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Aberdeen Development Capital PLC

Annual Report
Year ended 31 May 2009

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Contents

1 Financial Highlights

Annual Report

- 2 Corporate Summary
- 4 Chairman's Statement
- 6 Manager's Review
- 8 Results
- 9 Performance
- 11 Largest Investments
- 12 Classification of Investments
- 13 Information about the Manager
- 13 The Investment Process

Directors' Reports and Financial Statements

- 14 Board of Directors
- 15 Directors' Report
- 18 Directors' Remuneration Report
- 19 Statement of Corporate Governance
- 23 Statement of Directors' Responsibilities
- 24 Independent Auditors' Report
- 26 Consolidated Income Statement
- 27 Balance Sheets
- 28 Statements of Changes in Equity
- 29 Cash Flow Statements
- 30 Notes to the Financial Statements

Annual General Meeting

- 43 Glossary of Terms and Definitions
- 44 Notice of Meeting
- 46 Capital Structure
- 47 Corporate Information

Financial Calendar

31 July 2009	Announcement of results for year ended 31 May 2009
31 July 2009	Fourth interim dividend for year ended 31 May 2009
24 September 2009	Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Aberdeen Development Capital PLC, please forward this document, together with the accompanying documents immediately to the purchaser, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Financial Highlights

	2009	2008
Net asset value total return	(6.2)p	(3.4)p
Share price total return	(9.6)p	0.5p
Dividend per share	1.38p	2.5p

Net revenue per Ordinary share (p)

Net dividends paid per Ordinary share (p)

Net asset value per Ordinary share (p)

Share price per Ordinary share (p)

Corporate Summary

The Group

Aberdeen Development Capital PLC ("the Company"), incorporated in Scotland, registered number SC 98542, is an investment trust and its shares are listed on the London Stock Exchange. Subsidiaries ADC Zeros 2010 PLC and ADC Zeros 2012 PLC are investment companies whose Zero Dividend Preference Shares ("ZDP") are listed on the London Stock Exchange.

Investment Objective

The aim is to conduct an orderly realisation of the assets of the Company, to be effected in a manner which maximises value for Ordinary Shareholders.

Investment Policy

The Company's assets are invested in a diversified portfolio of unlisted securities spread across a range of industries within the United Kingdom.

It is the investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). The Company currently does not have any investments in other investment companies.

Delivering the Investment Policy

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day to day management of the Company's assets has been delegated to Aberdeen Asset Managers ("AAM" or the "Manager"). The Manager invested in a diversified range of unlisted securities prior to the introduction of the current investment objective in August 2007.

The investment manager, has responsibility for portfolio construction across all regional segments of the UK. Working closely with the relevant underlying desk in each case, portfolio construction is an interactive process.

Top-down investment factors are secondary in the Manager's portfolio construction, with diversification rather than formal controls guiding stock and sector weights.

Market capitalisation is not a primary concern. The Company is permitted to invest up to 15% of its investments by value in any single stock (at the time of purchase), in accordance with the investment trust constraints of section 842 of the Income and Corporation Taxes Act 1988.

A detailed description of the investment process and risk controls employed by the Manager is disclosed on page 13. A comprehensive analysis of the Company's portfolio is disclosed on page 11 including a description of the largest investments by value.

The Board is responsible for determining the gearing strategy for the Group. Gearing is used through the issue of ZDP shares in subsidiary companies, ADC Zeros 2010 PLC and ADC Zeros 2012 PLC to leverage the Company's portfolio in order to enhance returns. At the year end there was gearing of 233.5% (of the Group's net assets).

Benchmark

As a result of the Company now being in realisation mode, the Board believes there is no perfect benchmark measuring performance of a split-capital investment trust with an underlying portfolio of private equity assets.

Investment Manager

The Company's investments are managed by Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen AB10 1YG under an Investment Management Agreement dated 4 June 1999 (amended on 24 February 2006 to reduce the notice period, and on 3 August 2007 to revise the management fee and performance fee arrangements). Please refer to Note 4 to the Financial Statements on page 32 for details of the management fee payable. The Directors review the terms of the investment management agreement on a regular basis and have confirmed that in their opinion the continuing appointment of Aberdeen Asset Managers limited is in the interests of Shareholders as a whole.

Capital Structure

At 31 May 2009 the Group had a capital structure comprising voting capital of 35,719,225 Ordinary shares of 1p and 7,491,110 ZDP shares in ADC Zeros 2010 PLC and 7,491,110 ZDP shares ADC Zeros 2012 PLC. Both the Ordinary shares of the Company and the ZDP shares of the subsidiaries are listed on the London Stock Exchange. The Ordinary shares of the subsidiaries are unlisted and held entirely by Aberdeen Development Capital PLC.

Total Assets and Net Asset Value

The Group had total assets of £12.1 million and a net asset value of 10.1 pence per Ordinary share at 31 May 2009. The net asset value per ZDP share on 31 May 2009 was 56.41 pence.

Websites

www.developmentcap.co.uk
www.aberdeen-asset.com

Company Secretary

Aberdeen Asset Management PLC
10 Queen's Terrace AB10 1YG.

Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 00 40

(open Monday – Friday, 9am – 5pm)

Email: invtrusts@aberdeen-asset.com

Risks and Uncertainties

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

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

The Group currently utilises gearing in the form of zero dividend preference shares (see 'Capital Structure' above and Notes 13 and 14 to the Financial Statements). Gearing has the effect of exacerbating market falls and market gains.

AIC

Aberdeen Development Capital PLC is a member of the Association of Investment Companies.

Duration

There is no fixed life on the Ordinary shares of the Group although the ZDP shares in ADC Zeros 2010 PLC and ADC Zeros 2012 PLC will be repaid under the Capital Return Scheme and Buy Back Programme approved by Shareholders on 3 August 2007. Under the terms of the Scheme, returns of capital are expected to be made whenever the Group has sufficient liquid assets for the purpose. Following each return of capital, the capital entitlements of all ZDPs will be adjusted by deducting from the accrued capital entitlement of ZDPs at the date on which the relevant return of capital, thereafter the capital entitlement per ZDP will continue to accrue at 6.5% per annum. The Scheme is supplemented by a buyback of shares programme, details of which can be found in the Notice of the Meeting on page 44. In the event that the accrued capital entitlement of 2010 ZDPs and 2012 ZDPs is reduced to nil, as a result of the Capital return scheme or otherwise, the Directors of ADC Zeros 2010 PLC and ADC Zeros 2012 PLC will be obliged to propose a resolution to put the Company into voluntary liquidation.

Share Dealing/PEP/ISA Status

Ordinary shares in Aberdeen Development Capital PLC and ZDP shares in both ADC Zeros 2010 PLC and ADC Zeros 2012 PLC can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen Savings Scheme and are fully qualifying for inclusion within tax efficient tax wrappers.

Chairman's Statement

Background

The year to 31 May 2009 has seen the UK economy enter into recession for the first time since the early 1990s and, together with the difficulties faced by the banking sector, portfolio companies have as a result faced extremely challenging trading conditions. Against this backdrop it is encouraging to note that further headway has been made in achieving the Company's objective of realising assets and returning capital to both Ordinary Shareholders and holders of Zero dividend preference shares within the subsidiaries. Firstly, in November, the Board announced a return of capital to Shareholders of £3.0 million, split between the Company's Ordinary shares and the Zeros subsidiaries' Zero dividend preference shares ("ZDPs") in accordance with the capital return scheme. Since the year end, the Board announced a further return of capital to Shareholders amounting to £0.5 million. In addition, under the terms of the buyback programme, 2.3% of the ZDP shares have been purchased for cancellation at a total cost of £0.3 million.

Performance

The net asset value per Ordinary Share ("NAV") fell from 19.7p to 10.1p, of which some 2p was attributable to the return of capital made to shareholders on 14 November 2008. A further 1.2p per share is attributable to the annual allocation of capital entitlement to holders of ZDP shares, with another 0.7p due to dividend payments made which were not covered by income earned during the year.

Given the tough trading environment for portfolio companies, the decline in the rating of certain listed equivalent companies, and also the proximity of the Zero repayment dates in 2010 and 2012, the Board has written down the carrying value of a number of portfolio investments, details of which can be found in the Manager's Report.

Dividend

I am pleased to report that despite the programme of investment realisation, dividends totalling 1.375p per Ordinary share have been paid during the year, albeit part of the dividend was funded by revenue reserves accumulated in previous years. Previously, the Company has paid quarterly interim dividends to Shareholders but in light of the continuing reduction in revenue reserves, together with the ability of certain portfolio companies to pay interest or dividends during the economic downturn, the Board recommends that with effect from the year ending 31 May 2010 a single, final dividend will, where appropriate, be proposed to Ordinary Shareholders.

Portfolio Activity

In accordance with the investment objective, no new investments have been made during the year and there were no calls for follow-on investment.

In June 2008, Brookhouse Holdings, a business concerned with the manufacture of component parts for the aerospace industry, was sold to a trade buyer. Capital proceeds on disposal amounted to £1.47 million compared to cost of £0.4 million. When income received over the lifetime of the investment of £161,000 is included, a cash multiple of 4.1x was achieved.

In August 2008 £150,000 was received from the sale of Freeport Scotland, a company holding land adjacent to the Prestwick Airport site. The profit on sale of £150,000 had already been recognised in last year's accounts.

The second and final tranche of deferred consideration proceeds was received in December 2008 arising from the sale of Norson Group in 2007. Total proceeds from the investment, including income totalled £5.03 million compared with a book cost of £1.10 million.

In addition to the realisations mentioned above, a number of investments previously written down to £nil were realised for no proceeds as their liquidations were finalised. These companies included Chiltern Invadex, FFC (UK), MBM Oilfield Services and Transrent Holdings.

VAT Recovery

The Company has accepted the Manager's offer to refund £271,000 to the Company, representing all VAT charged on investment management fees for the period 1 January 2004 to 31 August 2007 and this has been recognised within the financial statements and allocated to revenue and capital in accordance with the underlying accounting policy.

No account has been taken for any interest due on the above amount or claims for periods prior to 2004 which are still to be agreed by the Manager with HMRC.

Annual General Meeting

The Annual General Meeting ("AGM") has been convened for Thursday, 24th September 2009 at 10 Queen's Terrace, Aberdeen and the Board looks forward to meeting any shareholders who wish to attend. I would be grateful if you would confirm your attendance by completing the notice that accompanies this Annual Report and returning it together with an indication of any particular questions that you would like to ask.

