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**SCHRODER  
UK GROWTH  
FUND plc**

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**Interim Report  
31 October 2006**



**Schroders**



#### **INVESTMENT OBJECTIVE**

**The Company's principal investment objective is to achieve capital growth predominantly through investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index over the longer term.**

## Directors

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**Alan Clifton (Chairman)**  
**Keith Niven**  
**Ian Phillips**  
**Stella Pirie**  
**David Ritchie**

## Advisers

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### **Investment Manager**

Schroder Investment Management Limited  
31 Gresham Street,  
London EC2V 7QA

### **Secretary and Registered Office**

Schroder Investment Management Limited  
31 Gresham Street,  
London EC2V 7QA  
Telephone: 020 7658 3206

### **Registrar**

Lloyds TSB Registrars Scotland  
PO Box 28448,  
Finance House,  
Orchard Brae,  
Edinburgh EH4 1WQ  
Shareholder Helpline: 0870 601 5366

### **Bankers**

Schroder & Co Limited  
31 Gresham Street,  
London EC2V 7QA

The Royal Bank of Scotland Finance (Ireland)  
IFSC House,  
International Financial Services Centre,  
Dublin 1

### **Auditors**

PricewaterhouseCoopers LLP  
Southwark Towers,  
32 London Bridge Street,  
London SE1 9SY

### **Stockbrokers**

Dresdner Kleinwort  
30 Gresham Street  
London EC2P 2XY

### **Solicitors**

Slaughter and May  
One Bunhill Row,  
London EC1Y 8YY

### **Custodian**

JPMorgan Chase Bank,  
1 Chaseside,  
Bournemouth  
Dorset BH7 7DA

## Financial Highlights

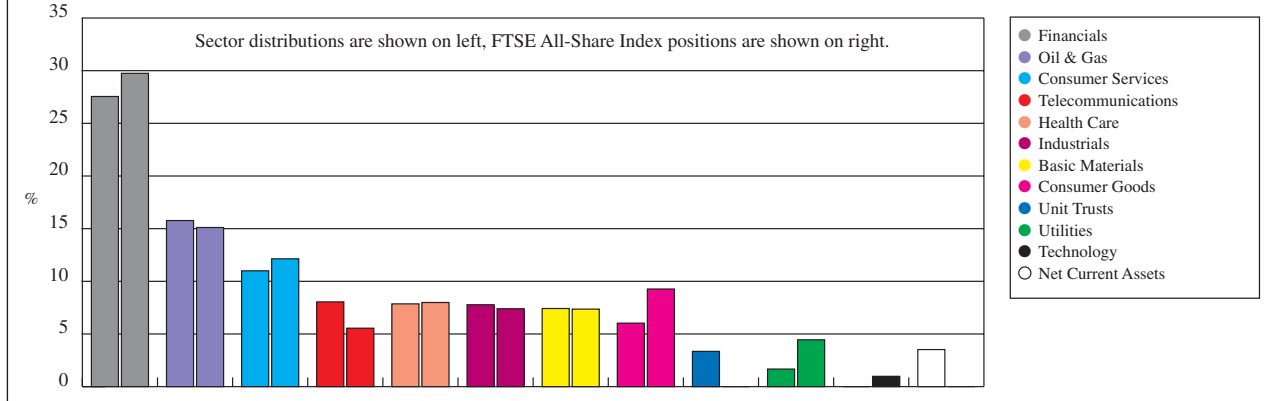
	31 October 2006	30 April 2006	Change
Net asset value per share	<b>141.59p</b>	139.59p	1.4%
Share price	<b>131.00p</b>	123.00p	6.5%
Share price discount	<b>(7.5)%</b>	(11.9)%	–
Total assets*	<b>£261.0m</b>	£257.1m	1.5%
Loans (see note 6)	<b>£30.0m</b>	£28.0m	+7.1%
Shareholders' funds	<b>£231.0m</b>	£229.1m	0.8%
Market capitalisation	<b>£213.8m</b>	£201.9m	+5.9%
	<b>Six months ended 31 October 2006</b>	Six months ended 31 October 2005	
Dividend per share	<b>1.50p</b>	1.50p	
Net asset value total return <sup>†</sup>	<b>2.6%</b>	11.6%	
FTSE All-Share Index total return <sup>†</sup>	<b>3.7%</b>	12.9%	

\* Total assets less current liabilities (excluding loans).

