1 million unrealised negative foreign exchange movement. These decreases were offset by £31.9 million of net realised gains and £40.1 million of new investments.

Information on the valuation movement for the Company's portfolio for each of the last ten financial years is set out on page 11. 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				
	Draw downs £m	Return of cost £m	Unrealised movement £m	Closing valuation £m
September 2012	40.1	(39.1)	(32.5)	365.9
September 2011	49.6	(47.0)	25.2	397.4
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

During the year, sterling appreciated against the euro by 8.1% and appreciated against the US dollar by 3.7%. This had a substantial negative impact on the Company's NAV. The sterling/euro exchange rate at 30 September 2012 was £1/€1.2552 and the sterling/dollar exchange rate was £1/\$1.6148. The combined effect of foreign exchange movements on the valuation of the portfolio over the year was a 16.7p 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.

Valuation and leverage multiple analysis

The bar charts below show the valuation and leverage multiples of the fifty largest underlying portfolio companies held by the Company's private equity fund interests at 30 June 2012, which account for 51.8% of the Company's net assets. This analysis is at 30 June 2012 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 proportion shaded in light blue relates to portfolio companies which were subject to sales processes that were at an advanced stage but where proceeds had not been received at 30 June 2012.

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

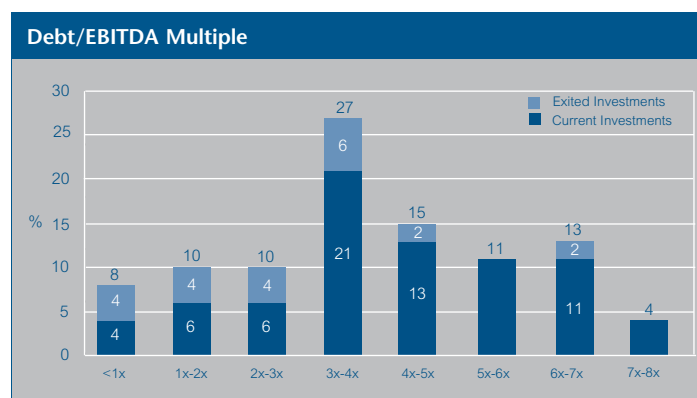
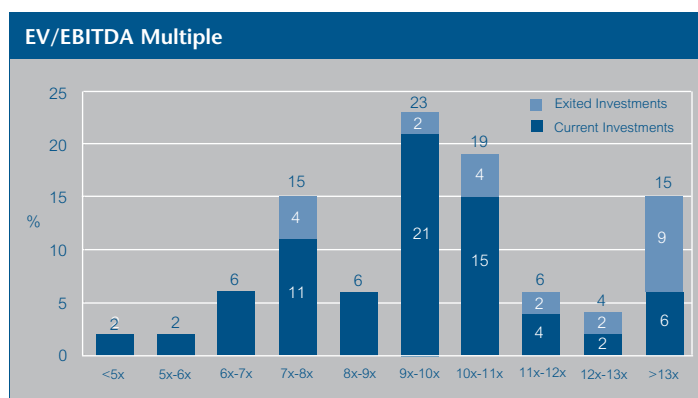
The median valuation and leverage multiples for the top fifty underlying portfolio companies at 30 June 2012 were 9-10x EV/EBITDA and 3-4x Debt/EBITDA respectively. These remain unchanged from the median valuation and leverage multiples for the top fifty underlying portfolio companies at 30 June 2011. 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

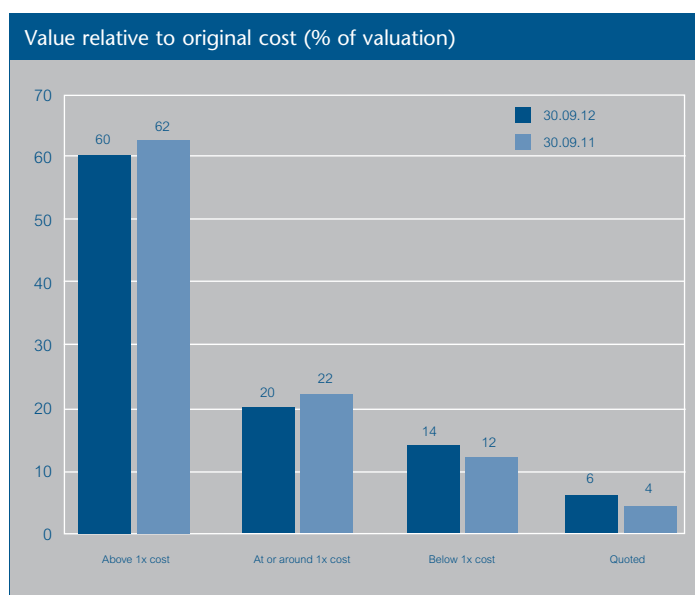
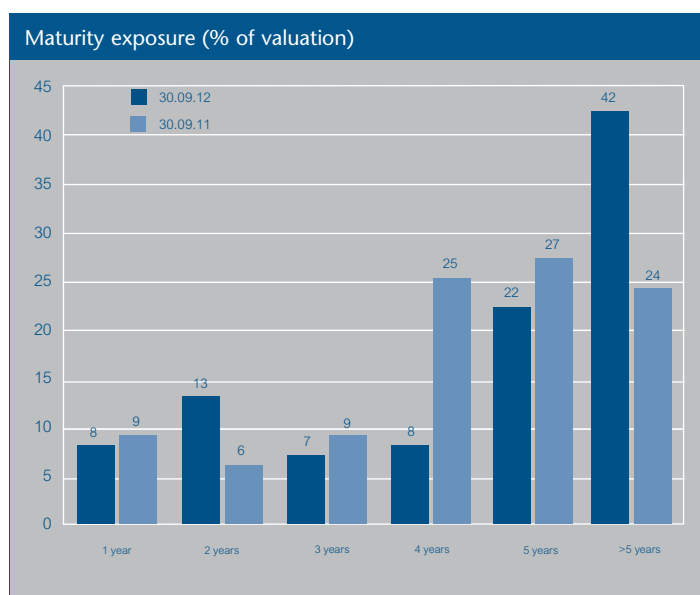
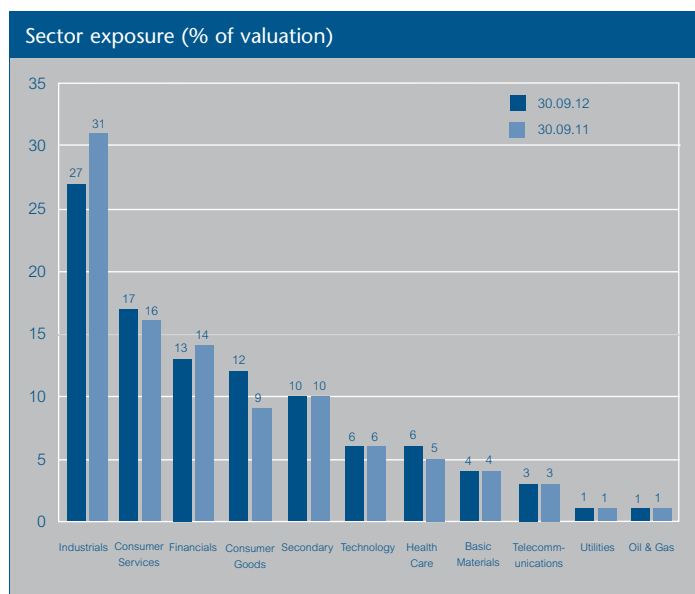
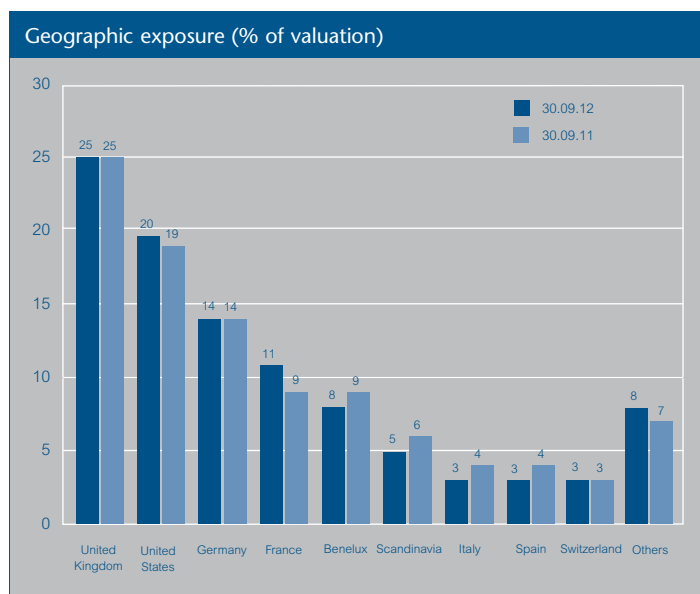
The Board has agreed, and regularly reviews, diversification limits with the Manager regarding the Company's net asset value and commitment exposure to both individual private equity funds and their managers. The Manager also monitors the Company's exposure to the underlying investments held by the different private equity funds in which the Company is invested. At 30 September 2012, the Company was invested in 37 different private equity funds, which collectively had interests in a total of 536 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 cashflows.