Mr Gilbert, Mr Scott and I will be retiring by rotation at the AGM and your Board, having reviewed the proposed re-elections, strongly recommends Shareholders to vote in favour of the reappointments.

Share Capital

During the period under review, each of the Company's Zero subsidiaries bought in for cancellation 732,064 ZDPs at a weighted average discount to their accrued capital entitlement of 36.0%, which leaves each of the Zero subsidiaries with 7,491,110 ZDPs in issue as at 31 May 2009.

No further shares between 1 June 2009 and the date of this Report have been bought in for cancellation.

The Future

The Board's prime objective is to maximise the value of remaining investments in order to return as much cash as possible to Ordinary Shareholders and repay the entitlement of ZDP Shareholders, the first tranche of which is due next year. The exact amount and timing will of course be uncertain, due largely to the illiquid nature of the investments and the underlying economic climate which is likely to have an adverse impact on the realisation programme through the remainder of 2009 and into 2010. Many of the portfolio companies rely on the willingness of banks to provide sufficient facilities on sensible terms in order to trade successfully, and despite recent government intervention, it is as yet unclear whether this will happen in practice. The Board therefore believes that the delivery of satisfactory realisations in the coming year will prove difficult. However, the Board and Manager will continue to strive to realise value wherever possible.



John R Milligan
Chairman
30 July 2009

Manager's Review

Background

The year to 31 May 2009 has seen a severe contraction in the market place with few opportunities for exit. Coupled with a dramatic decrease in ratings of listed companies, the carrying values of investments have been revalued downwards, augmenting a decline in the NAV caused by a return of capital to Ordinary shareholders and the annual appropriation to ZDP holders.

Net Asset Value Performance

Audited NAV per Ordinary share as at 31 May 2008 19.7p

Major Downgrades:

Pilgrim Systems	(2.1)p
Cash Bases	(1.4)p
TLA Holdings	(0.9)p (4.4)p
Appropriation to ZDP shares	(1.2)p
Return of capital to Ordinary shareholders	(2.0)p
Other movements	(2.0)p
Audited NAV per Ordinary share as at 31 May 2009	10.1p

Investments

There were no new or follow-on investments during the year.

Realisations

During the year there were a number of realisations from the portfolio.

Company	Proceeds £000	Cost £000	Gain/ (Loss) £000
Brookhouse Holdings	1,474	400	1,074
Chiltern Invadex ^A	–	341	(341)
FFC (UK) ^A	–	1,250	(1,250)
Fispak	5	5	–
Freeport Scotland	150	–	150
MBM Oilfield Services ^A	–	1,382	(1,382)
Norson Group ^B	407	–	407
Transrent Holdings ^A	–	4,647	(4,647)
Total	2,036	8,025	(5,989)

^A Investments written down to £nil in prior years, liquidation process now complete.

^B Uplift on receipt of deferred proceeds previously recognised.

Valuation Principles

The unlisted portfolio is valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines as far as it is prudent to do so in light of the investment objective to effect an orderly realisation of the Group's assets.

Methodology	Category
Earnings Multiple	Primary
Price of Recent Investment	Primary
Net Assets	Primary
Industry Valuation Benchmarks	Secondary

Earnings multiple – this methodology is likely to be appropriate for an investment in an established business with an identifiable stream of continuing earnings that can be considered to be maintainable. A multiple is applied to the earnings of the business being valued in order to derive a value for the business. In this case a discount used in the investment's valuation is typically 25%-50% of the listed equivalent rating to reflect a lack of marketability.

Price of recent investment – this methodology is considered where there has been a recent investment in the company, to base the valuation on the price of that investment. Where the investment being valued was itself made recently, its cost will generally provide a good indication of value. The length of period for which it would remain appropriate to use this methodology for a particular investment will depend on the specific circumstances of the case, but a period of one year is often applied in practice.

Net assets – this methodology is likely to be considered appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings. The methodology may also be appropriate for a business that is not making an adequate return on assets and for which greater value can be realised by liquidating the business and selling its assets. It may therefore be appropriate, in certain circumstances, for valuing investments in loss-making companies and companies making only marginal levels of profits.

Industry valuation benchmarks – a number of industries have industry-specific valuation benchmarks, including the information technology sector and service sectors where long-term contracts are a key feature and use multiples of revenue as a valuation benchmark. These industry norms are often based on the assumption that investors are willing to pay for turnover or market share, and that the normal profitability of businesses in the industry does not vary much.

The portfolio is valued at fair value and in the absence of the requirement to realise assets over the next three years International Private Equity and Venture Capital Valuation Guidelines would normally be applied. However, the Board believes that these Guidelines based on usual methodologies relating to earnings, recent transactions, net assets or industry benchmarks are not particularly relevant in the current circumstances.

Where there is no relevant methodology the Board will apply a value based on an assessment of market value, taking into account factors such as trading, the size of the investment, its liquidity and the likelihood of achieving an exit.

Outlook

Challenging market conditions are expected to persist in the immediate term which will undoubtedly impact adversely on the ability to realise investments. However, the Managers believe the sectors in which some investee companies operate will remain attractive to buyers and we will seek to realise value for Shareholders where opportunities exist.

Aberdeen Asset Managers Limited
Manager
30 July 2009

Results

Financial Highlights

	31 May 2009	31 May 2008	% change
Total Assets (see definition on page 43)	£12,072,000	£17,647,000	-31.6
Total Equity Shareholders' funds (Net Assets)	£3,620,000	£7,033,000	-48.5
Share price (mid market)	6.75p	19.75p	-65.9
Net Asset Value per share	10.13p	19.69p	-48.6
(Discount)/premium to Net Asset Value	-33.4%	0.5%	-
FTSE Small Cap Index (ex Investment Trusts)	2290.9	3141.3	-27.1
Actual gearing	197.0%	120.2%	-
Potential gearing	233.5%	150.9%	-
Total expense ratio (see definition on page 43)	2.20%	2.12%	-

Earnings

Total return per share	(6.2)p	(3.4)p
Revenue return per share	0.7p	1.4p
Revenue reserves	£153,000	£406,000

Performance (total return)

	1 year % return	3 year % return	5 year % return
Share price	-55.5	-66.6	-68.1
Net Asset Value	-38.0	-61.6	-66.6
FTSE Small Cap Index (ex Investment Trusts)	-27.1	-36.9	-12.5

Dividends

Dividend	Rate	xd Date	Record Date	Payment Date
First Interim paid	0.25p	15 October 2008	17 October 2008	14 November 2008
Second Interim paid	0.25p	14 January 2009	16 January 2009	13 February 2009
Third Interim paid	0.25p	8 April 2009	14 April 2009	13 May 2009
Fourth Interim payable	0.25p	1 July 2009	3 July 2009	31 July 2009
Total Dividend 2008/09	1.00p			

Dividend	Rate	xd Date	Record Date	Payment Date
First Interim paid	0.625p	10 October 2007	12 October 2007	9 November 2007
Second Interim paid	0.625p	24 December 2007	28 December 2007	28 January 2008
Third Interim paid	0.625p	2 April 2008	4 April 2008	2 May 2008
Fourth Interim paid	0.625p	9 July 2008	11 July 2008	8 August 2008
Total Dividend 2007/08	2.50p			

Performance

Share Price Premium/(Discount) (%) to NAV
Five years to 31 May 2009

Source: Fundamental Data

NAV Total Return and Share Price vs FTSE Small Cap Index (ex Investment Trusts)
Five years to 31 May 2009 (figures released to 100 at 31 May 2004)

Source: Fundamental Data

Performance continued

Ten Year Financial Record

	2000	2001	2002	2003	2004	2005 ^A	2006 ^B	2007	2008	2009
Total revenue (£'000)	2,633	2,940	2,884	2,532	2,474	2,918	1,542	1,904	1,060	521
Per share										
Net revenue return (p)	5.00	5.41	4.86	5.02	4.86	5.63	2.46	1.37	1.38	0.69
Net dividends paid (p)	4.95	5.20	5.20	5.20	5.20	5.20	3.48	2.50	2.50	1.38
Total return (p)	(4.96)	18.24	11.22	(3.40)	(2.38)	(1.77)	(4.87)	(11.38)	(3.43)	(6.16)
Net asset value (p)	55.28	68.23	74.34	65.74	58.16	52.79	44.44	30.56	19.69	10.13
Shareholders' funds (£'000)	40,465	46,884	50,836	49,530	48,756	19,489	16,407	11,283	7,033	3,620

^A 2005 reflects a change to the accounting treatment of Zero dividend preference shares which were cancelled by the Company and reissued in ADC Zeros 2005 PLC. They were therefore treated as a creditor in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" and also International Financial Reporting Standards (IFRS). The Zero dividend preference shares of ADC Zeros 2010 PLC and ADC Zeros 2012 PLC are treated in the same manner.

^B The reduction in dividends paid in 2006 is in accordance with the projections contained within the Circular sent to Shareholders relating to the refinancing of the Group in that financial year.