† Source: Fundamental Data.

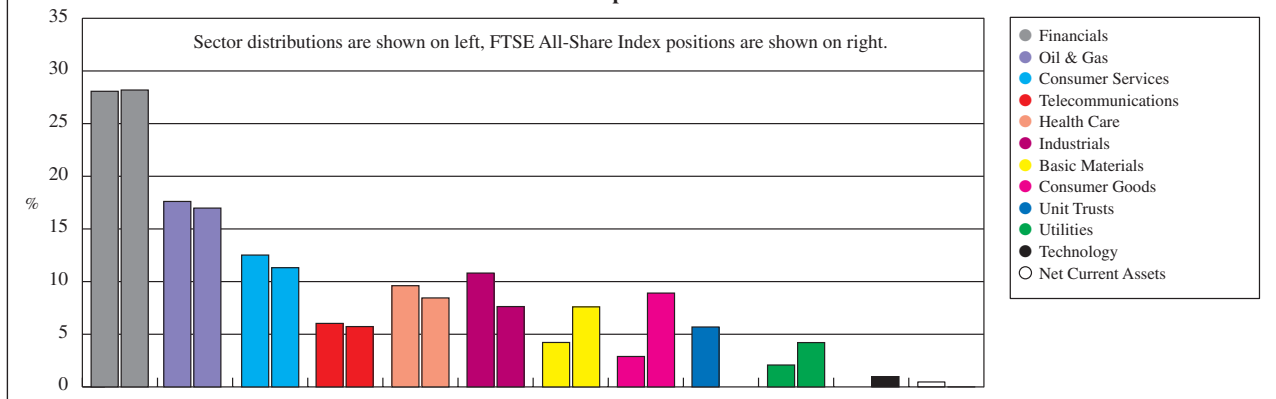
### Comparison of portfolio sector distribution with the FTSE All-Share Index\*

at 31 October 2006



### Comparison of portfolio sector distribution with the FTSE All-Share Index\*

at 30 April 2006



\* Sector distributions are shown as a percentage of total assets less current liabilities (excluding loans).

## Chairman's Statement

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### **Performance and Background**

During the six-month period ended 31 October 2006, the Company's net asset value produced a total return of 2.6%, and the share price produced a total return of 8.2%, compared with the FTSE All-Share Index, which recorded an equivalent return of 3.7% over the same period. The share price total return during the period was assisted by the re-rating of the Company's shares following the announcement of the proposed change in investment policy and introduction of a discount protection mechanism.

### **Change in Investment Policy**

As laid out in the Circular to shareholders dated 23 October 2006 ("the Circular"), an Extraordinary General Meeting was held on 17 November 2006 to consider proposals for a change in investment policy. I am pleased to report that shareholders voted overwhelmingly in favour of the change in investment policy and the Manager has completed his initial restructuring of the portfolio following approval from shareholders. Further details of the changes to the portfolio may be found in the Investment Manager's Report.

### **Discount Protection Mechanism**

In the Circular, I indicated that the Board intended to introduce a formal discount management policy, to take effect once the change in investment policy had been approved, under which the Company will seek to maintain the discount to the net asset value at which shares are quoted on the London Stock Exchange at no greater than 5 per cent over the long-term, subject to adverse market conditions.

The Directors also sought authority to allow them to hold shares in treasury for re-issue at or above the prevailing net asset value per share to assist with the implementation of the discount protection mechanism. To date, the Directors have utilised this authority on one occasion to purchase 3,250,000 shares, which are now being held in treasury.

### **Dividends**

The Directors have declared a first interim dividend of 1.50p per share for the year ending 30 April 2007. This interim dividend will be payable on 31 January 2007 to shareholders on the register on 5 January 2007.