The diversification of the Company's private equity fund interests, at 30 September 2012 and 2011, is set out in the four bar charts shown on page 12.



Portfolio Review



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 2012, as other European private equity markets continue to develop.

At 30 September 2012, the Company had five fund investments – Pomona Capital V, Pomona Capital VI, Collier International Partners IV, Collier 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 11.1% of the Company's gross assets. The broad diversification in sectors like industrials, consumer services and financials 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 level of private equity activity over the last four years. The chart showing value relative to the original cost of underlying investments illustrates that the portfolio remains healthy, with 80% of the portfolio valued at or above cost.

SL Capital Partners LLP

30 November 2012

Fund Investments

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	Industri Kapital 2007	Buy-out	16	30.09.12	3,428	35,294	36,837	10.0
2006	Charterhouse Capital Partners VIII	Buy-out	11	30.09.12	6,497	35,378	34,983	9.5
2007	Equistone Partners Europe Fund III	Buy-out	29	30.09.12	5,310	33,158	29,114	7.9
2007	Apax Europe VII	Buy-out	29	30.09.12	4,114	23,391	27,651	7.5
2005	Candover 2005 Fund	Buy-out	8	30.09.12	291	40,284	21,124	5.7
2008	CVC European Equity Partners V	Buy-out	19	30.09.12	10,265	16,938	18,825	5.1
2005	Advent Global Private Equity V	Buy-out	12	30.09.12	1,255	6,089	17,174	4.6
2006	Cinven Fourth Fund	Buy-out	14	30.09.12	2,293	13,021	16,956	4.6
2006	3i Eurofund V	Buy-out	25	30.09.12	2,309	24,475	16,240	4.4
2006	Coller International Partners V	Secondary	54	30.09.12	5,586	10,394	15,684	4.2
2006	Terra Firma Capital Partners III	Buy-out	6	30.06.12	1,998	23,863	13,926	3.8
2006	Permira IV	Buy-out	18	30.09.12	1,147	14,082	11,955	3.2
2008	Advent Global Private Equity VI	Buy-out	24	30.09.12	1,046	8,699	11,294	3.1
2005	Pomona Capital VI Fund	Secondary	40	30.09.12	1,691	9,376	10,103	2.7
2006	Towerbrook Investors II	Buy-out	7	30.09.12	3,612	6,432	8,608	2.3
2006	HgCapital 5	Buy-out	10	30.09.12	2,569	8,668	8,240	2.2
2000	CVC European Equity Partners III	Buy-out	7	30.09.12	910	4,363	6,342	1.7
2005	CVC European Equity Partners IV	Buy-out	13	30.09.12	1,644	5,847	6,333	1.7
2002	Charterhouse Capital Partners VII	Buy-out	6	30.09.12	2,590	7,755	6,100	1.7
2011	Montagu IV	Buy-out	4	30.09.12	17,860	6,268	5,686	1.5
2012	Equistone Partners Europe Fund IV	Buy-out	4	30.09.12	18,795	5,444	5,105	1.4
2011	BC European Capital IX	Buy-out	1	30.09.12	23,562	4,610	4,932	1.3
2004	Industri Kapital 2004	Buy-out	4	30.09.12	13	7,416	4,886	1.3
2005	Equistone Partners Europe Fund II	Buy-out	18	30.09.12	1,710	9,941	4,747	1.3
2006	CVC Tandem Fund	Buy-out	15	30.09.12	748	4,027	4,618	1.2
2002	Coller International Partners IV	Secondary	37	30.09.12	2,601	270	4,312	1.2
2001	Cinven Third Fund	Buy-out	4	30.09.12	924	6,333	3,045	0.8
2001	Scottish Equity Partners II	Venture capital	8	30.06.12	-	3,955	2,788	0.8
2001	Pomona Capital V Fund	Secondary	75	30.09.12	105	6,405	2,360	0.6
2001	Candover 2001 Fund	Buy-out	3	30.09.12	-	7,492	1,961	0.5
1998	CVC European Equity Partners II	Buy-out	8	30.09.12	1,070	2,725	1,531	0.4
2002	Equistone Partners Europe Fund	Buy-out	3	30.09.12	1,334	1,399	1,404	0.4
2001	MUST 4	Buy-out	1	30.09.12	1,764	3,240	507	0.1
1999	Apax Europe IV	Balanced	2	30.09.12	-	7,417	504	0.1
1995	Phildrew Fourth	Buy-out	1	30.09.12	-	499	19	-
1998	Candover 1997 Fund	Buy-out	-	30.06.12	-	510	3	-
2001	Alchemy Investment Plan	Buy-out	-	30.09.12	-	5,993	-	-
Total portfolio investments†			536		129,041	411,451	365,897	99.0
Current assets less liabilities							3,765	1.0
Shareholders' funds							369,662	100.0

* valuation date refers to the date of the last valuation prepared by the manager of the relevant fund.

† the 536 underlying investments represent holdings in 508 separate companies.