Largest Investments

As at 31 May 2009

Company	Fair value £'000	Book cost £'000	Year-end	% of fully diluted equity held	Dividend per share (p)	Dividend cover	Net assets attributable by equity held £'000
Tennants Consolidated	2,432	1,044	31-Dec-08	2.2	23.7	3.2	3,269
Tennants Consolidated is engaged in the manufacture and sale of chemicals and chemical products.							
Pilgrim Systems	1,750	1,500	30-Sep-08	20.0	n/a	n/a	265
Pilgrim Systems is concerned with the origination, supply and support of specialised software packages predominantly for use within the legal profession.							
Cash Bases	1,250	1,250	31-Dec-08	18.8	n/a	n/a	423
Cash Bases is a leading designer and manufacturer of customised cash drawers and is based in Newhaven, Sussex. Since its formation in 1981 the company has created over 10,000 different product variations for its "blue-chip" customer base, which includes major retailers, banks, lottery operators and shipping companies in over 60 countries.							
IFC Holdings	1,200	501	31-Mar-08	25.8	n/a	n/a	1,137
IFC Holdings is concerned with the processing and distribution of canned fish products.							
Transys Holdings	1,000	1,186	31-Dec-08	13.8	n/a	n/a	137
Transys Holdings supplies engineering services and equipment to the UK rail industry. Its activities are broadly split between turnkey projects which involve design, supply and fitting of specialist equipment and the provision of engineering and consultancy services. The business is based in Birmingham and employs approximately 40 members of staff.							
PLM Dollar Group	700	700	30-Sep-08	19.7	n/a	n/a	760
PLM Dollar is one of the largest providers of on-shore helicopter services in the UK and has an operational pedigree stretching back over 30 years. The company provides a wide range of services including passenger and corporate contracts, fish transportation, path maintenance, filming, construction, tree lifting and erecting radio masts.							
Oliver Kay Holdings	497	497	30-Sep-08	3.2	n/a	n/a	131
Oliver Kay is a supplier of top quality fresh fruit, vegetables, delicatessen products and associated sundries to the "on-trade" catering industry.							
Enpure Holdings	450	450	31-Mar-08	1.9	n/a	n/a	79
Enpure provides process engineering and project management services including design, installation and commissioning solutions on behalf of a wide range of clients.							
TLA Holdings	399	145	30-Jun-08	34.1	n/a	n/a	684
Trading as Boyack Homes, the company is an established housebuilder in Fife.							
Norson Holdings	363	79	31-Mar-09	24.2	n/a	n/a	403
Norson Holdings is engaged in the stocking and distribution of hydraulic components and the service and repair of hydraulic components and equipment.							
Homelux Nenplas	316	317	31-May-08	7.2	n/a	n/a	153
Homelux Nenplas is based in Ashbourne, Derbyshire and is a leading supplier of extruded and injection moulded plastic products primarily to the home improvement and building products sector. It also supplies products to the caravan, shop fitting and furniture markets.							
Whiteness Property Company	167	172	30-Nov-08	3.3	n/a	n/a	191
Whiteness Property Company is a property development opportunity located near Inverness.							
Ortak Jewellery	125	125	31-Jan-09	12.5	n/a	n/a	252
Ortak Jewellery is concerned with the production and retail of jewellery and other giftware.							
Other investments (13)	–	3,593					
Total investments	10,649	11,559					

Classification of Investments

Based on valuation at 31 May 2009

Classification of investments by sector		
	2009 %	2008 %
Chemicals	22.9	17.6
Basic Materials	22.9	17.6
Aerospace & Defence	-	9.8
Construction & Materials	6.7	10.3
Industrial Engineering	9.4	7.9
Support Services	21.7	20.2
General Industrials	37.8	48.2
Food Producers & Processors	15.9	11.2
Consumer Goods	15.9	11.2
General Retailers	1.2	0.8
Media	-	0.5
Consumer Services	1.2	1.3
Software & Computer Services	16.4	16.6
Technology	16.4	16.6
Gas, Water and Multiutilities	4.2	3.0
Utilities	4.2	3.0
Real Estate	1.6	2.1
Financials	1.6	2.1
Total fixed asset investments	100.0	100.0
Classification of investments by instrument held		
Equities	77.7	70.8
Fixed interest securities	22.3	29.2
	100.0	100.0

Information about the Manager

The Company's investment manager is Aberdeen Asset Managers Limited ("AAM"). It is a subsidiary of Aberdeen Asset Management PLC ("Aberdeen"), whose Group companies as at 31 May 2009 managed a combined £104.2 billion of funds for UK institutions, investment trusts, closed-end funds, unit trusts, private clients and offshore funds.

It has its headquarters in Aberdeen with principal investment offices in Edinburgh, London, Philadelphia and Singapore.

The Group now manages 45 investment trusts and other closed-end funds representing £7.7 billion under management.

The Investment Process

Philosophy and Style

The Manager's investment philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive valuations over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are careful not to pay too high a price when making the investment. Subsequent to that investment we keep in close touch with the company, usually reserving the right to appoint a non-executive director or obtaining observer rights at board meetings. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest, however, risks associated with investing in smaller unlisted companies are much greater than for larger, listed companies.

Risk Controls

We seek to minimise risk by our in-depth research. We manage and mitigate investment risk by:

- diversifying across a large number of companies;
- diversifying across a large number of economic sectors;
- actively and closely monitoring the progress of investee companies;
- seeking to appoint a non-executive director to the board of each private investee company, provided from the Manager's investment management team or from its pool of experienced independent directors;
- co-investing with other funds run by the Manager in larger deals, which tend to carry less risk;
- not investing in hostile public to private transactions; and
- retaining the services of a Manager that can provide the breadth and depth of resources required to meet the criteria stated above.

Your Board

The Board of three Directors, all of whom are non-executive and the majority of whom are considered by the Board to be independent of the Manager, supervises the management of Aberdeen Development Capital PLC and looks after the interests of its Shareholders.

John R Milligan CBE

Chairman and Independent Non-Executive Director

Length of service: 10 years

Relevant experience and other directorships: He was the founder and Chairman of PGS Atlantic Power. He is the Chairman of Court at Dundee University and is the past Chairman of the Scottish Welfare to Work Taskforce.

Last re-elected to the Board: 26 September 2008

Committee membership: Chairman of the Management Engagement and Nomination Committees; member of the Audit Committee

Other public company directorships: None

Employment by the Manager: None

Other connections with the Manager: None

Shared directorships with other Directors: ADC Zeros 2010 PLC, ADC Zeros 2012 PLC

Shareholding in Company: 10,000 Ordinary shares

Martin J Gilbert

Non-Executive Director

Length of service: 23 years

Relevant experience and other directorships: He qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management. He was one of the founding directors, and is now chief executive of Aberdeen Asset Management PLC. He is chairman of FirstGroup PLC and a director of a number of other companies.

Last re-elected to the Board: 26 September 2008

Committee membership: Nomination committee

Other public company directorships: Chaucer Holdings PLC, Primary Health Properties PLC and Aberdeen Asian Smaller Companies Investment Trust PLC.

Employment by the Manager: Chief executive of Aberdeen Asset Management PLC

Other connections with the Manager: None

Shared directorships with other Directors: ADC Zeros 2010 PLC, ADC Zeros 2012 PLC

Shareholding in Company: 215,512 Ordinary shares

Charles M Scott

Independent Non-Executive Director

Length of service: 12 years

Relevant experience and other directorships: He qualified as a chartered accountant in 1967 and was a partner of Ernst & Young in Glasgow from 1975 to 1993. Since 1993 he has been a non-executive director of various businesses in Central Scotland including ten years as Vice Chair of Greater Glasgow Primary Care NHS Trust. Twelve years concluding as Chair of Langside FE College and acts as a business development executive for Targeting Innovation Limited.

Last re-elected to the Board: 26 September 2008

Committee membership: Chairman of Audit Committee and member of Management Engagement and Nomination Committees

Other public company directorships: Gateway VCT PLC

Employment by the Manager: None

Other connections with the Manager: None

Shared directorships with other Directors: ADC Zeros 2010 PLC, ADC Zeros 2012 PLC

Shareholding in Company: 30,000 Ordinary shares

All the Directors are non-executive and, with the exception of Mr Gilbert, independent.

Directors' Report

The Directors present their report and financial statements for the year to 31 May 2009.

Business Review

A review of the Group's activities is given in the Corporate Summary on page 2, the Chairman's Statement on pages 4 and 5 and the Manager's Review on pages 6 and 7. This includes a review of the business of the Group and its principal activities, likely future developments of the business, recommended dividend levels and details of the acquisition of its own shares. The major risks associated with the Group are detailed in note 20 to the Financial Statements. The Key Performance Indicators for the Group including NAV performance, share price performance and benchmark performance are detailed on page 8. Other risks include:

- Discount volatility: The Group's share price can trade at a discount to its underlying net asset value. The Group operates a share buyback programme which is reviewed on a continuing basis.
- Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 842 of the Income and Corporation Taxes Act 1988, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

Details of the Directors are given in Your Board on page 14 and also further below in the Directors Report.

The Group has made no political or charitable donations during the year and in common with most investment trusts, the Group has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Principal Activity

The business of the Company is that of an investment trust investing development capital in private companies in the UK and by the acquisition of companies or other entities investing development capital.

Status

The Company is an investment company as defined by Section 833 of the Companies Act 2006 and is registered as a public limited company.

The Company has been provisionally approved by HM Revenue & Customs as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 May 2008. The Company has subsequently conducted its affairs so as to enable it to continue to qualify for such approval.

The Company is a qualifying trust for the purposes of Personal Equity Plans and Individual Savings Accounts and it is the Directors' intention that the Company should continue to be a qualifying trust.

Results and Dividends

Details of the Group's results and dividends are shown on page 8 of this Report.

Investment Objective and Policies

The Board's objective is to conduct an orderly realisation of the Group's assets in a manner which maximises value for Shareholders, in accordance with proposals approved by Shareholders on 3 August 2007. It is intended that the mechanism for returning surplus cash to Shareholders over time be through a combination of ad hoc returns of capital and buying back Shares through the market.

Share Capital

The issued Ordinary share capital of the Company at 31 May 2009 amounted to 35,719,225 Ordinary shares. During the year 366,032 ZDP shares in each of ADC Zeros 2010 PLC and ADC Zeros 2012 PLC were purchased for cancellation at a total cost of £286,000. No additional shares were bought back between 1 June 2009 and 30 July 2009.

Purchases of Shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the Company and its Shareholders taken as a whole. Purchases will be made in the market for cash at prices below prevailing Net Asset Value per share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority must not exceed 105 per cent of the average of the middle market quotations for the share over the five business days immediately preceding the date of purchase. The minimum price that may be paid is the nominal value of the relevant share. In making purchases, the Company will only deal with member firms of the London Stock Exchange. Shares which are purchased will be cancelled. Purchases of shares by the Group will be made from distributable reserves and will normally be paid out of cash balances held by the Group from time to time. As any purchases will be made at prices that represent a discount to NAV, the NAV of the remaining shares in issue should increase as a result of any such purchase.

Shares will not be purchased by the Company in the period of 60 days immediately preceding the notification of the Group's interim financial results and the 60 days immediately preceding the announcement of the annual financial results or, if shorter, the period from the end of the Group's relevant financial period up to and including the time of the relevant announcement.

Directors' Report continued

Directors

The current Directors of the Company are shown on page 14 along with brief biographical details. Having served on the Board for more than nine years, both Mr J R Milligan and Mr C M Scott submit themselves for annual re-election in accordance with the principles of the Combined Code. As a non-independent director, Mr M J Gilbert offers himself for re-election annually.