As indicated in the Circular income from investee companies may be somewhat more volatile in future. Whilst shareholders should not make any assumptions about the level of the second interim dividend, the Directors would be disappointed if total dividends in respect of the current year did not at least match those paid in respect of last year.

### **Alan Clifton**

*Chairman*

22 December 2006

## Investment Manager's Review

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### Performance

During the six months to 31 October 2006 the Company's share price produced a total return of +8.2% and the Company's net asset value produced a total return of +2.6%, compared to a return of +3.7% by the FTSE All Share Index. The share price total return was assisted by a re-rating of the shares after the proposal to change the investment strategy of the Company to a more index unaware approach as followed by the Schroder UK Alpha Plus Fund, was announced to the market.

The UK market suffered a set back at the beginning of the period as investors grew concerned over levels of inflation and that interest rates might rise further than anticipated. Areas of the market that had risen fastest initially fell most, but this weakness spread to all sectors. Any weakness was short lived, however, as merger and acquisition activity continued to provide support to the market. Companies across a diverse group of industries were bid targets and speculation about future activity kept investor spirits high. In this environment, mid and small cap companies outperformed the FTSE 100. Equity markets continued their strong performance into the latter part of the year helped by a strong start to the US earnings season, with over two thirds of S&P 500 companies reporting results beating expectations, a trend companies in Europe followed.

### Outlook

Despite some prominent headlines, for example the first official increase in UK interest rates for two years, there has been very little change in the sentiment or preoccupations of UK equity investors in the last few months. During the market downturn in May there were some signs of doubt about how long the good times could last for companies which had been in favour for some time. However, these concerns were short-lived and there has been no significant change in risk appetite or in relative valuations within the market.

We continue to feel that, after very benign conditions in recent years, companies now face more obstacles and that, for some, the risk of disappointments has increased. We do not anticipate any material downturn in growth, especially as US interest rates look to have peaked. However, there is little pent-up demand and many costs are rising, making both revenue growth and margin improvement harder to come by. In the UK it seems likely that interest rates will edge higher as the Bank of England adopts a hawkish tone, anxious to contain consumer borrowing at a time when inflation is ticking up. We therefore question for how long the signs of stronger consumer spending which were apparent over the summer months will last and we believe that for many companies the rate of earnings growth will slow.

### Policy

The portfolio was repositioned to follow an investment strategy similar to that run by the Schroder UK Alpha Plus Fund, following the vote in favour at the EGM. The main effect was a reduction in the number of holdings from 39 to 31, with proceeds reinvested to increase weights in favoured holdings (via a programme trade at minimal cost).

Our policy is not based on an expectation that the stock market or profits will fall; indeed, we can identify pockets of exceptional value and the withdrawal of equity from the market, either through mergers and acquisitions or share repurchases, should continue to provide much support. However we do believe that more discrimination is necessary in this environment and that investment in companies whose valuations are justified only on optimistic scenarios is particularly risky. We

## Investment Manager's Review continued

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anticipate a change in the type of companies that will provide the best investment returns as sustainable earnings growth, well-established franchises and strong finances become increasingly desirable characteristics. To date business quality or earnings resilience has received scant attention and as a result many companies with these attributes are extremely lowly valued in comparison to other parts of the market. Many of these are larger companies which have been overlooked in a period of high risk tolerance and bid speculation, and we are more heavily invested in FTSE 100 stocks than for many years.

Much of the recent underperformance stems from stocks we have not owned for the reasons of relative value outlined above rather than as a result of fundamental disappointments within the portfolio. Turning points in market conditions are always hard to pinpoint. However any pick-up in the numbers of companies missing earnings expectations or failures of highly leveraged private equity transactions, the early signs of which we have seen recently, could lead investors to re-examine their view of reward and risk and prompt more focus on the merits of the companies we hold and we are very confident in the fundamental appeal and underlying value of the portfolio as a whole.