Ten Largest Fund Investments

at 30 September 2012

Industri Kapital 2007		30 September 2012	30 September 2011
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 London with further offices in Stockholm, Oslo, Paris and Hamburg. IK targets the buy-out of businesses with enterprise values of between €100 million and €500 million.	Value (£'000)	36,837	37,207
	Cost (£'000)	35,294	33,639
	Commitment (€'000)	50,000	50,000
	Amount Funded	91.4%	81.4%
	Holding in Fund	3.0%	3.0%
	Income (£'000)	–	–
Charterhouse Capital Partners VIII		30 September 2012	30 September 2011
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.	Value (£'000)	34,983	38,880
	Cost (£'000)	35,378	36,192
	Commitment (€'000)	60,000	60,000
	Amount Funded	86.4%	84.0%
	Holding in Fund	1.5%	1.5%
	Income (£'000)	484	–
Equistone Partners Europe Fund III		30 September 2012	30 September 2011
Equistone Partners Europe 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 Equistone Partners Europe, the former private equity arm of Barclays PLC. The manager operates from offices in London, Paris, Munich, Zurich, Birmingham and Manchester with a focus on sourcing investments in the UK, France and Germany.	Value (£'000)	29,114	38,811
	Cost (£'000)	33,158	36,195
	Commitment (€'000)	60,000	60,000
	Amount Funded	88.9%	87.5%
	Holding in Fund	3.3%	3.3%
	Income (£'000)	1,776	797
Apax Europe VII		30 September 2012	30 September 2011
Apax Europe VII is a €11.1 billion private equity fund predominantly focused on the European market. The fund is managed by Apax Partners, one of the leading and most experienced private equity managers in Europe. Apax operates from offices in London, Munich, Milan, Stockholm and Barcelona in Europe, with further offices in New York, Tel Aviv and across Asia. Apax Europe VII focuses on buy-outs and targets Apax Partners' six chosen sectors of information technology, telecommunications, healthcare, media, financial services and retail.	Value (£'000)	27,651	27,231
	Cost (£'000)	23,391	22,265
	Commitment (€'000)	41,385	41,385
	Amount Funded	87.5%	82.5%
	Holding in Fund	0.4%	0.4%
	Income (£'000)	–	565
Candover 2005 Fund		30 September 2012	30 September 2011
The Candover 2005 Fund is a €3.5 billion private equity fund focused on European buy-outs. The fund is managed by Arle Capital Partners. Historically, Candover concentrated on larger buy-outs in the UK market, however, investments in continental Europe are a significant part of this fund's strategy.	Value (£'000)	21,124	26,068
	Cost (£'000)	40,284	40,487
	Commitment (€'000)	60,000	60,000
	Amount Funded	99.4%	95.9%
	Holding in Fund	1.7%	1.7%
	Income (£'000)	–	–

Ten Largest Fund Investments

at 30 September 2012

CVC European Equity Partners V		30 September 2012	30 September 2011
CVC European Equity Partners V is a €10.7 billion private equity fund predominantly focused on European buy-outs. The fund is managed by CVC Capital Partners Europe, one of the leading European private equity managers. CVC operates primarily from offices in London, Paris, Frankfurt, Amsterdam, Brussels, Copenhagen, Madrid, Stockholm, Zurich and Milan in Europe, with further offices in New York and across Asia. CVC targets medium and large sized buy-out transactions.	Value (£'000)	18,825	18,347
	Cost (£'000)	16,938	16,153
	Commitment (€'000)	35,000	35,000
	Amount Funded	63.2%	56.4%
	Holding in Fund	0.4%	0.4%
	Income (£'000)	417	107
Advent Global Private Equity V		30 September 2012	30 September 2011
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 and Madrid. Advent targets middle market buy-out transactions across a range of sectors.	Value (£'000)	17,174	17,430
	Cost (£'000)	6,089	7,037
	Commitment (€'000)	22,500	22,500
	Amount Funded	93.0%	93.0%
	Holding in Fund	8.0%	8.0%
	Income (£'000)	–	–
Cinven Fourth Fund		30 September 2012	30 September 2011
Cinven Fourth Fund is a €6.5 billion private equity fund, targeting large buy-outs of European headquartered companies. Cinven, the manager, operates from offices in London, Frankfurt, Milan and Paris. The team applies a sector based approach by focusing on the business services, consumer, healthcare, industrials, retail & leisure, and telecoms/media/technology sectors. The enterprise value of target companies is generally in excess of €500 million.	Value (£'000)	16,956	12,786
	Cost (£'000)	13,021	10,776
	Commitment (€'000)	21,000	21,000
	Amount Funded	86.3%	70.2%
	Holding in Fund	0.8%	0.8%
	Income (£'000)	301	585
3i Eurofund V		30 September 2012	30 September 2011
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 Private Equity, 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 €100 million and €1.0 billion, across a wide range of sectors.	Value (£'000)	16,240	17,962
	Cost (£'000)	24,475	25,438
	Commitment (€'000)	40,000	40,000
	Amount Funded	92.8%	87.5%
	Holding in Fund	0.8%	0.8%
	Income (£'000)	–	–
Coller International Partners V		30 September 2012	30 September 2011
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, which may be either limited partner positions in private equity funds or portfolios of direct investments in private companies.	Value (£'000)	15,684	18,211
	Cost (£'000)	10,394	12,829
	Commitment (\$'000)	40,000	40,000
	Amount Funded	77.5%	74.9%
	Holding in Fund	0.8%	0.8%
	Income (£'000)	–	–

Top 30 Underlying Investments

at 30 September 2012

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	Travel assistance and financial services	Charterhouse Capital Partners VII & VIII, CVC European Equity Partners IV & CVC Tandem	2004	2.4
Stork	Manufacturing and engineering conglomerate	Candover 2005 Fund	2008	2.1
ista	Heat and water metering	Charterhouse Capital Partners VIII	2007	2.0
Elior	Catering provider	Charterhouse Capital Partners VII & VIII	2006	1.9
Parques Reunidos	Amusement parks	Candover 2005 Fund	2007	1.7
bpost	Belgian postal service	CVC European Equity Partners III, V & CVC Tandem	2006	1.7
Evonik Industries	Chemicals, power generation, real estate	CVC European Equity Partners V & CVC Tandem	2008	1.4
AWAS/Pegasus	Aircraft lessor	Terra Firma Capital Partners III	2007	1.3
Not disclosed	Supplier of oxo chemicals and derivatives	Advent Global Private Equity V	2007	1.2
Vistra	Trust, fiduciary, fund and corporate services	Industri Kapital 2007	2009	1.1
Fives - Lille	Industrial processing equipment	Equistone Partners Europe Fund II & Charterhouse Capital Partners VIII	2006	1.0
Com Hem	Cable television operator	BC European Capital IX	2011	1.0
Tunstall Healthcare	Social alarms and telecare systems	Charterhouse Capital Partners VIII	2008	1.0
Hugo Boss & Valentino	Fashion group	Permira IV	2007	1.0
Visma	Provider of accounting software and services	HgCapital 5	2006	1.0
Ziggo	Cable operator	Cinven Fourth Fund	2006	0.9
Schenck Process	Provides industrial weighing and measuring systems	Industri Kapital 2007	2007	0.9
Numéricable/Completel	French cable operator	Cinven Third Fund	2005	0.9
GHD GesundHeits Deutschland	Home care product sales	Industri Kapital 2007	2010	0.9
Trader Media Group	Online, mobile and magazine vehicle advertising	Apax Europe VII	2007	0.9
Not disclosed	Provider of extended warranties	Advent Global Private Equity V	2007	0.9
Vivarte	Footwear and apparel retailer	Charterhouse Capital Partners VIII	2007	0.9
Flabeg	Industrial mirror glass component producer	Industri Kapital 2007	2008	0.8
A-Plan Holdings	Retail insurance broking	Equistone Partners Europe Fund III	2008	0.8
Achilles	Provider of data management services	HgCapital 5	2008	0.8
TSL Education	Publisher in the UK education sector	Charterhouse Capital Partners VIII	2007	0.8
Ladder Capital Finance	Commercial real estate finance company	TowerBrook Investors II	2008	0.8
Not disclosed	Producer of refractory metals	Advent Global Private Equity V	2007	0.7
Technogym	Provides fitness equipment and wellness products	Candover 2005 Fund	2008	0.7
Agros Nova	Producer of food and drink products	Industri Kapital 2007	2010	0.7
Total of Top 30 Underlying Investments				34.1



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 former Chairman of The Edinburgh Investment Trust plc and The Chartered Institute for Securities and Investment.