The Directors at 31 May 2009 and their beneficial interests in the Ordinary shares of the Company and alterations since the balance sheet date are as follows:

	31 May 2009 Ordinary Shares	31 May 2008 Ordinary Shares
J R Milligan	10,000	10,000
M J Gilbert	215,512	201,429
C M Scott	30,000	30,000

Mr Gilbert's beneficial holding increased to 215,512 Ordinary shares by the acquisition, through the Aberdeen Share Plan, of 3,739 Ordinary shares, 2,278 Ordinary shares, 4,029 Ordinary shares and 4,037 Ordinary shares on 8 August 2008, 14 November 2008, 13 February 2009 and 13 May 2009 respectively. The Company has not been notified of any changes in Director's holdings between 31 May 2009 and 30 July 2009.

None of the Directors have had any interest in the Group's ZDP shares at any time during the year.

Mr Gilbert is a director of Aberdeen Asset Managers Limited which acts as the Company's investment manager and is also a director of Aberdeen Asset Management PLC, the Secretary of the Company and the holding company of Aberdeen Asset Managers Limited.

No Director has a service contract with the Company.

Corporate Governance

The Statement of Corporate Governance is shown on pages 19 to 22.

Financial Statements

The Directors' responsibilities regarding the financial statements are set out on page 23. The Directors acknowledge that their responsibility to present a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

Directors' & Officers' Insurance

The Group purchases and maintains liability insurance covering the Directors and Officers of the Group.

Risk Management

The major risks associated with the Group's businesses are market risk, liquidity risk and credit risk. The Group has established a comprehensive framework for managing these risks, which evolves as the Group's business activities change in response to market, credit and other developments. The group's policies for managing each of these risks and its exposure thereto are detailed in note 20 to the financial statements.

Going Concern

The Company has announced its intention to conduct an orderly realisation of its investment portfolio and to that extent the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's net assets to a net realisable value.

Substantial Interests

On 30 July 2009 the following were registered or had notified the Company as being interested in 3% or more of the Company's Ordinary share capital:

Name of shareholder	Number of shares held	% held
Midas Capital Partners	7,190,000	20.1
Merseyside Superannuation Fund	5,197,042	14.5
New Star Asset Management Limited	4,500,000	12.6
Clients of Aberdeen Asset Managers Limited	3,665,543	10.3
Dartmoor Investment Trust	2,529,033	7.1
Jupiter Asset Management Limited	2,424,927	6.8
Aberdeen Asset Managers Savings Plan (non-discretionary)	1,580,273	4.4
Aberdeen City Council Pension Fund	1,512,500	4.2

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. The Directors do not consider any creditors to represent trade creditors.

Business at the Annual General Meeting

Resolution 7 will, if passed as a special resolution, renew the Directors' existing general power to make market purchases on the London Stock Exchange of Ordinary shares provided that:

- (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 5,354,312 (representing approximately 14.99 per cent. of the Company's issued ordinary share capital);
- (ii) the minimum price which may be paid for an Ordinary share is one penny;
- (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
 - (a) 105 per cent. of the average market value (taken from the Daily Official List of the London Stock Exchange) of an Ordinary share for the five business days immediately preceding the day the purchase is made; and
 - (b) The value of an Ordinary share calculated on the basis of the higher of (1) the last independent trade of any number of Ordinary shares on the London Stock Exchange or (2) the highest current independent bid for any number of Ordinary shares on the London Stock Exchange;
- (iv) unless previously renewed, varied, or revoked, the authority hereby conferred shall expire on the date of the next Annual General Meeting after the passing of this resolution; and
- (v) the Company may make a contract or contracts to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary shares in pursuance of such contract or contracts.

The authority conferred by this resolution will last until the conclusion of the Annual General Meeting to be held in 2010 (unless previously revoked, varied or extended by the Company in general meeting).

Recommendation

Your Directors believe that the adoption of the Resolution to be proposed at the Annual General Meeting is in the best interest of the Company and its Shareholders as a whole and accordingly recommend you to vote in favour of the Resolutions.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, loans and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The main risks that the Company faces arising from its financial instruments are disclosed in note 20 to the financial statements.


Accountability and Audit

Each Director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Additionally there are no important events since the year end.

Independent Auditors

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

10 Queen's Terrace
Aberdeen AB10 1YG
30 July 2009



By order of the Board
Aberdeen Asset Management PLC
Secretaries

Directors' Remuneration Report

This Report is prepared in accordance with Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 24 and 25.

Remuneration Committee

As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board.

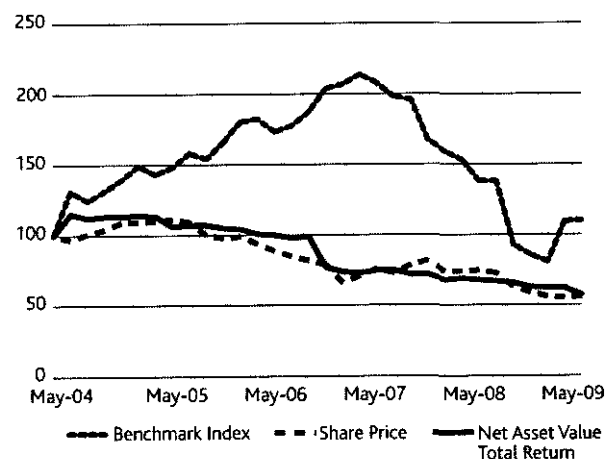
Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £150,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs.

No element of the Directors' remuneration is performance related.

Total Shareholder Return

The graph below illustrates the total Shareholder return for a holding in the Company's Ordinary shares as compared to the FTSE Small Cap Index (excluding Investment Trusts) for the five years until 31 May 2009. The Company considers the FTSE Small Cap Index (excluding Investment Trusts) to be the most appropriate index against which to measure the Company's performance.



Service Contracts

None of the Directors operate under a service contract with the Company and a Director may resign by notice in writing to the Board at any time; there are no set notice periods. The Company's Articles of Association provide that the number of Directors nearest to, but not greater than, one third of the Board shall retire by rotation. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election, thereafter one third of the Directors who have been longest in office shall retire from office but, if there is only one Director who is subject to retire by rotation, he shall retire. There is no requirement for the Directors to be re-elected every three years. Consideration will be given to altering the Articles of Association in due course to make them comply with the Combined Code on this subject. However, this is unlikely to be undertaken until the Company requires a general redrafting of the Articles.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors' emoluments (audited information)

Director	2009 £	2008 £
J R Milligan ^A	23,083	23,500
M J Gilbert	—	—
W C H Phillips ^B	—	5,833
C M Scott	17,917	17,500
	41,000	46,833

^A Appointed Chairman 1 January 2006

^B Retired 28 September 2007

The amounts paid by the Company to the Directors were for services as non-executive directors.

Sums paid to Third Parties (audited information)

Of the fees disclosed above £Nil (2008 - £Nil) was payable to third parties in respect of making available the services of Directors.

No Director has received any taxable expenses, compensation for loss of office or non-cash benefits for the year ended 31 May 2009.

By order of the Board
Aberdeen Asset Management PLC
Secretaries

30 July 2009

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance. Accordingly, the Board has put in place a framework for corporate governance, which it believes is appropriate for an investment trust and which enables it to comply with the Combined Code on Corporate Governance (the "Code") as appended to the Listing Rules. Additionally, the Association of Investment Companies (AIC) published a Code on Corporate Governance in July 2003 (as amended in February 2006) which complements the Code and represents a framework of best practice in certain areas of governance where the specific characteristics of investment companies suggest alternative approaches that may be preferable to those set out in the Code. There is a certain amount of overlap with the Code, although the focus of attention is on the points of difference.

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

- a senior independent director has not been appointed due to the small size of the Board
- there is no separate internal audit function

The Board

The Board currently consists of three non-executive Directors and one alternate Director. All Directors, with the exception of Mr Gilbert, are considered by the Board to be independent of the Manager and free of any material relationship with the Investment Manager. Mr Gilbert is an employee of the Manager and as such is not considered to be independent. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Manager, under the terms of the investment management agreement.

Mr J R Milligan was independent of the Manager at the time of his appointment as a Director in October 1998 and as Chairman in January 2006. Mr Milligan has been identified as the senior independent non-executive Director, to whom any concerns can be conveyed by the other Directors.

The biographies of the Directors appear on page 14 of this annual report and indicate the range of Directors' investment, commercial and professional experience.

The Board met six times during the year ended 31 May 2009. In addition, the Audit Committee and Management Engagement Committee each met twice. Between these formal meetings there is regular contact with the Investment Manager.

Director	Board Meetings	Committee Meetings
J R Milligan (Chairman)	6	4
M J Gilbert (inc alternate) ^A	4	–
C M Scott	6	4

^A Mr Gilbert is not a member of the Audit or Management Engagement Committees

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

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

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

These matters include:

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

Statement of Corporate Governance continued

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Group's expense.

The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives, who are responsible to the Board:

- For ensuring that Board procedures are complied with;
- Under the discretion of the Chairman, for ensuring good information flows with the Board and its committees; and
- For advising on corporate governance matters.

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

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

External Agencies

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

Board Committees

Separate Audit and Management Engagement Committees have been established, along with a Nomination Committee. Given the nature of the Company the Board as a whole fulfils the role of the Remuneration Committee.

Nomination Committee

A Nomination Committee has been established with written terms of reference and currently consists of the whole Board. The Chairman of the Committee is the Chairman of the Group. One meeting was held during the year ending

31 May 2009. At its meeting in July 2008, the Nomination Committee recommended to the Board the nomination of Mr Gilbert, Mr Milligan and Mr Scott at the September 2008 Annual General Meeting. Neither Mr Gilbert, Mr Milligan nor Mr Scott took part in the discussion of their nomination.

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

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

At its meeting on 29 July 2009, the Nomination Committee recommended to the Board, the nomination for re-election of Mr Gilbert, Mr Milligan and Mr Scott for the following reasons:

- Mr Gilbert, who has been a Director since 1986, brings to the Board a wide range of skills and experience and a particular knowledge of the investment industry;
- Mr Milligan, who has been a Director since 1998 and Chairman since January 2006, has many years of entrepreneurial, general management and company directorship experience. He brings to his role a valuable set of skills and experience; and
- Mr Scott who has been a Director since 1997 and Chairman of the Audit Committee from that date, has many years of technical, general business and company directorship experience. He brings to his role a valuable set of skills and experience.