**Schroder Investment Management Limited**

22 December 2006

## Twenty Largest Investments

As at 31 October 2006

Company and Activity	Market value of holding £'000	Percentage of shareholders' funds*
<b>HSBC</b> International banking and financial services group.	19,235	8.33
<b>BP</b> Integrated oil company.	17,759	7.69
<b>GlaxoSmithkline</b> Global based pharmaceutical company.	15,392	6.66
<b>Vodafone Group</b> Global mobile telephone service provider.	14,134	6.12
<b>Royal Bank of Scotland Group</b> Banking and financial services group.	13,416	5.81
<b>BG Group</b> Oil and gas exploration and production company.	11,866	5.14
<b>Royal Dutch Shell</b> Integrated oil company.	11,542	5.00
<b>Rio Tinto</b> World leader in finding, mining and processing a wide range of minerals across the world.	10,417	4.50
<b>HBOS</b> Diversified financial services.	9,912	4.29
<b>Schroder Institutional UK Smaller Companies Fund</b> Unit Trust.	8,733	3.78
<b>Tesco</b> Leading UK and international food retailing group.	7,989	3.46
<b>BT</b> UK fixed line telecommunications provider.	6,878	2.98
<b>Prudential</b> International financial services and insurance group.	6,869	2.97
<b>BHP Billiton</b> Diversified resources company.	6,247	2.70
<b>Resolution</b> Consolidator of closed life funds.	6,233	2.69
<b>Standard Chartered</b> International banking group.	6,057	2.62
<b>Reuters</b> News and financial information provider.	5,507	2.38
<b>British Sky Broadcasting</b> Pay-television broadcasting company.	5,166	2.24
<b>AstraZeneca Group</b> Research based pharmaceutical company.	5,127	2.22
<b>Charter</b> International engineering company.	5,043	2.18
<b>Total</b>	193,522	83.76

\* Total assets less current liabilities.

**Income Statement** (unaudited)

	Notes	For the six months ended 31 October 2006			For the six months ended 31 October 2005			For the year ended 30 April 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value		–	3,372	3,372	–	18,209	18,209	–	51,717	51,717
Income		4,187	–	4,187	2,705	–	2,705	6,581	–	6,581
Investment management fee	2	(167)	(389)	(556)	(143)	(333)	(476)	(303)	(708)	(1,011)
Administrative expenses		(167)	(21)	(188)	(159)	–	(159)	(355)	–	(355)
Net return before finance costs and taxation		3,853	2,962	6,815	2,403	17,876	20,279	5,923	51,009	56,932
Interest payable	3	(227)	(530)	(757)	(190)	(443)	(633)	(384)	(896)	(1,280)
Net return on ordinary activities before taxation		3,626	2,432	6,058	2,213	17,433	19,646	5,539	50,113	55,652
Taxation on ordinary activities		–	–	–	–	–	–	–	–	–
Net return on ordinary activities after taxation attributable to equity shareholders		3,626	2,432	6,058	2,213	17,433	19,646	5,539	50,113	55,652
Net return per ordinary share	4	2.22p	1.49p	3.71p	1.34p	10.59p	11.93p	3.36p	30.44p	33.80p

The total column of this statement is the profit and loss account of the Company. The revenue and capital return columns are both provided in accordance with guidance issued by the Association of Investment Companies. The Company has no recognised gains or losses other than those disclosed in the Income Statement and the Reconciliation of Movements in Shareholders' Funds. Accordingly no Statement of Total Recognised Gains or Losses is presented.

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

The notes on page 10 form an integral part of the accounts.

**Reconciliation of Movements in Shareholders' Funds** (unaudited)

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Balance at 30 April 2005 – previously reported</b>	41,161	16,108	944	95,727	417	21,006	1,407	176,770
Valuation adjustment	–	–	–	–	–	(192)	–	(192)
Dividends – second interim dividend accrued in respect of the year ended 30 April 2005	–	–	–	–	–	–	2,717	2,717
<b>Balance at 30 April 2005 – restated</b>	41,161	16,108	944	95,727	417	20,814	4,124	179,295
Net profit from operating activities	–	–	–	–	–	17,433	2,213	19,646
Share buyback	–	–	–	–	–	–	–	–
Dividends – second interim dividend paid in respect of the year ended 30 April 2005	–	–	–	–	–	–	(2,717)	(2,717)
<b>Balance at 31 October 2005</b>	<b>41,161</b>	<b>16,108</b>	<b>944</b>	<b>95,727</b>	<b>417</b>	<b>38,247</b>	<b>3,620</b>	<b>196,224</b>