Alastair Barbour *

Director

Alastair Barbour was appointed on 1 April 2011. He is a chartered accountant and was formerly a partner of KPMG and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a director of RSA Insurance Group plc, LionTrust Asset Management plc and of CATCo Reinsurance Opportunities Fund Ltd and a non-executive director of The Bank of N.T. Butterfield & Son Limited.



Edmond Warner OBE †

Director

Edmond Warner was appointed on 27 November 2008. He is Chairman of UK Athletics, the sport's national governing body, 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 of 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 plc and a vice chairman of the Markets and International Banking Division. 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 a trustee of the Royal Bank Pension Fund.

* Alastair Barbour is Chairman of the Audit Committee.

† Edmond Warner has been nominated as the Senior Independent Director.

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.

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 September 2012.

Business Review

Business and Status

The Company carries on business as an investment trust so as to comply with section 1158 of the Corporation Taxes Act 2010. It has been approved as such by HM Revenue & Customs for the year ended 30 September 2011, 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 Company's registration number is SC 216638.

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 10 to 12 explains how the Company has invested its assets with a view to spreading investment risk in accordance with the Company's investment policy.

Review of Performance

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the period since listing, 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, which 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 one year and five years ended 30 September 2012, 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 42. 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 42 to 45.

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. Further information on the Manager's policy on sustainable and responsible investing is provided on page 7. 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 19 and 20.

Share capital

At 30 September 2012, the Company's issued and paid up share capital was £358,870 divided into 162,378,566 fully paid up ordinary shares, 2,789,900 founder A shares and 25,623,352 deferred shares partly paid up as to 0.1p per share and 807,081 founder A shares and 4,521,669 deferred shares partly paid up as to 0.107p per share. During the year to 30 September 2012 881,969 new ordinary shares were issued as a result of elections received pursuant to the scrip dividend alternative in respect of the 2011 final dividend.

The ordinary shares, founder A shares and deferred shares represent 90.49%, 1.02% and 8.49% respectively of the Company's total issued share capital. The ordinary shares are listed, whereas the founder shares and deferred 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.

Income and final dividend

Income available for dividends was £3,858,000, or 2.38p per ordinary share (30 September 2011 – £2,663,000, or 1.65p per ordinary share). The directors recommend that a final dividend of 2.0p per ordinary share (30 September 2011 – 1.3p) be paid on 1 February 2013 to shareholders on the Company's share register as at the close of business on 4 January 2013. Shareholders are being offered the right to elect to receive new ordinary shares instead of all or part of the recommended final dividend. Details of the scrip dividend option are provided in the circular accompanying this annual report and accounts.

Directors

In accordance with developing practice, each of the Company's directors will stand for re-election at the forthcoming Annual General Meeting. Mr Dobbie, who will retire at the conclusion of the Annual General Meeting in January 2013, will not stand for re-election. The Board supports the candidature of the directors for the reasons described in the Corporate Governance section below. Biographies of the directors can be found on page 17.

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 2012 and 30 November 2012.

Directors and their shareholdings in the Company	Ordinary shares held as at 30 September	
	2012	2011
Scott Dobbie	251,868	150,364
Alastair Barbour	30,300	20,000
Edmond Warner	25,000	25,000
David Warnock	50,000	—
Donald Workman	—	—

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

On 2 February 2012, following the conclusion of the Annual General Meeting, Hamish Buchan retired as a director and Jonathan Taylor resigned as a director due to a change in his other commitments.

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.

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 shareholders' funds at the end of the relevant quarter. Undrawn commitments to limited partnerships and other funds are disregarded when calculating shareholders' funds 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.

An incentive fee is payable in respect of the period from 1 October 2011 to 30 September 2016 (the "Incentive Period"). No incentive fee is payable unless the Company's adjusted net asset value total return per ordinary share (before any accrual for the incentive fee) has grown by more than 8% compounded per annum over the Incentive Period (the "Preferred Return"). The incentive fee will be an amount equal to 10% of the growth in the fully diluted net asset value total return per ordinary share in excess of the Preferred Return over the Incentive Period multiplied by the adjusted number of shares in issue.

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 asset value 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 for early termination (although all fees (excluding the incentive fee) and other amounts accrued up to the date of termination will remain payable) 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

Directors' Report

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 Peter McKellar and Roger Pim, 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 incentive fee accrued to the date of termination shall remain payable if the termination event is triggered by the death or physical or mental illness of key executives.

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 2010 UK Corporate Governance Code ("the Governance 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 Governance 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 2012 with the provisions of the Governance Code, except for the provision which relates to the combination of the roles of the Chairman and Chief Executive as this provision does not apply as the Company has no executive directors.

On 28 September 2012, the Financial Reporting Council announced the publication of updated revisions of the UK Corporate Governance Code, its Guidance of Audit Committees and the Stewardship Code. These changes come into effect for accounting periods beginning on or after 31 October 2012.

Directors

The Board has overall responsibility for the Company's affairs. It delegates, through the investment management, secretarial and administration agreements and through specific instructions, the day to day management of the Company to the Manager, SL Capital Partners LLP,

the secretarial arrangements to Personal Assets Trust Administration Company Limited, and administrative matters to BNP Paribas Securities Services S.A. 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 composition.

The Board presently consists of five 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 and at the places set out in the circular accompanying this annual report and accounts.

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 ("SID") is Edmond Warner.

The Board meets formally at least five times each year and more frequently where business needs require. 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, borrowings, marketing, forecasts, 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	Management		
		Audit Committee	Engagement Committee	Nominations Committee
Scott Dobbie ¹	6/6	2/2	1/1	4/4
Alastair Barbour	6/6	2/2	1/1	4/4
Hamish Buchan ²	2/2	1/1	n/a	1/1
Jonathan Taylor ²	2/2	1/1	n/a	1/1
David Warnock	6/6	2/2	1/1	4/4
Edmond Warner	6/6	2/2	1/1	4/4
Donald Workman	6/6	2/2	1/1	4/4

¹ Scott Dobbie attended the audit committee as a non-voting observer.

² Hamish Buchan retired and Jonathan Taylor resigned during the financial year and attended all meetings which they were eligible to attend.

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.

Following the implementation of the Bribery Act 2010, the Board has adopted a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

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 and 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. In line with developing practice and good corporate governance, the Board has implemented annual re-election of all directors. All directors, with the exception of Mr Dobbie, who will retire at the conclusion of the Annual General Meeting in January 2013, will therefore be seeking re-election. The Board believes that each director continues to be effective, bringing a wealth of knowledge and experience to the Board and recommends the re-election of each director to shareholders.

