

GLOBAL SPECIAL OPPORTUNITIES

**Global Special Opportunities
Trust PLC**
(Formerly US Special Opportunities Trust PLC)

annual report & accounts
for the year ended
31 May 2008

2008



PREMIER
ASSET MANAGEMENT

Investment objective and policy

Until 30 May 2008, the Company's investment objective and policy were as follows:

To provide shareholders with capital growth and high income through investing in equities and convertibles issued by US smaller companies and UK high yield securities, primarily comprising the shares of split capital and high income investment trusts.

On 30 May 2008, following approval by shareholders, the Company's investment objective and policy were revised. The Company's current investment objective and policy are set out on page 1.

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Investment objective and policy

Investment Objective

The new objective is for the portfolio to be managed to provide the Shareholders with capital growth, for the Income Shareholders to be repaid their final adjusted capital entitlement on 31 May 2011 of 120.82p per Income Share and for the portfolio to be managed so as to provide the Capital Shareholders with a cash return on or shortly after 31 May 2011. The Directors will seek to distribute substantially all of the net revenue to Income Shareholders by way of dividend although this is not expected to be a material amount.

Investment Policy

Asset allocation

The investment policy of the Company will be to achieve the investment objective through investment in equity and equity-related instruments which will be predominantly securities domiciled, listed, quoted or traded in North America (some of these securities may however have an underlying business that is not in North America), but with the ability to invest up to 25% of the gross assets of the Company (at the time of investment) opportunistically in listed or unlisted equity or debt securities issued by issuers situated anywhere in the world.

The portfolio will be managed on the basis that the Company is fully invested in equity and equity-related instruments to the extent practicable for the remainder of its life (subject to the recommendation of the Investment Managers and the Investment Adviser who may wish to increase the cash holding due to market conditions). Liquidity will be managed so that the costs of realising the portfolio (including market impact costs) are reduced to the extent practicable as the proposed new end of the life of the Company approaches. It is expected that liquidation of investments will take place in the last three months of the proposed new life of the Company, so that a mixture of liquid securities and cash are handed to the liquidator.

Up to 40% of the gross assets of the Company (measured at the time of investment) may be invested in unquoted securities. "Unquoted securities" for these purposes means those investments which are not listed or quoted or traded on a recognised stock exchange or another exchange available and used by professional investors, nor convertible into securities listed, quoted or traded on such exchanges.

The Company may invest in bonds, warrants, contracts for difference, other forms of derivative investment (for the purpose of efficient portfolio management), bank debt or other debt securities, although this will not amount to more than 20% of the gross assets of the Company at the time of investment.

Risk diversification

The revised investment policy would provide the Company with a global mandate, albeit with a particular emphasis on North America. The Company will be managed with a view to maintaining an adequate spread of investment risk in terms of the concentration and in terms of size of its investments. Except in the case of cash deposits awaiting investment or pending any winding-up of the Company, the Company will not lend to any one company or group, or invest in the securities of any one company or group, more than 20% of the value of its gross assets (at the time the loan or investment is made).

The Company will not invest more than 10% in aggregate of the value of its gross assets at the time of a new investment, in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have stated policies to invest no more than 15% of their gross assets in other investment companies or investment trusts which are listed on the Official List).

Borrowings

The Company may use gearing and the Directors reserve the right to borrow up to a maximum of 25% of the gross assets (at the time of drawdown).