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Balance at 30 April 2005 – restated</b>	41,161	16,108	944	95,727	417	20,814	4,124	179,295
Net profit from operating activities	–	–	–	–	–	50,113	5,539	55,652
Share buyback	(125)	125	–	(629)	–	–	–	(629)
Dividends – second interim dividend paid in respect of the year ended 30 April 2005	–	–	–	–	–	–	(2,717)	(2,717)
Dividends – first interim dividend paid in respect of the year ended 30 April 2006	–	–	–	–	–	–	(2,470)	(2,470)
<b>Balance at 30 April 2006</b>	<b>41,036</b>	<b>16,233</b>	<b>944</b>	<b>95,098</b>	<b>417</b>	<b>70,927</b>	<b>4,476</b>	<b>229,131</b>

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Balance at 30 April 2006</b>	41,036	16,233	944	95,098	417	70,927	4,476	229,131
Net profit from operating activities	–	–	–	–	–	2,432	3,626	6,058
Share buyback	(243)	243	–	(1,133)	–	–	–	(1,133)
Dividends – second interim dividend paid in respect of the year ended 30 April 2006	–	–	–	–	–	–	(3,021)	(3,021)
<b>Balance at 31 October 2006</b>	<b>40,793</b>	<b>16,476</b>	<b>944</b>	<b>93,965</b>	<b>417</b>	<b>73,359</b>	<b>5,081</b>	<b>231,035</b>

The notes on page 10 form an integral part of the accounts.

**Balance Sheet** (unaudited)

	Notes	At 31 October 2006 £'000	At 31 October 2005 £'000	At 30 April 2006 £'000
<b>Fixed assets</b>				
Investments held at fair value through profit or loss		251,814	218,007	255,929
<b>Current assets</b>				
Debtors		669	349	1,729
Cash at bank		10,122	4,323	199
		10,791	4,672	1,928
<b>Creditors: amounts falling due within one year</b>	<b>6</b>	<b>(31,570)</b>	<b>(26,455)</b>	<b>(28,726)</b>
<b>Net current liabilities</b>		<b>(20,779)</b>	<b>(21,783)</b>	<b>(26,798)</b>
<b>Net assets attributable to shareholders</b>		<b>231,035</b>	<b>196,224</b>	<b>229,131</b>
<b>Capital and reserves</b>				
Called-up share capital		40,793	41,161	41,036
Capital redemption reserve		16,476	16,108	16,233
Share premium account		944	944	944
Share purchase reserve		93,965	95,727	95,098
Warrant exercise reserve		417	417	417
Capital reserves		73,359	38,247	70,927
Revenue reserve		5,081	3,620	4,476
<b>Total equity shareholders' funds</b>		<b>231,035</b>	<b>196,224</b>	<b>229,131</b>
<b>Net asset value per ordinary share</b>	<b>7</b>	<b>141.59p</b>	<b>119.18p</b>	<b>139.59p</b>