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, Personal Assets Trust Administration Company Limited, 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 27.

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 SID. 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. An external consultant has been engaged to identify potential candidates.

Communication with shareholders

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

The notice of the Annual General Meeting, set out in the circular accompanying 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 Alastair Barbour and comprises all of the directors with the exception of Scott Dobbie. Alastair Barbour is a chartered accountant and a former partner of KPMG and the Board is satisfied that the Audit Committee has 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);

Directors' Report

- 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; and fees for non-audit services paid to PricewaterhouseCoopers LLP amounted to £24,000 for the year ended 30 September 2012 (2011: £16,000). The Board considers that the provisions of such services at this level of cost does not impair the independence of the auditor.

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 28 and 29.

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 2012 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, the Company Secretary and the Administrator. Clear lines of accountability have been established between the Board, the Manager, the Company Secretary 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, the Company Secretary and the Administrator, including their risk management, internal audit, compliance function 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 the Manager, the Company Secretary and the Administrator and their compliance with the terms of the investment management, company secretarial 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 investment 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 agreed terms is in the interests of shareholders.

Sustainable and Responsible Investing ("SRI")

Standard Life Investments ("SLI") is a signatory to the United Nations Principles for Responsible Investing. As a subsidiary of SLI, the Manager has embraced the principles of SRI and adopted the following policies:

- SL Capital Partners LLP believes that a Company run in the long term interests of its shareholders should manage its relationships with its employees, suppliers and customers, and behave responsibly towards the environment and society as a whole;
- companies that demonstrate a commitment to environmental and social responsibility are likely to enjoy a comparative advantage in the long run;
- companies that fail to maintain adequate processes to manage these issues increasingly risk damage to their reputation, brand and image that can negatively impact their financial performance; and

- SL Capital Partners LLP seeks to encourage its fund managers to adopt best practice standards of environmental and social management with a view to protecting and enhancing the value of the investments made on behalf of its clients.

Although the Manager has no direct influence on the policies and behaviour of investee companies, it seeks to encourage general partners to adhere to SRI guidelines and report on any issues that arise in the portfolio.

No material SRI issues have been brought to the Manager's attention from within the Company's portfolio during the year to 30 September 2012.

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 30 November 2012 are shown below.

Substantial share interests	No. of ordinary shares	%
Standard Life plc	82,706,322	50.9
Foreign & Colonial Asset Management PLC	11,767,245	7.2
Including: Foreign & Colonial Investment Trust	5,500,000	3.4
Henderson Global Investors	8,618,497	5.3
Quilter & Co. Limited	8,029,904	4.9

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 summarily terminating the Investment Management Agreement in accordance with the terms of that 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

On 29 November 2010 the Company entered into a £120,000,000 committed, multi-currency syndicated revolving credit facility led by The Royal Bank of Scotland ("RBS"). The expiry date of this facility is 31 December 2013. 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 may be cancelled. In the event of such cancellation the Company will then have to repay all outstanding loans together with accrued interest. At 30 September 2012, £nil of the loan facility was drawn down.

Independent Auditors

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.

Directors' Report

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 2012 or 30 September 2011.

Annual General Meeting

The Company's Annual General Meeting will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh at 12.30 p.m. on 29 January 2013.

Notice of the Annual General Meeting and details of the resolutions which will be proposed at the meeting are provided in the circular accompanying this annual report and accounts.

By order of the Board

Personal Assets Trust Administration Company Limited
Company Secretary
Edinburgh, 30 November 2012

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 shares and deferred shares, which are not. The ordinary shares, founder A shares and deferred shares represent 90.49%, 1.02% and 8.49% 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 A 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 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 A 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 A 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 A shareholders the nominal amount paid up on each founder A 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. There were no conversions of founder A shares during the year to 30 September 2012. As at 30 November 2012, 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 conversion price for each convertible founder A share is 100p less the amount already paid up on that founder share, subject to adjustment in certain circumstances.

The second performance period, relating to the conversion of the founder B shares, came to an end on 30 September 2011. The performance condition for the founder B share performance period was not achieved and no founder B shares were convertible into ordinary shares.

All the founder A shares and founder B shares which were not capable of conversion into ordinary shares were, in accordance with the Company's articles of association, automatically re-classified as deferred shares on 31 March 2012. Deferred shares do not carry any material economic entitlement and may be acquired by the Company at any time for no consideration.

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

Appendix to Directors' Report:

Rights attaching to shares in the Company

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

Any other proposed transfer of founder A 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 29.

Remuneration committee

The Company has five 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 2013 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 2012 Board meeting, the Board carried out a review of the level of directors' fees and agreed that directors' fees should be increased from £42,000 to £46,000 per annum for the Chairman, £27,000 to £30,000 per annum for the Senior Independent Director and Chairman of the Audit Committee and £24,000 to £26,500 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 election by shareholders at the first Annual General Meeting after their appointment and stand for re-election every year thereafter. The terms also provide that a director may be removed without notice and that compensation will not be due on leaving office.

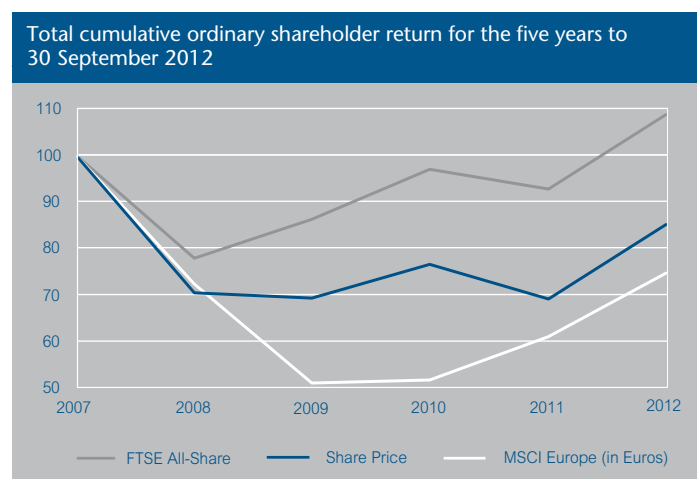
Directors' emoluments for the year (audited)

All directors who served during the year ended 30 September 2012 received the emoluments, in the form of fees, as described in the table below.

Directors fees' excluding VAT and NI (audited)	2012 £	2011 £
Scott Dobbie	42,000	42,000
Alastair Barbour (appointed 1 April 2011)	25,991	12,000
Hamish Buchan (retired 2 February 2012)	10,173	30,000
Clive Sherling (retired 25 January 2011)	–	7,613
Jonathan Taylor (appointed 2 December 2010 and resigned on 2 February 2012)	8,138	19,935
Edmond Warner	25,991	24,000
David Warnock	24,000	24,000
Donald Workman	24,000	24,000
Total	160,293	183,548

Total shareholder return

The graph below presents, for the period from 30 September 2007 to 30 September 2012, 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.



The Directors' Remuneration Report was approved by the Board of directors on 30 November 2012.