Company summary

Launch date	12 April 2001	
Wind-up date	31 May 2011	
Domiciled	United Kingdom	
Shareholder funds	£19.149 million at 31 May 2008	
Market capitalisation	£23.900 million at 31 May 2008	
Revolving credit facility	\$5.0 million facility	
Zero Dividend Preference shares	472,887*: Redeeming at 182.608201p on 31 May 2011	
Income shares	25,210,008: Aiming to redeem at 120.82p on 31 May 2011	
Capital shares	50,000,000	
Total voting rights	50,420,016**	
Units	One Income share and one Capital share may be held together and traded as a Unit	
Dividends	Paid on Income shares and Units	
Dividend history	In respect of year ended 31 May:	Total dividends declared
	2008	3.40p
	2007	3.20p
	2006	2.80p
	2005	2.10p
	2004	1.40p
	2003	2.09p
	2002	7.05p***
Investment Managers	Premier Asset Management (Guernsey) Limited Premier Fund Managers Limited	
Investment Adviser	RENN Capital Group, Inc.	
Management fee	With effect from 1 June 2008, 0.75% per annum, plus performance fee. This is charged 70% to capital and 30% to revenue in accordance with the accounting policies set out in note 1 on page 48.	
AIC	Global Special Opportunities Trust PLC is a member of the Association of Investment Companies.	

* Number of ZDPs in issue as at 31 May 2008. The number of ZDP shares in issue as at the date of this report is 206,037.

** See page 15 for details of the voting rights attached to each of the Company's shares.

*** (included one initial dividend and four interim dividends)

Financial calendar

Year end	31 May
Year end results announced	September
Annual General Meeting	November
Half-year end	30 November
Half-year results announced	January
Interim management statements	May, October

Chairman's statement

for the year ended 31 May 2008

Dear Shareholder,

Introduction

The last few months of the year under review saw some major changes to your Company.

As you are aware, the year ending 31 May 2008 was intended to be the final year of your Company's life when it was launched in 2001.

Some steps towards winding up the Company had been taken with the Company degearing and paying down its bank facilities and, as is normal practice for most split-capital trusts approaching their wind-up dates, the Board and the Managers examined the viability of a continuation or roll over scheme for the Company. This was particularly important given that so much of the portfolio was invested in opportunities that frankly needed more time to realise their promise.

Consultations with the major shareholders in each class were undertaken. The outcome of these discussions was a recognition that there was support from the principal Income and Capital shareholders for a scheme that would provide more time to realise the full potential value of certain holdings in the US Growth portfolio and generally avoid a full liquidation of the assets against a market background that was as unfavourable as at any time during the Company's seven year life. I will discuss the difficulties in realising full value for the Company's assets below.

The support of the major shareholders, however, was conditional on the continuation scheme being structured so that a significant proportion of the Income shareholders' assets would be returned as cash on the due wind-up date (as well as the repayment of the Zero Dividend Preference shares) and on the shareholders themselves being in a position to better protect their interests by having representation on the Board of the ongoing Company. Recognising the merits of such a continuation scheme, three of the four Board members agreed to stand aside to allow new Board members nominated by the major shareholders to take up Board positions. Standing aside were Lord Lang of Monkton (Chairman), Ernest Fenton and William Vandervelt. The new appointees to the Board were myself as Chairman, Andrew Pegge and Rory Macleod. Stephen White agreed to remain on the Board providing continuity. The new Directors all represented substantial shareholdings in the Company, either directly or indirectly. Andrew Pegge is a partner in Laxey Partners which had an interest in 5.86 million Income shares; Rory Macleod had a personal interest in 5.149 million Capital shares and 35,000 Income shares, whilst I represented iimia MitonOptimal (now Midas Capital) which held 8.345 million Income shares.

I should like to express my thanks to the outgoing Directors and, in particular, the outgoing Chairman, Lord Lang, for their support in facilitating a smooth restructuring of the Board.

Extension of life scheme and tender

The new Directors were appointed on 29 February 2008 and the Board, working with the Company's broker, Cenkos Securities, and lawyers, Stephenson Harwood, brought forward a proposal for the repayment of all of the Zero Dividend Preference shares (ZDPs) through a tender at their final redemption price, the repayment of up to 50% of the Income shares through a tender at 100p per share and the extension of the Company's life for a further three years.