Audit Committee

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

The terms of reference of the Audit Committee include:

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

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

The Group has in place a policy for controlling the provision of non-audit services by the Auditors, in order to safeguard their independence and objectivity. Non-audit work which might compromise independence is prohibited.

Management Engagement Committee

A Management Engagement Committee has been established comprising the independent Directors. The Chairman of the Committee is the Chairman of the Group. It meets twice a year to review the management contract with Aberdeen Asset Managers Limited, details of which are shown on page 32.

Remuneration Committee and Directors' remuneration

Where an investment trust has only non-executive Directors, the Combined Code principles relating to Directors' remuneration do not apply.

The determination of the Directors' fees is a matter dealt with by the whole Board. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Group. The Group's policy on remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on page 18.

Directors' terms of appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General Meeting following their appointment. The Articles of Association state that Directors must offer themselves for

re-election at least once every three years. Any Director who reaches the age of 70 is subject to annual re-election. In addition, Mr Gilbert is subject to annual re-election in view of his position as chief executive of Aberdeen Asset Management PLC, the parent company of the Manager.

Policy on tenure

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

Communication with Shareholders

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

The Notice of the Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors Remuneration Report on page 18 and in the Directors' Report on page 17. A separate resolution is proposed for each substantive issue.

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

Participants in the Savings Plan, whose shares are held in the nominee names of the plan administrator, are given the opportunity to vote by means of a Letter of Direction enclosed with the Annual Report. The Letter of Direction is forwarded to the administrator of the Savings Plan, who will complete a proxy on behalf of the participants and forward it to the Company's registrar for inclusion in the voting figures. Those participants who attend the Annual General Meeting are given the opportunity to speak when invited by the Chairman.

Shareholders also have direct access to the Group via the free Shareholder information telephone service run by the Manager, and Group and the Manager respond to letters from Shareholders. In order to ensure that Directors develop an understanding of the views of Shareholders, correspondence between the Manager or the Chairman and Shareholders is copied to the Board.

Statement of Corporate Governance continued

Accountability and audit

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 23 and the Statement of Going Concern is included in the Directors' Report on page 16. The Board is satisfied that the members of the Audit Committee have received recent and relevant financial experience.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, which has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board and accords with the Turnbull guidance.

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

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

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

The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Group's activities and review its performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including

performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;

- as a matter of course the compliance department of the Manager continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and
- twice a year, at its Board meetings, the Board carries out an annual assessment of internal controls by considering reports from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

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

The Head of Internal Audit of the Manager reports six monthly to the Audit Committee of the Group and has direct access to the Directors at any time.

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

Exercise of voting powers

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

Socially responsible investment policy

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

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For Aberdeen Development Capital PLC

John Milligan

Chairman

30 July 2009



Independent Auditors' Report to the Members of Aberdeen Development Capital PLC

We have audited the financial statements of Aberdeen Development Capital PLC for the year ended 31 May 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 16 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the 2006 Combined Code specified for our review.



David Claxton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Glasgow, United Kingdom

30 July 2009

Consolidated Income Statement

For the year ended 31 May 2009

	Notes	Year ended 31 May 2009			Year ended 31 May 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest income	3	370	–	370	865	–	865
Dividend income	3	149	–	149	166	–	166
Other income	3	2	–	2	29	–	29
		521	–	521	1,060	–	1,060
Losses on held at fair value investments	10	–	(2,130)	(2,130)	–	(453)	(453)
Expenses							
Management fees	4	(33)	(67)	(100)	(53)	(108)	(161)
Other operating expenses	5	(226)	–	(226)	(307)	(354)	(661)
VAT recoverable on investment management fees	18	89	182	271	–	–	–
Profit/(loss) before finance costs and tax		351	(2,015)	(1,664)	700	(915)	(215)
Finance costs							
Zero dividend preference shares	6,14	–	(431)	(431)	–	(882)	(882)
Profit/(loss) before taxation		351	(2,446)	(2,095)	700	(1,797)	(1,097)
Taxation	7	(106)	–	(106)	(193)	32	(161)
Profit/(loss) for the year	16	245	(2,446)	(2,201)	507	(1,765)	(1,258)
Earnings per ordinary share - basic (pence)	9	0.69	(6.85)	(6.16)	1.38	(4.81)	(3.43)

The total column of this statement represents the Income Statement of the Group, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Aberdeen Development Capital PLC. There are no minority interests.

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

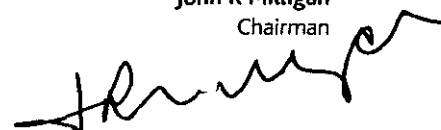
Balance Sheets

As at 31 May 2009

	Notes	31 May 2009		31 May 2008	
		Group £'000	Company £'000	Group £'000	Company £'000
Non-current assets					
Held at fair value investments	10	10,649	8,199	14,927	11,344
Subsidiary undertaking	10	–	281	–	1,540
		10,649	8,480	14,927	12,884
Current assets					
Cash and cash equivalents		1,319	803	2,163	1,441
Other receivables	12	409	6,884	938	7,388
		1,728	7,687	3,101	8,829
Current liabilities					
Other payables		(305)	(8,311)	(381)	(3,923)
Zero dividend preference shares	14	(4,226)	–	–	–
Total current liabilities	13	(4,531)	(8,311)	(381)	(3,923)
Net current (liabilities)/assets		(2,803)	(624)	2,720	4,906
Total assets less current liabilities		7,846	7,856	17,647	17,790
Non-current liabilities					
Zero dividend preference shares	14	(4,226)	–	(10,614)	–
Amounts due to subsidiary	14	–	(4,226)	–	(10,614)
Total net assets		3,620	3,630	7,033	7,176
Equity					
Share capital	15	357	357	357	357
Special reserve	16	17,502	17,502	18,216	18,216
Capital redemption reserve	16	12	12	12	12
Capital reserve - realised	16	(13,494)	(13,845)	(7,302)	(8,335)
Capital reserve - unrealised	16	(910)	(866)	(4,656)	(3,686)
Revenue reserve	16	153	470	406	612
Total shareholders' funds		3,620	3,630	7,033	7,176
Equity shareholders' funds		3,620	3,630	7,033	7,176
Net asset value per share - basic (pence)	17	10.13	10.16	19.69	20.10

The financial statements were approved by the Board of Directors on 30 July 2009 and were signed on its behalf by:

John R Milligan
Chairman



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

Statements of Changes in Equity

Group

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
For the year ended 31 May 2009								
Net assets at 31 May 2008	357	—	18,216	12	(7,302)	(4,656)	406	7,033
Return of capital to ordinary shareholders	—	—	(714)	—	—	—	—	(714)
Dividend paid (note 8)	—	—	—	—	—	—	(498)	(498)
Net (loss)/gain on ordinary activities after taxation	—	—	—	—	(6,192)	3,746	245	(2,201)
Net assets at 31 May 2009	357	—	17,502	12	(13,494)	(910)	153	3,620

For the year ended 31 May 2008

Net assets at 31 May 2007	3,692	13,940	3,021	—	(5,424)	(4,769)	823	11,283
Reduction in nominal share capital	(3,323)	—	3,323	—	—	—	—	—
Cancellation of share premium account	—	(13,940)	13,940	—	—	—	—	—
Repurchase of ordinary shares	(12)	—	(221)	12	—	—	—	(221)
Return of capital to ordinary shareholders	—	—	(1,847)	—	—	—	—	(1,847)
Dividend paid (note 8)	—	—	—	—	—	—	(924)	(924)
Net (loss)/gain on ordinary activities after taxation	—	—	—	—	(1,878)	113	507	(1,258)
Net assets at 31 May 2008	357	—	18,216	12	(7,302)	(4,656)	406	7,033

Company

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
For the year ended 31 May 2009								
Net assets at 31 May 2008	357	—	18,216	12	(8,335)	(3,686)	612	7,176
Return of capital to ordinary shareholders	—	—	(714)	—	—	—	—	(714)
Dividend paid (note 8)	—	—	—	—	—	—	(498)	(498)
Net (loss)/gain on ordinary activities after taxation	—	—	—	—	(5,510)	2,820	356	(2,334)
Net assets at 31 May 2009	357	—	17,502	12	(13,845)	(866)	470	3,630

For the year ended 31 May 2008

Net assets at 31 May 2007	3,692	13,940	3,021	—	(6,867)	(3,371)	856	11,271
Reduction in nominal share capital	(3,323)	—	3,323	—	—	—	—	—
Cancellation of share premium account	—	(13,940)	13,940	—	—	—	—	—
Repurchase of ordinary shares	(12)	—	(221)	12	—	—	—	(221)
Return of capital to ordinary shareholders	—	—	(1,847)	—	—	—	—	(1,847)
Dividend paid (note 8)	—	—	—	—	—	—	(924)	(924)
Net (loss)/gain on ordinary activities after taxation	—	—	—	—	(1,468)	(315)	680	(1,103)
Net assets at 31 May 2008	357	—	18,216	12	(8,335)	(3,686)	612	7,176

Cash Flow Statements

For the year ended 31 May 2009

	Year ended 31 May 2009		Year ended 31 May 2008	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Operating activities				
Loss before tax	(2,095)	(2,334)	(1,097)	(1,103)
Add Zero dividend preference shares	431	-	882	-
Amounts due to subsidiary undertaking	-	431	-	882
Losses on investments held at fair value through profit and loss	2,130	2,402	453	508
Purchases of investments held at fair value through profit and loss	-	-	(23,251)	(23,251)
Sales of investments held at fair value through profit and loss	2,777	2,631	24,989	24,942
(Increase)/decrease in other receivables	(105)	(125)	259	186
(Decrease)/increase in other payables	(14)	162	40	89
Net cash from operating activities before interest and corporation tax	3,124	3,167	2,275	2,253
Corporation tax paid	(168)	-	(110)	-
Corporation tax refunded	5	-	-	-
Net cash from operating activities	2,961	3,167	2,165	2,253
Financial activities				
Payments to subsidiaries	-	-	-	(133)
Dividends paid on Ordinary shares	(498)	(498)	(924)	(924)
Return of capital on Ordinary shares	(714)	(714)	(1,847)	(1,847)
Return of capital on ZDP shares	(2,307)	(2,307)	(8,925)	(8,925)
Repurchase of Ordinary shares	-	-	(221)	(221)
Repurchase of ZDP shares	(286)	(286)	(1,092)	(1,092)
Net cash used in financing activities	(3,805)	(3,805)	(13,009)	(13,142)
Net decrease in cash and cash equivalents	(844)	(638)	(10,844)	(10,889)
Cash and cash equivalents at start of period	2,163	1,441	13,007	12,330
Cash and cash equivalents at end of period	1,319	803	2,163	1,441

Notes to the Financial Statements

For the year ended 31 May 2009

1 Principal Activity

The principal activity of the Company is that of an investment trust company within the meaning of section 842 of the Income and Corporation Taxes ("s842").