By order of the Board

Personal Assets Trust Administration Company Limited
 Company Secretary
 Edinburgh, 30 November 2012

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors 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, whose names and functions are listed on page 17 confirm 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, 30 November 2012

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 2012 which comprise the Income Statement, the Reconciliation of Movement 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 28, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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;
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Catrin Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh, 30 November 2012

Income Statement

		For the year ended 30 September 2012			For the year ended 30 September 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	9	–	(583)	(583)	–	56,281	56,281
Currency gains/(losses)	14	–	1,447	1,447	–	(4)	(4)
Income from investments	2	5,986	–	5,986	4,514	–	4,514
Interest receivable and other income	2	1	–	1	7	–	7
Investment management fee	3	(292)	(2,633)	(2,925)	(294)	(2,644)	(2,938)
Administrative expenses	4	(696)	–	(696)	(714)	–	(714)
Net return on ordinary activities before finance costs and taxation		4,999	(1,769)	3,230	3,513	53,633	57,146
Finance costs		(195)	(1,749)	(1,944)	(285)	(2,565)	(2,850)
Net return on ordinary activities before taxation		4,804	(3,518)	1,286	3,228	51,068	54,296
Taxation	6	(946)	918	(28)	(565)	547	(18)
Net return on ordinary activities after taxation		3,858	(2,600)	1,258	2,663	51,615	54,278
Net return per ordinary share	8	2.38p	(1.60p)	0.78p	1.65p	31.97p	33.62p
Diluted net return per ordinary share	8	2.37p	(1.59p)	0.78p	1.64p	31.74p	33.38p

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

All revenue and capital items in the above statement are derived 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 2.0p (2011 – 1.3p) per ordinary share.

Reconciliation of Movement in Shareholders' Funds

For the year ended 30 September 2012

		Called-up share capital	Share premium	Special reserve	Capital redemption reserve	Capital reserves	Revenue reserve	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2011		357	79,817	79,148	3	202,037	8,002	369,364
Total recognised gains		–	–	–	–	(2,600)	3,858	1,258
Scrip issue of ordinary shares		2	1,137	–	–	–	–	1,139
Dividends paid	7	–	–	–	–	–	(2,099)	(2,099)
Balance at 30 September 2012	13,14	<u>359</u>	<u>80,954</u>	<u>79,148</u>	<u>3</u>	<u>199,437</u>	<u>9,761</u>	<u>369,662</u>

For the year ended 30 September 2011

		Called-up share capital	Share premium	Special reserve	Capital redemption reserve	Capital reserves	Revenue reserve	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2010		357	79,650	79,148	3	150,422	5,662	315,242
Total recognised gains		–	–	–	–	51,615	2,663	54,278
Scrip issue of ordinary shares		–	167	–	–	–	–	167
Dividends paid	7	–	–	–	–	–	(323)	(323)
Balance at 30 September 2011	13,14	<u>357</u>	<u>79,817</u>	<u>79,148</u>	<u>3</u>	<u>202,037</u>	<u>8,002</u>	<u>369,364</u>

Balance Sheet

		At 30 September 2012		At 30 September 2011	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value through profit or loss	9		365,897		397,433
Current assets					
Debtors	10	587		709	
Cash and short term deposits		3,489		3,384	
		<u>4,076</u>		<u>4,093</u>	
Creditors: amounts falling due within one year	11	<u>(311)</u>		<u>(32,162)</u>	
Net current assets/(liabilities)			3,765		(28,069)
Total assets less current liabilities			<u>369,662</u>		<u>369,364</u>
Capital and reserves					
Called up share capital	13		359		357
Share premium	14		80,954		79,817
Special reserve	14		79,148		79,148
Capital redemption reserve	14		3		3
Capital reserves	14		199,437		202,037
Revenue reserve	14		9,761		8,002
Total shareholders' funds			<u>369,662</u>		<u>369,364</u>
Analysis of shareholders' funds					
Equity interests (ordinary shares)			369,628		369,330
Non-equity interests (founder shares)	13		34		34
Total shareholders' funds			<u>369,662</u>		<u>369,364</u>
Net asset value per equity share	16		<u>227.6p</u>		<u>228.7p</u>
Net asset value per equity share (diluted)	16		<u>224.9p</u>		<u>225.9p</u>

The financial statements on pages 30 to 46 were approved by the board on 30 November 2012 and were signed on its behalf by:

SCOTT DOBBIE CBE, CHAIRMAN
30 November 2012

Cashflow Statement

		For the year ended 30 September 2012		For the year ended 30 September 2011	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	15		2,444		291
Net cash outflow from servicing of finance			(1,911)		(2,851)
Net cashflow from taxation			–		–
Financial investment					
Purchase of investments	9	(40,090)		(49,604)	
Disposal of underlying investments by funds	9	71,043		78,082	
Net cash inflow from financial investments			30,953		28,478
Ordinary dividend paid			(960)		(156)
Net cash inflow before financing			30,526		25,762
Bank loans repaid		(207,333)		(673,867)	
Bank loans drawn down		175,465		645,090	
Net cash outflow from financing			(31,868)		(28,777)
Decrease in cash			(1,342)		(3,015)
Reconciliation of net cash flow to movement in net funds/(debt)					
Decrease in cash as above			(1,342)		(3,015)
Repayment of loan			31,868		28,777
Currency movements			1,447		(4)
Movement in net funds/(debt) in the period			31,973		25,758
Opening net debt			(28,484)		(54,242)
Closing net funds/(debt)			3,489		(28,484)
Represented by:					
Cash and short term deposits			3,489		3,384
Loans			–		(31,868)
			3,489		(28,484)

Notes to the Financial Statements

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 costs

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. Incentive fees are recognised in the Income Statement as they are earned and when the return exceeds the specified hurdle rate.

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;
- 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; and
- any incentive fees payable are allocated wholly to capital, as they are expected to be attributable largely, if not wholly, to capital performance.

(c) Investments

Investments have been designated upon initial recognition as fair value through the profit or loss. On the date of making a legal commitment to invest in a fund, such commitment is recorded and disclosed. When funds are drawn in respect of such fund commitment the resulting investment is recognised in the financial statements. The investment is removed when it is realised or 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 capital reserves.

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 timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more 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 timing differences can be deducted. Timing 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.

Notes to the Financial Statements

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 capital reserves. Gains or losses on the translation of overseas currency balances held at the year end are also accounted for through capital reserves. Rates of exchange to sterling at 30 September were:

	2012	2011
Euro	1.2552	1.1611
US dollar	1.6148	1.5578

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

2. Income

	Year to 30 September 2012 £'000	Year to 30 September 2011 £'000
Income from unquoted investments	5,986	4,514
Interest receivable on cash	1	7
Total income	5,987	4,521

3. Investment management and incentive fees

	Year to 30 September 2012			Year to 30 September 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	292	2,633	2,925	294	2,644	2,938

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.

For an incentive fee to be payable at the end of the five year period, the Company's net asset value total return must grow by more than 8% compound per annum (before any accrual for the incentive fee) over the period to 30 September 2016. Should this hurdle rate be achieved, the Manager will be entitled to an incentive fee of 10% of the growth in NAV (before any accrual for the incentive fee) in excess of the hurdle rate, multiplied by the number of ordinary shares in issue on 1 October 2011 (adjusted in certain circumstances to reflect subsequent share issuance and/or a material reduction in the Company's issued share capital). As at 30 September 2012 the net asset value total return has not exceeded the 8% per annum compound growth hurdle rate and as such no provision is required in respect of the incentive fee.