Chairman's statement

for the year ended 31 May 2008

The scheme was set out in detail in the circular sent to shareholders on 2 May 2008. Shareholders approved the scheme at the separate Class Meetings and EGM held on 30 May 2008. ZDP holders who tendered their shares were repaid the full redemption price of 182.608201p per share and Income shareholders who tendered were repaid 100p for a maximum of 50% of their holding. In total, 96.6% of the ZDPs were tendered and 49.2% of the Income shares were repaid. Following the tender the Company has continued to buy back for cancellation the few remaining ZDPs that failed to tender their shares by the required deadline and maintained a listing for the ZDPs until 31 July 2008 to facilitate this buy back. Any holders of ZDPs who did not tender by 31 July will now only be able to exit on the final winding-up of the Company on 31 May 2011.

Market background

The second half of the Company's financial year, the very time when we had to liquidate a large part of our portfolio, saw a succession of financial and economic events that brought increasing pressure on both equity and credit markets.

The trigger was the collapse in sub-prime mortgages in the US in autumn 2007. This led to the so called "credit crunch" with financial institutions being unwilling to lend to each other. This resulted, among other things, in the collapse of Northern Rock in the UK and, in March 2008, to the rescue of the investment bank Bear Sterns by its stronger rival, JP Morgan, in the US. As the credit crisis tightened, oil and commodity prices spiralled higher driven by massive demand in the emerging economies led by China where GDP has been rising at 10% per annum. This, in turn, has turned a benign inflation environment into one in which central banks must consider increasing interest rates to keep within inflation targets despite the parlous state of the financial sector. Against this background, it was little surprise to see equity markets fall. Over the course of the year, the FTSE All-Share total return index fell 7.12% and the S&P 500 index in the US was down 8.51%. The Russell 2000 Total Return Index, the benchmark for the US Growth portfolio, was down 10.54% (10.45% in Sterling).

Realisations and valuations

During the second half of the year, from November 2007 onwards, the management of the portfolio was focused on realisation rather than investment. During November and December cash raised was used to repay the company's £35 million of bank debt. The last tranche of bank debt was repaid in February 2008. Within the Income portfolio, as less liquid investment company holdings were sold they were replaced with liquid fixed interest investments.

Against the difficult market backdrop our Managers were able to liquidate a substantial part of the Company's portfolio enabling us to meet the various cash needs we had.

However, shareholders need to be aware that at times your new Board has been very concerned with how we reported our NAVs and how our reported NAVs compared with what we were able to realise in the market for our holdings in a number of quoted, yet illiquid investments. We carry our investments at fair value and by convention the published bid price is used as a proxy for fair value, but as any experienced investor knows, when dealing in sizeable stakes, it is not always possible to achieve the published bid price. Russell Cleveland and his team did a good job in a tough market, but they were not always able to achieve the bid price because of the size of our holdings.

Chairman's statement

for the year ended 31 May 2008

So whilst by convention we continue to value our quoted holdings generally at their last traded price, we will be looking closely at carrying values to better reflect the fair value of our investments. Shareholders need to be aware that, in the event of liquidation, we may not achieve our stated NAV; consequently we will take steps, well ahead of our wind-up date, to turn the portfolio to cash.

Currency hedge

During the course of the year, the US Dollar weakened relative to Sterling and the opportunity was taken to adjust the currency cylinder from a cap of \$1.6610 to the Pound to a new level of \$1.950 whilst leaving the collar at \$2.1. This enabled the Company to bank a premium of £1.681 million which would have evaporated if the contract had been allowed to run and the Dollar/Sterling exchange rate had remained within the range of \$1.6610 to \$2.1. Over the rest of the year the currency traded within the new narrower range breaking above \$2.1 and below \$1.95 only very briefly. As the closing date for the contact approached, rather than be exposed to an unfavourable currency movement in the last few days, the Board decided to close out the contact for a cost of £105,000 which enabled the Dollar cash balances held against the potential liability of the cylinder to be sold for Sterling in preparation for the repayment of the ZDPs and Income shares through the tender.

Earnings and dividends

Earnings per Income share for the year were 1.40p (2.89p). Dividends totalling 4.00p were paid during the year. These comprised the third and fourth interims for 2007 (both of 0.8p) and the first, second and third interims for 2008 (also 0.8p each). The fourth interim for 2008 of 1.00p was declared on 15 May 2008 and paid on 6 June 2008. These distributions utilised the greater part of the Company's revenue reserves. Going forward the investment policy will focus on capital growth and the Board does not expect that the Company will generate sufficient income to pay dividends.