2 Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

(a) Basis of preparation

The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's net assets to a net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the Company except to the extent that such were committed at the balance sheet date.

The financial statements are prepared under the historical cost convention, except for the measurement at fair value of investments and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009 and adopted early).

The group has adopted IFRS 7: 'Financial Instruments disclosures' in these accounts. IFRS 7 introduces disclosure requirements relating to financial instruments. This standard does not have any impact on the classification and/or valuation of the Group's financial instruments. The disclosures required by this standard are given in note 20 on pages 40 to 42.

(b) Group accounts

The Group accounts consolidate the accounts, on an acquisition accounting basis, of the Company and its subsidiaries ADC Fund Limited Partnership, ADC (Glasgow) Limited, ADC Zeros 2010 PLC and ADC Zeros 2012 PLC. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Associated undertaking

An associate is an entity over which the Group is in a position to exercise significant influence, but does not control or jointly, through participation in the financial and operating policy decisions of the entity. The Group's associates are accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") as investments designated at fair value through profit and loss, and in accordance with paragraph 1 of IAS 28 Investments in Associates ("IAS 28") equity accounting is not required.

(d) Presentation of Consolidated Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In accordance with the Company's status as a UK investment company under section 266 of the Companies Act 1985/section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the group's compliance with certain requirements set out in section 842 of the Income and Corporation Taxes Act 1988.

(e) Valuation of investments

Subsidiary and main company investments are all held at fair value through the Consolidated Income Statement.

Listed investments are measured initially at cost, and are recognised at trade date.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid prices without deduction for the estimated future selling costs.

Unlisted investments are valued by Directors at fair value having regard to the International Private Equity and Venture Capital Valuations Guidelines as far as it is prudent to do so in light of the investment objective. They are valued at cost unless subsequent financings or other circumstances indicate a different valuation is appropriate. When a valuation is undertaken consideration is given to the most recent information available, including the latest trading figures, performance against forecast, management's view of prospects and the price of transactions in the security.

Realisable value in the short term could differ materially from the amount which these investments are included in the accounts.

(f) Movements in fair value

Changes in the fair value of all held at fair value assets are taken to the Consolidated Income Statement.

On disposal, realised gains and losses are also recognised in the Consolidated Income Statement.

(g) Income

Dividends receivable on equity shares are brought into account on the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised when it is reasonably certain that they will be receivable. Other returns on non-equity shares are recognised when the right to the return is established.

The fixed return on a debt security are recognised when it is reasonably certain that they will be received. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of cash dividend is recognised as income. Any excess in the value of shares received over the amounts of the cash is recognised in capital reserves.

(h) Expenses and interest payable

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

- expenses which are incidental to the acquisition of an investment are charged to capital; and
- where a connection with the maintenance or enhancement of the value of the investments can be demonstrated certain expenses are reported in the capital column of the Consolidated Income Statement. These are investment management fee, performance fee and overdraft interest and have been allocated 67% to capital and 33% to revenue in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company.

(i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

(j) Taxation

The charge for taxation is based on the taxable profits for the period. Deferred taxation is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which temporary differences can be utilised. In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Income Statement is the "marginal basis".

(k) Dividends payable

Dividends are recognised on the date on which they are paid.

(l) Foreign currency

Transactions involving foreign currencies are converted at the rate ruling at the date of the transactions.

Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the balance sheet date. Foreign exchange differences arising on the translation are recognised in the Consolidated Income Statement.

Notes to the Financial Statements continued

	2009 £'000	2008 £'000
3 Income		
Income from investments		
Franked investment income	149	166
UK unfranked investment income	257	637
	406	803
Other income		
Deposit interest	113	228
Other income	2	29
	115	257
Total income comprises:		
Dividends	149	166
Interest	370	865
Other income	2	29
	521	1,060
Income from investments		
Unlisted UK	406	803
	406	803

	Year ended 31 May 2009			Year ended 31 May 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
4 Investment management fee						
Investment management fee	33	67	100	49	100	149
VAT paid	–	–	–	4	8	12
	33	67	100	53	108	161

The Company has an agreement with Aberdeen Asset Managers Limited ("AAM") for the provision of management services. This contract may be terminated subject to twelve months prior notice of termination by either party. Management fees are payable monthly in arrears, and are based on a fixed annual amount of £100,000. The basic fee shall be reduced by the amount of any management fees or priority share payable to the Manager by ADC Zeros 2010 PLC, ADC Zeros 2012 PLC and ADC Fund Limited Partnership. The balance due to AAM at the year end was £8,000 (2008 - £9,000). ADC Fund Limited Partnership has a priority profit share agreement with Aberdeen GP Limited, a subsidiary of AAM. The fee is payable quarterly in arrears and is based on an annual amount of 1.47% of the gross asset value of the Limited Partnership. The balance due to Aberdeen GP Limited at the year end was £9,000 (2008 - £13,000).

An incentive fee of 20 per cent. is payable to the Manager if (i) the amount by which the aggregate returns of capital per Ordinary share of the Company paid on or before 31 December 2012 exceed 35 pence multiplied by the number of Ordinary shares in issue at the time of the relevant return of capital; and (ii) the amount by which the repurchase price of any Ordinary share under the Buy Back Programme exceeds the targeted return, being 35 pence less any return of capital paid in respect of the Capital Return Scheme up to a maximum of 35 pence, multiplied by the number of Ordinary shares bought back on the relevant occasion.

	Year ended 31 May 2009			Year ended 31 May 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5 Other expenses						
Directors' fees	41	–	41	47	–	47
Auditors' remuneration:						
- audit (including £14,000 (2008 - £25,000) relating to the parent undertaking)	21	–	21	35	–	35
- for other services	4	–	4	7	–	7
- tax compliance	16	–	16	9	–	9
- tax advisory	–	–	–	6	–	6
Other	144	–	144	203	354	557
	226	–	226	307	354	661

During the year ended 31 May 2009 other expenses allocated to revenue included a write off of £21,000 (2008 - £94,000) in respect of income previously recognised, which is not anticipated to be recovered. In addition, other expenses allocated to capital in the year ended 31 May 2008 included costs relating to the reorganisation of the Group of £223,000.

The emoluments of the Chairman, who was also the highest paid Director, were £23,083 (2008 - £23,500). No pension contributions were made in respect of any of the Directors. The Company does not have any employees.

	Year ended 31 May 2009			Year ended 31 May 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6 Finance costs						
Finance costs attributable to ZDP shares	–	431	431	–	882	882
	–	431	431	–	882	882

	Year ended 31 May 2009			Year ended 31 May 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
7 Tax on ordinary activities						
a) Analysis of charge for the year						
UK Corporation tax on profits for the year	106	–	106	193	(32)	161
Corporation tax charge	106	–	106	193	(32)	161

	2009 £'000	2008 £'000
b) Factors affecting tax charge for the year		
Loss on ordinary activities before tax	(2,095)	(1,097)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 29.67%)	(587)	(325)
Effects of:		
Franked investment income	(42)	(49)
Non-taxable gains and losses on investments	596	134
Other non-taxable income and expenses	125	401
Prior year adjustment	14	–
Current tax charge for the year (note 7(a))	106	161

Notes to the Financial Statements continued

Provision for deferred taxation

No provision for deferred taxation has been made due to the fact that the Group has approximately £4,668,000 (2008 - £4,668,000) of excess management expenses. This is because the Group is not expected to generate taxable income in the future in excess of the deductible expenses of that future period, and, accordingly, it is unlikely that the Group will be able to reduce future tax liabilities through the use of existing surplus expenses.

A company qualifying as an investment trust company under Section 842 of the Income and Corporation Taxes Act 1988 is exempt from taxation on capital gains. In the opinion of the Directors, the Company has conducted and intends to conduct its affairs so as to enable it to retain investment trust approval. Given the Company's status as an investment trust no provision has been made for the deferred tax on any capital gains and losses arising on the revaluation and disposal of investments.

	Year ended 31 May 2009 £'000	Year ended 31 May 2008 £'000
8 Dividends and other appropriations to shareholders		
Ordinary dividends on equity shares deducted from reserves are analysed below:		
Fourth interim dividend 2008 of 0.625p (2007 - 0.625p)	231	231
First interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
Second interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
Third interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
	498	924

The proposed fourth interim dividend for the year ended 31 May 2009 of 0.25 pence per Ordinary share was approved by the Board after the year end and has not been included as a liability in these financial statements.

We also set out below the total dividend payable in respect of the financial period, which is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered.

	Year ended 31 May 2009	Year ended 31 May 2008
First interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
Second interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
Third interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
Fourth interim dividend 2009 of 0.25p (2008 - 0.625p)	89	231
	356	924

9 Return per Ordinary share

The earnings per Ordinary share is based on the net loss after taxation of £2,201,000 (2008 - £1,258,000) and on a weighted average number of Ordinary shares of 35,719,225 (2008 - 36,668,542) Ordinary shares, being the number of Ordinary shares in issue during the year.