4. Administrative expenses

	Year to 30 September 2012 £'000	Year to 30 September 2011 £'000
Secretarial and administration fee	187	186
Directors' fees	160	184
Legal fees	72	31
Professional and consultancy fees	62	127
Auditors' remuneration – statutory audit	22	23
– interim review	15	15
– other services	9	1
Fees and subscriptions	22	17
Other expenses	147	130
	696	714

Irrecoverable VAT has been shown under the relevant expense line.

Notes to the Financial Statements

4. Administrative expenses (continued)

The administration fee payable to BNP Paribas Securities S.A. will be adjusted in line with the retail prices index from 30 September 2013. The administration agreement is terminable by the Company on three months' notice.

The secretarial fee payable to Personal Assets Trust Administration Company Limited will be adjusted in line with the retail prices index from 30 September 2013. The secretarial agreement is terminable by the Company on three months' notice.

The emoluments of the Chairman, who was the highest paid Director, were £42,000 (2011 – £42,000) per annum. The emoluments of each of the other directors were £24,000 (2011 – £24,000) per annum, except for Hamish Buchan who received an additional £6,000 (2011 – £6,000) as Senior Independent Director and Chairman of the Audit Committee until his retirement on 2 February 2012. From 2 February 2012 Alastair Barbour and Edmond Warner received an additional £3,000 per annum as Chairman of the Audit Committee and Senior Independent Director respectively.

5. Finance costs	Year to 30 September 2012			Year to 30 September 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans	195	1,749	1,944	285	2,565	2,850

6. Taxation	Year to 30 September 2012			Year to 30 September 2011		
	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	4,804	(3,518)	1,286	3,228	51,068	54,296

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

Return on ordinary activities multiplied by the effective rate of corporation tax in the UK – 25% (2011 – 27%)	1,201	(880)	321	872	13,788	14,660
Capital gains ¹	–	880	880	–	(13,788)	(13,788)
Non taxable income	(255)	–	(255)	(307)	–	(307)
Overseas withholding tax	28	–	28	18	–	18
Double tax relief	(28)	–	(28)	(18)	–	(18)
Tax relief for expenses taken to capital	–	(918)	(918)	–	(547)	(547)
Current tax charge/(credit) for the year	946	(918)	28	565	(547)	18

¹The 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.

(b) Analysis of the tax charge throughout the year	Year to 30 September 2012 £'000	Year to 30 September 2011 £'000
Overseas withholding tax	28	18
	28	18

(c) Factors that may affect future tax charges

At the year end there is a potential deferred tax asset of £2,481,000 (2011 – £2,930,605) 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.

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the Company's profits for the accounting period are taxed at an effective rate of 25% and will be taxed at 24% in the future.

Notes to the Financial Statements

	Year to 30 September 2012 £'000	Year to 30 September 2011 £'000
7. Dividend on ordinary shares		
Amount recognised as a distribution to equity holders in the year:		
Dividend paid in the year ended 30 September 2012 of 1.3p (2011 – 0.20p) per ordinary share paid on 6 January 2012 (2011 – paid on 28 January 2011)	960	156
Scrip dividend issue of 881,969 shares, in lieu of the cash dividend, in the year ended 30 September 2012 (2011 – 123,804 shares)	1,139	167
	2,099	323
During the year the Company issued 881,969 ordinary shares as a result of elections received following a scrip dividend offer in respect of the 2011 final dividend. One new ordinary share was issued for every 129.9p 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 £3,858,000 (2011 – £2,663,000).		
Proposed final dividend of 2.0p per ordinary share (dividend proposed at 30 September 2011 – 1.3p per ordinary share) due to be paid on 1 February 2013 (paid 6 February 2012).	3,248	2,099

8.	Net return per ordinary share	Year to 30 September 2012 p £'000	Year to 30 September 2011 p £'000
	The net return per ordinary share is based on the following figures:		
	Revenue net return	2.38 3,858	1.65 2,663
	Capital net return	(1.60) (2,600)	31.97 51,615
	Total net return	0.78 1,258	33.62 54,278
	Weighted average number of ordinary shares in issue:	162,074,937	161,455,894
		Year to 30 September 2012 p £'000	Year to 30 September 2011 p £'000
	The fully diluted net return per ordinary share is based on the following figures:		
	Revenue net return (fully diluted)	2.37 3,858	1.64 2,663
	Capital net return (fully diluted)	(1.59) (2,600)	31.74 51,615
	Total net return (fully diluted)	0.78 1,258	33.38 54,278

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 2012, this is based on 163,042,162 shares, comprising the weighted average 162,074,937 ordinary shares and 967,224 founder A shares capable of conversion. For the year ended 30 September 2011, this is based on 162,597,933 shares, comprising the weighted average 161,455,894 ordinary shares and 1,142,039 founder A shares capable of conversion.

Notes to the Financial Statements

	30 September 2012 £'000	30 September 2011 £'000
9. Investments		
Fair value through profit or loss:		
Opening market value	397,433	369,630
Opening investment holding losses	13,078	38,265
Opening book cost	410,511	407,895
Movements in the year:		
Additions at cost	40,090	49,604
Disposal of underlying investments by funds	(71,043)	(78,082)
	379,558	379,417
Gains on disposal of underlying investments	37,753	35,157
Losses on disposal of fund investments	(5,860)	(4,063)
Closing book cost	411,451	410,511
Closing investment holding losses	(45,554)	(13,078)
Closing market value	365,897	397,433
	30 September 2012 £'000	30 September 2011 £'000
Gains on investments:		
Net gains on disposal of unquoted investments	31,893	31,094
Net revaluation of unquoted investments	(32,476)	25,187
	(583)	56,281

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 on investments in the Income Statement. The total costs were as follows:

	30 September 2012 £'000	30 September 2011 £'000
Purchases in respect of new unquoted fund investments	25	1
	25	1

	30 September 2012 £'000	30 September 2011 £'000
10. Debtors		
Amounts falling due within one year:		
Prepayments	439	709
Income tax recoverable	148	–
	587	709

Notes to the Financial Statements

	30 September 2012 £'000	30 September 2011 £'000
11. Creditors: amounts falling due within one year		
Loan interest and commitment fee	102	69
Secretarial and administration fee	85	47
Management fee	67	70
Other accruals	57	108
Bank loans (see note 12)	–	31,868
	311	32,162

	30 September 2012 £'000	30 September 2011 £'000
12. Bank loans		
Unsecured bank loans repayable within one year:		
£nil (2011 – €37,000,000 at 3.857% repayable 31 October 2011)	–	31,868

At 30 September 2012, the Company had a £120 million (2011 – £120 million) committed, multi currency syndicated revolving credit facility led by The Royal Bank of Scotland plc of which £nil (2011 – £31.9m) had been drawn down in euros. The facility expires on 31 December 2013. The interest rate on this facility is LIBOR plus 2.5% and the commitment fee payable on non-utilisation is 1.0% per annum.

	30 September 2012 £	30 September 2011 £
13. Called up share capital		
Issued:		
162,378,566 (2011 – 161,496,597) ordinary shares of 0.2p – fully paid	324,757	322,993
3,596,981 (2011 – 16,242,002) founder A shares of 0.2p – partly paid	3,653	16,426
Nil (2011 – 17,500,000) founder B shares of 0.2p – partly paid	–	17,687
30,145,021 (2011 – nil) deferred shares of 0.2p – partly paid	30,460	–
	358,870	357,106

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.