Investment policy, outlook and the current portfolio

The extension of life scheme approved by shareholders on 30 May 2008 contained some minor changes to the investment mandate and objectives. The whole of the Income portfolio was liquidated in the lead up to the tenders and the remaining assets are those which were held within the US Growth portfolio. It is not expected to renew the investments in the Income portfolio. The investment objective going forward is one of total return principally through capital growth and the Directors have not set any specific income or dividend target. The Board have also recognised that the retained investments provide a significant exposure to China. This exposure is through companies domiciled or listed in the US or Canada and whilst this is expected to remain the case the investment policy now allows up to 25% of assets to be invested in companies that are domiciled and listed outside of North America. The maximum exposure to unlisted securities (excluding unlisted bonds convertible into listed common stock) has also been increased to 40%, in order to reflect the composition of the portfolio following the tender offers.

Chairman's statement

for the year ended 31 May 2008

The portfolio immediately following the tenders was comprised of:

- Listed common stocks
- Unlisted common stocks
- Listed bonds and convertibles
- Unlisted convertibles convertible into listed common stocks
- Unlisted bonds
- Warrants
- Cash

The portfolio has some heavy concentrations on certain stocks. The top five holdings of the Company immediately following the tender offers are set out on page 7 in the Investment Adviser's report.

Bank facility

The Board have put in place a new bank facility with Allied Irish Bank for a maximum amount of \$5 million. At the year end, \$3.5 million had been drawn down. Details of the facility are set out in Note 13 to the accounts.

Change of name

Recognising that nearly 50% of the portfolio was invested in companies that derived the greater part of their revenues from China it was considered appropriate to change the name of the Company to Global Special Opportunities Trust PLC. The name change was approved by shareholders at the EGM held on 30 May 2008.

VAT on management fees

The greater part of the Company's assets have been managed through a contract with an offshore management company and VAT has never been payable on the fees. However, the Income portfolio was managed through an onshore contract and VAT has been paid on these fees. In common with other investment trusts the Company has lodged claims to recover VAT on past management fees from both the current and previous investment manager. Although HMRC have been unable to defend the case for the recovery of past management fee VAT, the procedures for recovering this VAT have not yet been completed and, as the exact value of the reclaim has not yet been established no amount is, as yet, being recognised in the asset value.



Duncan Abbot (Chairman)

29 September 2008

Investment Adviser's report

for the year ended 31 May 2008

US Growth portfolio

The Company's one year return to 31 May 2008 was (15.8)% in Sterling against the Russell 2000 return of (10.5)% in Sterling. For the period from inception to 31 May 2008, approximately 7.2 years, the US Growth portfolio had an annual return of 10.6% in Sterling against the Russell 2000 annual return of 3.8% in Sterling.

This was a difficult year for the stock market, and one of significant change, as your Manager liquidated many of the Company's assets in preparation for the intended wind-up of the Company on 31 May 2008. However, as you will be aware, shareholders voted in favour of the continuation of the Company for an additional three years in order to provide time to maximise the value of the remaining holdings.

Top five holdings

At 31 May 2008, the following top five holdings made up approximately 36.3% of gross assets. At 31 May 2008, the gross assets of the Company were approximately \$41.3 million. A description of each of the top five holdings is below.

Company	Symbol	Industry	Value US\$	% of gross assets
Integrated Security Systems	IZZI	Security products	\$4,992,741	12.1%
Bovie Medical	BVX	Medical devices	\$4,279,000	10.4%
eOriginal Holdings	N/A	Business software	\$2,507,810	6.1%
Hemobiotech Inc.	HMBT	Biotechnology	\$1,594,879	3.9%
Cover-All Technologies	COVR	Business software	\$1,585,715	3.8%

Integrated Security Systems, Inc. engages in the design, development, manufacture, distribution and servicing of security and traffic control products used in the commercial, industrial and government sectors. It offers anti-terrorist crash barriers, bollards, wedges and gates, warning and crash gates, gate panels, soft-stop gates, high occupancy vehicle lane changers, navigational lighting and perimeter security gates and operators. It also manufactures card access control and corrections security hardware and software products, and distributes products relating to the road and bridge industry. The company was founded in 1991 and is based in Carrollton, Texas.