The return per Ordinary share detailed above can be further analysed between revenue and capital as follows:

	Year ended 31 May 2009			Year ended 31 May 2008		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit/(loss) £'000	245	(2,446)	(2,201)	507	(1,765)	(1,258)
Return per Ordinary share (pence)	0.69	(6.85)	(6.16)	1.38	(4.81)	(3.43)

10 Investments held at fair value through profit and loss

a) Group

	Year ended 31 May 2009		Year ended 31 May 2008		
	Unlisted £'000	Total £'000	Listed in UK £'000	Unlisted £'000	Total £'000
Opening book cost	19,583	19,583	635	21,875	22,510
Opening unrealised depreciation	(4,656)	(4,656)	(453)	(4,316)	(4,769)
Opening valuation	14,927	14,927	182	17,559	17,741
Movements in the year:					
Purchases at cost	–	–	–	23,251	23,251
Sales – proceeds	(2,148)	(2,148)	(3)	(25,609)	(25,612)
– realised (losses)/gains on sales	(5,876)	(5,876)	(632)	66	(566)
(Increase)/decrease in unrealised depreciation	3,746	3,746	453	(340)	113
Closing valuation	10,649	10,649	–	14,927	14,927
Closing book cost	11,559	11,559	–	19,583	19,583
Closing unrealised depreciation	(910)	(910)	–	(4,656)	(4,656)
	10,649	10,649	–	14,927	14,927
Gains/(losses) on held at fair value investments					
Realised (losses)/gains on sales of investments	(5,876)	(5,876)	(632)	66	(566)
Increase/(decrease) in unrealised depreciation	3,746	3,746	453	(340)	113
	(2,130)	(2,130)	(179)	(274)	(453)

Notes to the Financial Statements continued

b) Company

	Year ended 31 May 2009			Year ended 31 May 2008			
	Unlisted £'000	Subsidiary undertaking £'000	Total £'000	Listed in UK £'000	Unlisted £'000	Subsidiary undertaking £'000	Total £'000
Opening book cost	16,337	233	16,570	635	18,209	100	18,944
Opening unrealised (depreciation)/ appreciation	(4,993)	1,307	(3,686)	(453)	(4,463)	1,545	(3,371)
Opening valuation	11,344	1,540	12,884	182	13,746	1,645	15,573
Movements in the year:							
Purchases at cost	–	–	–	–	23,251	133	23,384
Sales – proceeds	(2,002)	–	(2,002)	(3)	(25,562)	–	(25,565)
– realised gains/(losses) on sales	(5,222)	–	(5,222)	(632)	439	–	(193)
(Increase)/decrease in unrealised depreciation	4,079	(1,259)	2,820	453	(530)	(238)	(315)
Closing valuation	8,199	281	8,480	–	11,344	1,540	12,884
Closing book cost	9,113	233	9,346	–	16,337	233	16,570
Closing unrealised (depreciation)/ appreciation	(914)	48	(866)	–	(4,993)	1,307	(3,686)
	8,199	281	8,480	–	11,344	1,540	12,884

Gains/(losses) on held at fair value investments

Realised (losses)/gains on sales of investments	(5,222)	–	(5,222)	(632)	439	–	(193)
(Increase)/decrease in unrealised depreciation	4,079	(1,259)	2,820	453	(530)	(238)	(315)
	(1,143)	(1,259)	(2,402)	(179)	(91)	(238)	(508)

c) Transaction costs

	31 May 2009		31 May 2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Sales	–	–	–	–
Purchases	–	–	–	–
	–	–	–	–

The details of the Group's subsidiaries are as follows:

Subsidiary Name	Country of incorporation	Principal Activity	Percentage of ordinary shares held by the Group
ADC (Glasgow) Limited	Scotland	Investment company	100% ^A
ADC Fund Limited Partnership	Scotland	Investment company	100%
ADC Zeros 2010 PLC	Scotland	Investment company	100%
ADC Zeros 2012 PLC	Scotland	Investment company	100%

^A held indirectly through ADC Fund Limited Partnership

11 Significant holdings

- a) As at 31 May 2009, Aberdeen Development Capital PLC held in excess of 20% of any class of the following investee companies share capital:

Name	Class of share	% of class held	% of equity held	Capital and reserves £'000	Post tax profit/(loss) £'000
Cash Bases Limited	'B' Ords	13	19	2,254	495
	Prefs	63			
	SLS	65			
Enpure Holdings Limited	'A' Ords	2	2	4,140	2,180
	SLS	45			
Fispak Limited	SLS	100	-	n/a	n/a
IFC Holdings Limited	Ords	26	26	4,406	69
Norson Holdings Limited	'A' Ords	37	24	1,665	1,200
Pilgrim Systems Limited	CCPPO	100	20	1,327	162
PLM Dollar Group Limited	CCPPO	100	20	3,857	271
	SLS	100			
TLA Holdings Limited	'A' Ords	73	34	2,006	(35)
Transys Holdings Limited	'B' Ords	19	14	377	(482)
	Prefs	19			
	SLS	26			

- b) Other interests of 10% or more of any class of the following investee companies share capital:

Name	Class of share	% of class held
Oliver Kay Limited	'B' Ords	16
	Prefs	17
	SLS	17
Ortak Jewellery Limited	'A' Ords	12
PSCA International Limited	SLS	12
Unique Communications Limited	'B' Ords	13
	'A' Prefs	13
	'B' Prefs	13
	Prefs	13
	SLS	13

SLS Secured Loan Stock

CCPPO Cumulative Convertible Participating Preferred Ordinary

Notes to the Financial Statements continued

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
12 Other receivables				
Prepayments and accrued income	112	27	283	174
Tax recoverable	14	4	14	4
VAT recoverable	271	271	–	–
Other debtors	12	12	12	12
Amounts due from brokers	–	–	629	629
Amounts due from subsidiary undertakings	–	6,570	–	6,569
	409	6,884	938	7,388

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
13 Current liabilities				
Amounts due to subsidiary undertakings	–	8,113	–	3,714
Other creditors	209	198	223	209
Tax creditor	96	–	158	–
Zero dividend preference shares	4,226	–	–	–
	4,531	8,311	381	3,923

14 Non-current liabilities

The Zero dividend preference shares of ADC Zeros 2010 PLC and ADC Zeros 2012 PLC were issued on 30 June 2005 at 100 pence per share and redeem at the Board's discretion between 30 April 2010 and 31 October 2010 at 59.76 pence and 30 April 2012 and 31 October 2012 at 67.78 pence per share respectively, an effective rate of 6.5% per annum. During the year a return of 15 pence per share was made to holders of ADC Zeros 2010 PLC and 15 pence per share to holders of ADC Zeros 2012 PLC. In addition 366,032 Zero dividend preference shares were purchased for cancellation for both ADC Zeros 2010 PLC and ADC Zeros 2012 PLC during the year. Accordingly, there were 7,491,110 Zero dividend preference shares in issue at 31 May 2009 for each of ADC Zeros 2010 PLC and ADC Zeros 2012 PLC (2008 - 7,857,142). The entitlement due in respect of the Zero dividend preference shares at the year end was £8,452,000 (2008 - £10,614,000).

	Number of ZDP Shares		Amount due to ZDP shareholders (£'000)	
	2009	2008	2009	2008
At 31 May 2008	15,714,284	17,500,000	10,614	19,749
Repurchase of ZDP shares	(732,064)	(1,785,716)	(286)	(1,092)
Return of capital to ZDP shares	–	–	(2,307)	(8,925)
ZDP shares finance cost	–	–	431	882
Transfer to current liabilities	–	–	(4,226)	–
At 31 May 2009	14,982,220	15,714,284	4,226	10,614

	2009		2008	
	Authorised £'000	Issued and fully paid £'000	Authorised £'000	Issued and fully paid £'000
15 Called-up share capital				
Ordinary shares of 1p	825	357	825	357

16 Share premium and capital reserves

Group	Share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000
At 31 May 2008	357	18,216	12	(7,302)	(4,656)	406
Return of capital to ordinary shareholders	-	(714)	-	-	-	-
Net loss on realisation of investments	-	-	-	(5,876)	-	-
Decrease in unrealised depreciation	-	-	-	-	3,746	-
ZDP finance costs	-	-	-	(431)	-	-
Costs charged to capital	-	-	-	(67)	-	-
VAT recoverable	-	-	-	182	-	-
Dividends paid	-	-	-	-	-	(498)
Retained earnings	-	-	-	-	-	245
At 31 May 2009	357	17,502	12	(13,494)	(910)	153

Company	Share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000
At 31 May 2008	357	18,216	12	(8,335)	(3,686)	612
Return of capital to ordinary shareholders	-	(714)	-	-	-	-
Net loss on realisation of investments	-	-	-	(5,222)	-	-
Decrease in unrealised depreciation	-	-	-	-	2,820	-
ZDP finance costs	-	-	-	(431)	-	-
Costs charged to capital	-	-	-	(39)	-	-
VAT recoverable	-	-	-	182	-	-
Dividends paid	-	-	-	-	-	(498)
Retained earnings	-	-	-	-	-	356
At 31 May 2009	357	17,502	12	(13,845)	(866)	470

Company revenue reserve

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own Income Statement. The amount of Company revenue before appropriation dealt with in the accounts of the Group is £356,000 (2008 - £680,000).

Notes to the Financial Statements continued

17 Net Asset Value per share

The net asset value per Ordinary share is based on a net asset value of £3,620,000 (2008 - £7,033,000) and on 35,719,225 (2008 - 35,719,225) Ordinary shares, being the number of Ordinary shares in issue at the year end.

18 Contingent assets

On 5 November 2007, the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT. HMRC has announced its intention not to appeal against this ruling to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company will be processed by HMRC in due course.

The Company has accepted the Manager's offer to refund £271,000 to the Company, representing all VAT charged on *investment management fees for the period 1 January 2004 to 31 August 2007*; this has been recognised in these financial statements and has been allocated to revenue and capital respectively, in accordance with the accounting policy of the Company for the periods in which the VAT was charged. The amount for earlier periods and the timescale for receipt are at present uncertain and the Company has therefore taken no account in these financial statements of any such repayment.

It is expected that repayments will be made by HMRC to the Manager in respect of VAT which has been charged on the Company's investment management fees in periods prior to 1 January 2004. The Manager has undertaken to pass these amounts on to the Company, including any interest received, without undue delay. The Manager is at present awaiting HMRC's confirmation of the amounts to be received and these are expected to come in two further tranches, one for VAT paid from 2001 to 2003 and the second covering the period from 1990 to 1996. The timing of these payments is not certain, although we would expect the total amount, covering both those earlier periods, to be in excess of £500,000 plus interest, which will, once again, be split in accordance with the prevailing accounting policy.

19 Related party disclosure

The transactions with Aberdeen Asset Managers Limited and the year end balances are disclosed in note 4 of the financial statements.

20 Financial instruments

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

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

The Manager's policies for managing these risk are summarised below and have been applied throughout the year. The numerical disclosures below exclude short-term debtors and creditors, which are included in the Balance Sheet at fair value.

(i) Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 2. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out on pages 6 and 7 in the Manager's Review and page 11 of the Largest Investments.