Following the end of the founder B share performance period on 30 September 2011, no founder B shares have a right to convert into ordinary shares.

On 31 March 2012, the unconvertible founder A shares and all of the founder B shares became deferred shares.

At 30 September 2012, 3,596,981 (2011 – 3,596,981) founder A shares 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. During the year, no founder A shares were converted into ordinary shares. The Company also issued 881,969 ordinary shares as a result of elections received following a scrip dividend offer in respect of the 2011 final dividend. One new ordinary share was issued for every 129.9p otherwise payable as a cash dividend.

Notes to the Financial Statements

14. Reserves	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves		Revenue reserve £'000
				gains/ (losses) on disposal £'000	– revaluation £'000	
Opening balances at 1 October 2011	79,817	79,148	3	215,115	(13,078)	8,002
Gains on disposal of unquoted investments	–	–	–	31,893	–	–
Management fee charged to capital	–	–	–	(2,633)	–	–
Finance costs charged to capital	–	–	–	(1,749)	–	–
Tax relief on management fees and finance costs above	–	–	–	918	–	–
Currency gains	–	–	–	1,447	–	–
Revaluation of unquoted investments	–	–	–	–	(32,476)	–
Scrip issue of ordinary shares	1,143	–	–	–	–	–
Expenses of scrip issue	(6)	–	–	–	–	–
Return on ordinary activities after taxation	–	–	–	–	–	3,858
Dividends during the period	–	–	–	–	–	(2,099)
Closing balances at 30 September 2012	80,954	79,148	3	244,991	(45,554)	9,761

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 inflow from operating activities	30 September 2012 £'000	30 September 2011 £'000
Net total return before finance costs and taxation	3,230	57,146
Adjustment for:		
Gains on disposal of unquoted investments	(31,893)	(31,094)
Revaluation of unquoted investments	32,476	(25,187)
Currency (gains)/losses on cash balances	(1,447)	4
Decrease/(increase) in debtors	270	(601)
(Decrease)/increase in creditors	(16)	41
Tax deducted from non – UK income	(176)	(18)
Net cash inflow from operating activities	2,444	291

Notes to the Financial Statements

16. Net asset value per ordinary share	30 September 2012	30 September 2011
Basic:		
Ordinary shareholders' funds	£369,627,423	£369,330,320
Number of ordinary shares in issue	162,378,566	161,496,597
Net asset value per ordinary share	227.6p	228.7p
Diluted:		
Ordinary shareholders' funds	£373,224,404	£372,927,301
Number of ordinary shares in issue	165,975,547	165,093,578
Net asset value per ordinary share	224.9p	225.9p

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 2012 £'000	30 September 2011 £'000
Outstanding calls on investments	129,041	126,430

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.

During the year ended 30 September 2012 the Manager charged management fees totalling £2,925,000 (2011 – £2,938,000) to the Company in the normal course of business. The balance of management fees outstanding at 30 September 2012 was £67,000 (2011 – £70,000).

At 30 September 2012, the Company had a £120 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 £526,257 during the year ended 30 September 2012 (2011 – £1,181,000).

No other related party transactions were undertaken during the year ended 30 September 2012.

An amended and restated investment management agreement between the Company and SL Capital Partners LLP incorporating the incentive arrangements as described on page 19 was approved as a related party transaction by a vote of the independent shareholders at the Company's Annual General Meeting held on 2 February 2012. The agreement was signed on 1 December 2011 although it did not take effect until it was approved at the Annual General Meeting.

Notes to the Financial Statements

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 2012 £'000	30 September 2011 £'000
Financial assets		
Financial assets at fair value through profit or loss:		
Fixed asset investments – designated as such on initial recognition	365,897	397,433
Loans and receivables:		
Current assets:		
Debtors (accrued income and other debtors)	587	709
Cash and short-term deposits	3,489	3,384
	369,973	401,526
Financial liabilities		
Measured at amortised cost:		
Creditors: amounts falling due within one year:		
Bank loans	–	31,868
Accruals	311	294
	311	32,162

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.

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 2012 would have increased the net assets attributable to the Company's shareholders and the total return for the year by £36,590,000 (2011 – £39,743,000); 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 2012 Local Currency '000	Sterling Equivalent £'000	30 September 2011 Local Currency '000	Sterling Equivalent £'000
Fixed asset investments: unquoted				
Sterling	11,557	11,557	22,798	22,798
Euro	383,324	305,401	362,688	312,366
US Dollar	79,027	48,939	97,003	62,269
Cash and short term deposits:				
Sterling	338	338	68	68
Euro	2,876	2,292	3,678	3,168
US Dollar	1,387	859	230	148
Other debtors and creditors:				
Sterling	276	276	416	416
Euro	–	–	(37,003)	(31,869)
Total		<u>369,662</u>		<u>369,364</u>

Notes to the Financial Statements

19. Risk management, financial assets and liabilities (continued)

	30 September 2012		30 September 2011	
	Local Currency '000	Sterling Equivalent £'000	Local Currency '000	Sterling Equivalent £'000
Outstanding commitments:				
Sterling	4,333	4,333	6,127	6,127
Euro	136,983	109,134	119,958	103,317
US Dollar	25,149	15,574	26,461	16,986
Total		<u>129,041</u>		<u>126,430</u>

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 2012 sterling appreciated by 8.1% relative to the euro (2011 – appreciated 0.6%) and appreciated by 3.7% relative to the US dollar (2011 – depreciated 1.1%).

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 2012, the capital gain would have increased for the year by £32,499,000 (2011 – increase of £31,462,000 in capital gain); 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 £13,464,000 at the year end (2011 – £10,937,000), 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. As at 30 September 2012, £nil million of the loan facility had been drawn down (2011 – £31.9 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 2012 £'000	30 September 2011 £'000
Cash and short term deposits	<u>3,489</u>	<u>3,384</u>

19. Risk management, financial assets and liabilities (continued)

All of the Company's cash is held by JP Morgan Chase Bank ("JP Morgan"), which is rated 'A+' 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 2012		30 September 2011	
	Weighted average interest rate %	£'000	Weighted average interest rate %	£'000
Floating rate				
Financial assets: Cash and short term deposits	–	3,489	0.23	3,384
	–	3,489	0.23	3,384
Fixed rate				
Financial liabilities: Bank loans	–	–	3.86	(31,868)
	–	–	3.86	(31,868)

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 31.0 days (2011 – 31.0 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 2012 by £19,000 (2011 – £28,000). A decrease of 1% would have increased the net assets attributable to the Company's shareholders and increased the total gain for the year ended 30 September 2012 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 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 Administrator and reviews their internal control reports to ensure that an effective system of internal controls is maintained.

Notes to the Financial Statements

20. Fair value hierarchy

The Company 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 asset 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 2012:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Unquoted equities	–	–	365,897	365,897
Net fair value	–	–	365,897	365,897

As at 30 September 2011:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Unquoted equities	–	–	397,433	397,433
Net fair value	–	–	397,433	397,433

Unquoted equities

The fair value of the Company's investments in unquoted fund interests has been determined by reference to 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.

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 Company's ordinary share capital is admitted to trading on the London Stock Exchange. 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 £11,280 in the tax year 2012/2013. There is no initial charge 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
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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 29 January 2013 at 12.30 pm.

Corporate Information

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