Bovie Medical Corporation engages in the manufacture and marketing of medical products and the development of related technologies. The company offers electro surgery products, which include desiccators, generators, electrodes, electro surgery pencils and various ancillary disposable products used in surgery for the cutting and coagulation of tissue, as well as high frequency desiccators, which are designed for dermatology and plastic surgery for removing small skin lesions and growths. It also provides products for outpatient surgical procedures used in various specialties, including dermatology, gynaecology and plastic surgery. Other products offered by this company are as follows: Specialty electrosurgical generators for the gastroenterological and niche markets; battery operated cauteries for precise haemostasis in ophthalmology; battery operated medical lighting instruments that are used in ophthalmology, general surgery, hip replacement surgery and the placement of end tracheal tubes in emergency and surgical procedures; and nerve locator stimulators, which are used for identifying motor nerves in hand and facial reconstructive surgery. The company was founded in 1982 and is based in Melville, New York.

Investment Adviser's report

for the year ended 31 May 2008

eOriginal, Inc. provides electronic vaulting and signature software solutions for organisations that execute secure online business transactions. Its software solutions enable companies to create Electronic Original documents that are legally enforceable, admissible and negotiable, as well as allow companies to execute and manage documents over the Internet. The company offers solutions in the mortgage, automotive and lease industries, as well as providing expert services, including consulting and technical, project planning and management, design and code reviews, application/component development, and integration verification and validation services. It also provides its signature and vaulting solutions as a hosted service. eOriginal, Inc. was founded in 1996 and has its headquarters in Baltimore, Maryland.

Hemobiotech, Inc. is a biopharmaceutical company focused on developing and commercialising the first viable human blood substitute targeting the broad blood use market. The company's core product, HemoTech, is a bovine-hemoglobin (Hb) based human blood substitute capable of inducing red blood cell production in the human body. The company's goal is to address an increasing demand for a safe and inexpensive human blood substitute product in the US and around the world through its licensed technology.

Cover-All Technologies, Inc., through its subsidiary, Cover-All Systems, Inc., provides software products, services and solutions to the property and casualty insurance industry. Its software products and services focus on the functions required to market, underwrite, rate, issue, print, bill and support the life cycle of insurance policies. Cover-All Technologies serves insurance companies, agents, brokers and managing general agents. The company was founded in 1971 and has its headquarters in Fairfield, New Jersey.

Disposals

The US Growth portfolio raised approximately \$160 million of cash through the year ended 31 May 2008. This consisted of the sales of numerous convertible bond and equity holdings. Some of the larger sales resulting in realised gains were as follows:

Stock	Sale proceeds \$'000	Resultant gain \$'000
Quintana Maritime	\$9,900	\$5,300
Fushi Copperweld, Inc.	£8,000	\$6,300
Gasco Energy, Inc.	\$7,800	\$5,100
Zhongpin, Inc.	\$6,600	\$3,900

Some of the larger sales that resulted in realised losses are as follows:

Stock	Sale proceeds \$'000	Resultant loss \$'000
FBR Capital Markets	\$1,400	\$2,100
Source Interlink Companies, Inc.	\$212	£1,300
Consolidated Energy	\$6	\$872

Investment Adviser's report

for the year ended 31 May 2008

Liquidity progress

Three of the private holdings within the portfolio continue to make progress towards becoming quoted companies. Asian Financial is the largest non-government owned commercial printing equipment company in China. This profitable and growing company is waiting for approval from the Securities and Exchange Commission to commence trading. We believe their registration should become effective in the near future. On 12 May 2008, quoted company Shine Media Acquisition Corp. signed a definitive stock purchase agreement to acquire profitable and growing private portfolio holding China Greenscape, Inc., the leading provider of urban greenery in China. We expect this transaction to close in approximately five months. Finally, unquoted company Heyspace International, a profitable and rapidly growing social network internet property, is expected to go public through a full marketing bulge bracket initial public offering in the first quarter of 2009. In all three cases, we expect each to trade at values greater than cost.