**Cash Flow Statement** (unaudited)

	For the six months ended 31 October 2006 £'000		For the six months ended 31 October 2005 £'000		For the year ended 30 April 2006 £'000
<b>Operating activities</b>					
Income from investments	5,409		4,512		6,975
Interest received	120		67		113
Administrative expenses	(122)		(164)		(360)
Investment management fee	(546)		(451)		(953)
<b>Net cash inflow from operating activities</b>	<b>4,861</b>		<b>3,964</b>		<b>5,775</b>
<b>Returns on investments and servicing of finance</b>					
Bank loan and overdraft interest paid	(763)		(643)		(1,288)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(763)</b>		<b>(643)</b>		<b>(1,288)</b>
<b>Financial investment</b>					
Purchase of investments	(28,298)		(18,108)		(62,710)
Sale of investments	36,284		20,347		59,755
<b>Net cash inflow/(outflow) from financial investment</b>	<b>7,986</b>		<b>2,239</b>		<b>(2,955)</b>
<b>Equity dividends paid</b>	<b>(3,021)</b>		<b>(2,717)</b>		<b>(5,187)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>9,063</b>		<b>2,843</b>		<b>(3,655)</b>
<b>Financing</b>					
Purchase of shares for cancellation	(1,140)		–		(626)
Bank loan drawn down	2,000		–		3,000
<b>Net cash inflow from financing</b>	<b>860</b>		<b>–</b>		<b>2,374</b>
<b>Net cash inflow/(outflow)</b>	<b>9,923</b>		<b>2,843</b>		<b>(1,281)</b>

The notes on page 10 form an integral part of the accounts.

## Notes to the accounts

### 1. Accounting policies

The interim financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with the Companies Act 1985 and Generally Accepted Accounting Practice (UK GAAP) issued by the Accounting Standards Board (ASB) and the Statement of Recommended Practice Financial Statements of Investment Trust Companies ("SORP") issued in January 2003 and revised in December 2005. The same accounting policies used for the year ended 30 April 2006 have been applied.

### 2. Investment management fees

The investment management fees are apportioned on a 70:30 basis between the capital and revenue accounts respectively. The table below sets out the allocation of the charges and reflects the irrecoverable VAT with respect to management fees.

	For the six months ended 31 October 2006 £'000	For the six months ended 31 October 2005 £'000	For the year ended 30 April 2006 £'000
Investment management fee			
– charged to revenue	142	122	258
– charged to capital	331	283	603
Irrecoverable VAT			
– charged to revenue	25	21	45
– charged to capital	58	50	105
	<b>556</b>	<b>476</b>	<b>1,011</b>

### 3. Interest payable

Interest payable is allocated on a 70:30 basis between the capital and revenue accounts, as set out in the table below:

	For the six months ended 31 October 2005 £'000	For the six months ended 31 October 2005 £'000	For the year ended 30 April 2006 £'000
Interest payable			
– charged to revenue	227	190	384
– charged to capital	530	443	896
	<b>757</b>	<b>633</b>	<b>1,280</b>

### 4. Return per ordinary share

	Six months ended 31 October 2006 £'000	Six months ended 31 October 2005 £'000	Year ended 30 April 2006 £'000
Revenue return	3,626	2,213	5,539
Capital return	2,432	17,433	50,113
<b>Total return</b>	<b>6,058</b>	<b>19,646</b>	<b>55,652</b>
Weighted average number of shares in issue	<b>163,396,987</b>	164,645,900	164,640,421
Revenue return	2.22p	1.34p	3.36p
Capital return	1.49p	10.59p	30.44p
<b>Total return</b>	<b>3.71p</b>	<b>11.93p</b>	<b>33.80p</b>

### 5. Dividends

The first interim dividend for the year ending 30 April 2007 of 1.50 pence per ordinary share will be paid on 31 January 2007 to shareholders on the register at 5 January 2007. On 31 July 2006 the Company paid a second interim dividend of 1.85p for the year ended 30 April 2006.

### 6. Creditors: amounts falling due within one year

Included within creditors of £31.6m is a loan of £30.0m (October 2005: £25.0m, April 2006: £28.0m) drawn down from the Company's facility with The Royal Bank of Scotland Finance (Ireland) Limited.

### 7. Net asset value per ordinary share

	31 October 2006 £'000	31 October 2005 £'000	30 April 2006 £'000
Net asset value per ordinary share	141.59p	119.18p	139.59p
Ordinary shares, in issue at end of period	<b>163,175,900</b>	164,645,900	164,145,900

### 8. Results

The results for the six months to 31 October 2006 and 31 October 2005, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 April 2006; the report of the auditors thereon was unqualified and did not contain a statement under Section 237 of the Companies Act 1985. The abridged financial statements shown above for the year ended 30 April 2006 are an extract from those accounts.