(ii) Interest rate risk

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

	31 May 2009		
	Fixed interest £'000	Floating rate £'000	Non-interest bearing £'000
Sterling			
Unlisted	3,467	200	6,982
Cash	–	1,319	–
	3,467	1,519	6,982

	31 May 2008		
	Fixed interest £'000	Floating rate £'000	Non-interest bearing £'000
Sterling			
Unlisted	4,163	200	10,564
Cash	–	2,163	–
	4,163	2,363	10,564

The unlisted fixed interest assets have a weighted average life of 3.03 years (2008 - 3.55 years) and a weighted average interest rate of 6.70% (2008 - 6.42%).

It is the Directors' opinion that the carrying amounts of these financial assets represent the maximum credit exposure at the Balance Sheet date.

Maturity profile

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

At 31 May 2009	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed interest							
Unlisted	100	274	1,676	1,000	–	417	3,467
	100	274	1,676	1,000	–	417	3,467

Within "more than 5 years" there is a figure of £417,000 (2008 - £1,391,000) in respect of preference and ordinary shares which bear fixed franked investment income and do not have a redemption date.

Notes to the Financial Statements continued

At 31 May 2008	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed interest							
Unlisted	286	335	–	1,616	1,509	417	4,163
	286	335	–	1,616	1,509	417	4,163

(iii) Liquidity risk

Due to their nature, unlisted investments may not be readily realisable; cash is held to mitigate this liquidity risk.

Credit risk and interest rate risk is minimised by acquiring high quality treasury stocks or other bonds which have a relatively short time to maturity, when sufficient funds are available.

The Company, generally, does not hold significant cash balances as this is returned to Shareholders via either the capital repayment scheme or share buyback programme. Any cash held is with reputable banks with high external credit ratings.

(iv) Price risk sensitivity

As the Company does not hold any listed investments, the Board does not believe the Company is at risk of possible changes in market prices.

21 Post Balance Sheet

On 16 June 2009, the Group made a third return of capital under the Capital Return Scheme, which was approved by Shareholders at Extraordinary General Meetings held on 3 August 2007 of 0.3p per Ordinary share, 2.6p per 2010 ZDP share and 2.6p per 2012 ZDP share.

Glossary of Terms and Definitions

Actual Gearing	Total Assets (as below) less all cash and fixed interest assets (excluding convertibles) divided by shareholders' funds.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Net Asset Value	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Potential Gearing	Total Assets including all debt being used for investment purposes divided by shareholders' funds.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Redemption Yield	The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above).
Total Expense Ratio	Ratio of expenses as percentage of average shareholders' funds calculated as per the industry standard Lipper Fitzrovia method.
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes up. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.
Winding-up Date	The date specified in the Articles of Association for winding up a company.

Notice of Meeting

Notice is hereby given that the twenty third Annual General Meeting of Aberdeen Development Capital PLC will be held at 10 Queen's Terrace, Aberdeen AB10 1YG, on Thursday, 24 September 2009 at 12 noon to consider the following resolutions:

As Ordinary Business

To consider and, if thought fit, pass the following Resolutions which will be proposed as Ordinary Resolutions:

1. To receive the report of the Directors and the accounts for the year ended 31 May 2009, together with the Auditors Report thereon.
2. To receive and adopt the Directors' Remuneration Report.
3. To re-elect Mr Gilbert as a Director of the Company.
4. To re-elect Mr Milligan as a Director of the Company.
5. To re-elect Mr Scott as a Director of the Company.
6. To re-appoint Deloitte LLP as auditors and to authorise the Directors to determine their remuneration.

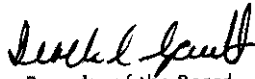
As Special Business

To consider and, if thought fit, pass the following Resolution, which will be proposed as a Special Resolution:

7. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (hereafter the "Act") to make market purchases (within the meaning of Section 163 of the Act and to cancel Ordinary shares of 1p each of the Company, provided that:
 - (i) the maximum number of Ordinary shares hereby authorised to be purchased is 5,354,312 being 14.99 per cent. of the issued share capital of the Company as at the date of passing of this Resolution;
 - (ii) the minimum price which may be paid for an Ordinary share is one penny;
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
 - (a) 105 per cent. of the average market value (taken from the Daily Official List of the London Stock Exchange) of an Ordinary Share for the five business days immediately preceding the day the purchase is made; and
 - (b) The value of an Ordinary Share calculated on the basis of the higher of (1) the last independent trade of any number of Ordinary Shares on the London Stock Exchange or (2) the highest current independent bid for any number of Ordinary Shares on the London Stock Exchange;
 - (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2010 or, if earlier, on the expiry of 12 months from the passing of this Resolution, unless such authority is renewed prior to such time;
 - (v) the Company may make a contract or contracts to purchase ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of such contract or contracts.

Notes: see below

10 Queen's Terrace
Aberdeen AB10 1YG
30 July 2009


By order of the Board
Aberdeen Asset Management PLC
Secretaries

Notes:**Part I**

1. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
2. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours (excluding non-working days) prior to the time for holding the meeting. You may also deliver by hand to the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours no later than 48 hours (excluding non-working days) prior to the time for holding the meeting.
3. The return of a completed proxy form or other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.
4. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the Meeting (or, in the event that the Meeting is adjourned, forty eight hours before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting referred to above.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
6. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 2 above do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
 - a. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - b. the answer has already been given on a website in the form of an answer to a question; or
 - c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
7. As at close of business on 30 July 2009 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 35,719,225 Ordinary shares of 1 pence each. Each Ordinary share carries the right to one vote at a general meeting of the Company.

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules
8. The members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the auditors) setting out any matter relating to the audit of the Company's accounts, including the auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to 10 Queen's Terrace, Aberdeen AB10 1YG.
9. No Director has any contract of service with the Company.

Notice of Meeting continued

Part II

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the registrar's website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID RA10) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Capital Structure

35,719,225	Issued Share Capital Ordinary shares of 1p
	Capital History
5 September 1986	Issue of 12,000,000 Ordinary shares of 10p in North of Scotland Investment Company plc (now Aberdeen Development Capital PLC)
8 September 1986	Dealings commence in Ordinary shares
4 December 1987	Issue of 4,889,031 Ordinary shares of 10p
3 June 1988	Issue of 2,676,808 Ordinary shares of 10p
28 November 1988	Issue of 1,898,620 Ordinary shares of 10p
6 June 1990	Issue of 7,533,462 Ordinary shares of 10p Change of name to Abtrust Scotland Investment Company PLC
10 April 1991	Issue of 4,517,543 Ordinary shares of 10p
25 April 1994	1 for 5 Rights issue of 6,703,092 units (each unit comprising 5 new Ordinary shares of 10p and 1 warrant) and a 1 for 5 bonus issue of warrants
30 September 1995	Issue of 1,120 Ordinary shares of 10p resulting from the exercise of 1,120 warrants
30 September 1996	Issue of 500 Ordinary shares of 10p resulting from the exercise of 500 warrants
30 September 1997	Issue of 8,528 Ordinary shares of 10p resulting from the exercise of 8,528 warrants
30 September 1998	Issue of 1,600 Ordinary shares of 10p resulting from the exercise of 1,600 warrants
1 July 1999	Conversion into a split-capital investment trust with revised capital being 55% Ordinary shares of 10p and 45% Zero dividend preference shares of 10p Purchase for cancellation of entire outstanding warrants Change of name to Aberdeen Development Capital PLC
29 October 1999	Formation of subsidiaries, ADC Fund Limited Partnership and ADC (Glasgow) Limited
23 August 2004	Formation of subsidiary, ADC Zeros 2005 PLC, issue of 50,000 Ordinary shares of £1 and 30,206,638 ZDP shares of 0.0001p
22 November 2004	Dealings commence in ZDP shares of ADC Zeros 2005 PLC
19 May 2005	Formation of subsidiaries, ADC Zeros 2010 PLC and ADC Zeros 2012 PLC
29 June 2005	ADC Zeros 2005 PLC placed in voluntary liquidation
30 June 2005	Dealings commence in the ZDP units of ADC Zeros 2010 PLC and ADC Zeros 2012 PLC
3 August 2007	Reduction in nominal capital value from 10p per Ordinary share to 1p Cancellation of share premium account
Year to 31 May 2008	During the year to 31 May 2008 a total of 1,200,000 Ordinary shares were purchased in the market and cancelled During the year to 31 May 2008 a total of 892,858 ZDP shares in ADC Zeros 2010 PLC and 892,858 ZDP shares in ADC Zeros 2012 PLC were purchased in the market and cancelled
Year to 31 May 2009	During the year to 31 May 2009 a total of 366,032 ZDP shares in ADC Zeros 2010 PLC and 366,032 ZDP shares in ADC Zeros 2012 PLC were purchased in the market and cancelled

Corporate Information

Directors

John R Milligan, Chairman
Martin J Gilbert (alternate Hugh W M Little)
Charles M Scott

Manager

Aberdeen Asset Managers Limited
10 Queen's Terrace
Aberdeen AB10 1QG

Secretaries and Registered Office

Aberdeen Asset Management PLC
10 Queen's Terrace
Aberdeen AB10 1QG
Email: company.secretaries@invtrusts.co.uk
Registered Number: 98542

Registrars

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

Audit Committee

Messrs Scott (Chairman) and Milligan

Management Engagement Committee

Messrs Milligan (Chairman) and Scott

Nomination Committee

Messrs Milligan (Chairman), Gilbert and Scott

Stockbrokers

Intelli Stockbrokers
63 Queen Victoria Street
London EC4N 4UA

Auditors

Deloitte LLP
Lomond House
9 George Square
Glasgow G2 1QQ

Bankers

Bank of Scotland
Corporate Banking (Scotland)
3-5 Albyn Place
Aberdeen AB10 1PY

Custodian Bankers

State Street Bank and Trust Company
One Canada Square
London E14 5AF

Solicitors

Dickson Minto
16 Charlotte Square
Edinburgh EH2 4DF

Aberdeen Asset Managers Limited

10 Queen's Terrace

Aberdeen AB10 1YG

Tel 01224 631999 Fax 01224 647010

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40 Princes Street, Edinburgh EH2 2BY

Tel 0131 528 4000 Fax 0131 528 4400

Authorised and Regulated by The Financial Services Authority

Member of the Aberdeen Asset Management Group of Companies