Conclusion

With the remaining holdings, we will endeavour to add value wherever possible and attempt to realise value at the appropriate time.

RENN Capital Group, Inc.

29 September 2008

Investment Manager's report

for the year ended 31 May 2008

Income portfolio

London's stock market fell over the year, with the FTSE 100 Index of larger companies producing a total return of minus 5.1%, while the FTSE 350 Higher Yield Index generated a negative 11.9% return. The FD/AIC Ordinary Income shares index produced a minus 22.4% total return.

Mindful of the potential wind-up of the Company in May 2008, the major theme of our portfolio strategy was to increase the liquidity of the Income portfolio during the course of the year. Funds raised from the sales of relatively illiquid investment company shares were reinvested in more liquid bond instruments.

The sales of investment company holdings started in earnest in October 2007 when the FTSE 100 broke through 6700, a level some 3% shy of its all time high. In the fourth quarter of 2007, we sold some £3 million of highly leveraged ordinary income shares. The most notable realisations came from the wind-up of Premier Pacific early in the new financial year and the disposal of Investors Capital A to the company for cancellation at 96.8p per A share. The market price at 31 May 2008 was 86.25p.

The first quarter of 2008 was the worst quarter in global equity markets in more than five years against a background of earnings downgrades and the prospect of the US economy moving into recession. Problems within the banking community were headline news, while retail investors witnessed falls in the value of both their investment portfolios and residential property.

The FTSE 350 Higher Yield Capital Only Index fell 9.8% in January alone, and closed the first quarter down 14.4%. In difficult market conditions we were ongoing sellers of leveraged stocks raising some £3.7 million. The decision to sell relatively illiquid highly leveraged stocks was vindicated by later market conditions and share price falls. The balance of the portfolio was disposed of in the latter weeks of the Company's life including our large stake in Acorn Income Fund.

Overall exit prices 0.8% above the bid price or carried value of investment company shares were achieved compared with a bid-offer spread of 3.2% on the portfolio's holdings. To achieve exit prices around a quarter above the prevailing bid price we believe is a satisfactory outcome against a difficult market background.

In addition, as less liquid investment company holdings were being sold during the year, the proceeds were used to buy certificates of deposit issued by highly rated financial institutions at market rates much greater than the UK base rate. This was achievable due to the money market turmoil during the year. In fact rates approaching 6% were often achieved on cash balances during the liquidation of the Income portfolio highlighting the benefits of effective cash management.

Premier Fund Managers Limited

29 September 2008

Portfolio of investments

as at 31 May 2008

Stock	Industrial classification	Valuation* £'000	% of total assets less current liabilities**
Listed equities			
Bovie Medical	Medical equipment	2,165	11.31
Hemobiotech	Biotechnology	807	4.21
Cover-All Technologies	Application software	785	4.10
Riptide	Application software	656	3.43
HLS Systems International	Automation systems	404	2.11
Access Plans USA	Healthcare services	389	2.03
Points International	Internet software & services	369	1.93
Skystar Bio-Pharmaceutical	Pharmaceuticals	299	1.56
Silverleaf	Property management	273	1.43
Aurasound	Consumer electronics	258	1.35
Merriman Curhan	Investment banking & brokerage	250	1.31
Integrated Security Systems	Security & protection services	237	1.24
Vertical Branding	Distributors	215	1.12
Global Access	Business services	194	1.01
I2 Telecom Intl	Alternative carriers	190	0.99
Narrowstep	Internet software & services	123	0.64
CaminoSoft	Technical & system software	97	0.51
Gametech International	Gaming activities	95	0.50
Dyadic	Biotechnology	74	0.39
Simtek	Semiconductors	26	0.14
Symbollon Pharmaceuticals	Biotechnology	7	0.04
Celsia Technologies	Electronic equipment manufacturers	2	0.01
Gaming & Entertainment	Server based gaming software	2	0.01
Advanced Nanotech	Technology	1	0.01
OneLink Corporation	Business services	1	0.01
		<hr/>	
		7,919	41.39
Listed convertible debentures			
Trans-Lux 8.25%	Science & technical instruments	176	0.92
		<hr/>	
		176	0.92
Listed warrants			
American Telecom Services	Communication equipment	3	0.02
		<hr/>	
		3	0.02
Unlisted equities			
Asian Financial	Printing equipment	379	1.98
Asset Capital	Real estate development	328	1.71
Datapath	Communication equipment	239	1.25
		<hr/>	
		946	4.94