## Company Summary and Shareholder Information

### Company status

The Company was established on March 1994 and is an independent investment trust whose shares are listed on the London Stock Exchange. The Company's assets have been managed by Schroders since inception.

### Benchmark

Since inception, the Company has measured its performance against that of the FTSE All-Share Index.

### Duration

It is not intended for the Company to have a limited life. However, the Directors consider that shareholders should have the opportunity to decide the future of the Company at appropriate intervals. Accordingly, the Articles of Association provide for Directors to put forward proposals for the continuation of the Company at the Annual General Meeting in 2009 and at five yearly intervals thereafter.

### Share Price and Net Asset Value Information

The Company's shares are listed on the London Stock Exchange under the code SDU. The Company's ordinary share price is quoted daily in the Financial Times, The Times and The Daily Telegraph.

The Company releases its net asset value to the market weekly.

Share price information is also available on the Schroders website at:

<http://www.schroders.co.uk>

### Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on this association can be found on its website, [www.theaic.co.uk](http://www.theaic.co.uk)

### Financial Calendar

January	Interim report published
31 January	First interim dividend payable
30 April	Year end
June	Second interim dividend and preliminary annual results announced
July	Annual Report and Accounts published
31 July	Second interim dividend payable
August	Annual General Meeting
December	First interim dividend and interim results announced

### Shares in issue

As at 31 December 2006, the Company had 163,175,900 Ordinary shares of 25p each in issue, of which 3,250,000 shares were held in treasury.

### Analysis of Shareholder Register

as at 31 October 2006

Total number of registered holders: 4,438

Investor Category	% of issued share capital
Private Individuals	6.3
Banks/Nominees (excluding Schroder PEP/ISA/Dealing Service)	42.7
Schroder PEP/ISA Holders	43.7
Schroder Investment Trust Dealing Service Participants	1.5
Others	5.8
	<b>100.00</b>

## Investing in Schroder UK Growth Fund plc

### Schroder Investment Trust Dealing Service

The Schroder Investment Trust Dealing Service provides a convenient and cost effective means of investing in the ordinary shares of the Company. The Service offers investors:

- a regular investment option from a minimum of £50 per month
- a lump sum investment option from a minimum of £1,000
- daily dealing
- competitive charges
- the option to reinvest income.

Other investment trusts which are available through this service are Schroder AsiaPacific Fund plc, Schroder Income Growth Fund plc, Schroder Oriental Income Fund Limited, Schroder Japan Growth Fund plc, Schroder Split Investment Fund plc, Schroder Split ZDP plc, Schroder UK Mid & Small Cap Fund plc, SVG Capital plc and International Biotechnology Trust plc.

### Individual Savings Account – Schroder Maxi ISA Plan

The Schroder ISA offers investors:

- lump sum investments in the ordinary shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year
- a regular investment option from a minimum of £50 per month
- competitive charges
- the option to reinvest income
- the option to include other trusts.

If you would like further information about the Schroder Investment Trust Dealing Service or the Schroder Maxi ISA, please contact the Secretary of the Company at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777.

### Capital Gains Tax Information

The acquisition costs of the shares for capital gains tax purposes based upon initial dealings are as follows:

- for the benefit of those shareholders who acquired their holdings in the original Offer for Subscription, with initial dealings on 25 April 1994:  
Each ordinary share of 25p each 93.30p
- for the benefit of those shareholders who acquired their holdings in the C share issue, with initial dealings on 29 April 1996:  
Each ordinary share of 25p each 122.65p

For the 2006/2007 tax year, the annual capital gains (after adjusting for indexation and taper relief of private individuals in excess of £8,800 (2005/2006: £8,500) are assessed for capital gains tax.

Capital gains on shares disposed of by individuals may be eligible for taper relief. The taper reduces the amount of a chargeable gain according to how long the asset has been held for periods after 5 April 1998.

Where shares were acquired before 6 April 1998, the capital gain will also be reduced by indexation allowance for the period up to April 1998, but not thereafter.



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