Portfolio of investments

as at 31 May 2008

Stock	Industrial classification	Valuation* £'000	% of total assets less current liabilities**
Unlisted preference shares			
China Greenscape	Environmental & facilities services	380	1.98
Heyspace	Internet software & services	379	1.98
		<hr/>	
		759	3.96
Unlisted convertible debentures			
Pipeline Data 8%	Data processing & outsourced services	759	3.96
Integrated Security Systems 10%	Security & protection services	759	3.96
Integrated Security Systems 6%	Security & protection services	532	2.78
Simtek 7.5%	Semiconductors	354	1.85
Petrohunter 8.5%	Oil & gas exploration & production	320	1.67
iLinc Communications 12%	Web conferencing software	253	1.32
Integrated Security Systems 7%	Security & protection services	253	1.32
CaminoSoft 6%	Technical & system software	109	0.57
Obsidian Enterprises 8%	Conglomerate	71	0.37
OneLink Corporation 10%	Business Services	0	0.00
		<hr/>	
		3,410	17.80
Unlisted convertible preference shares			
eOriginal Holdings	Software	1,270	6.63
BPO Management Services	Business process outsourcing	337	1.76
iLinc Communications	Web conferencing software	68	0.36
Anchorfree	Communication services	56	0.29
Ronco	Specialty retail	7	0.04
Celsia Technologies	Electronic equipment manufacturers	6	0.03
		<hr/>	
		1,744	9.11
Unlisted loan notes			
Integrated Security Systems 8%	Security & protection services	747	3.90
Global Axxess 9%	Business services	506	2.64
CaminoSoft 7%	Technical & system software	126	0.66
CaminoSoft 8%	Technical & system software	51	0.27
Consolidated Energy 3%	Coal mining	0	0.00
Consolidated Energy 6%	Coal mining	0	0.00
Consolidated Energy 8%	Coal mining	0	0.00
		<hr/>	
		1,430	7.47

Portfolio of investments

as at 31 May 2008

Stock	Industrial classification	Valuation* £'000	% of total assets less current liabilities**
Unlisted warrants			
Petrohunter	Oil & gas exploration & production	263	1.37
BPO Management Services	Business process outsourcing	79	0.41
Narrowstep	Internet software & services	61	0.32
Cover-All Technologies	Application software	18	0.09
Aurasound	Consumers electronics	15	0.08
eOriginal Holdings	Software	15	0.08
Pipeline Data	Data processing & outsourced services	14	0.07
Asian Financial	Printing equipment	12	0.06
Simtek	Semiconductors	12	0.06
Vertical Branding	Distributors	10	0.05
Symbolon Pharmaceutical	Biotechnology	6	0.03
Terra Nova Financial Group	Investment banking & brokerage	6	0.03
Business Process Outsourcing	Business services	1	0.01
		512	2.66
Total portfolio		16,899	88.27

* At fair value

** Total assets less current liabilities excluding bank loan and net assets attributable to shareholders.

Company details

HISTORY

The Company was incorporated on 15 March 2001 and commenced its activities on 12 April 2001. The Company raised £100 million before expenses, by a placing of 15,000,000 Zero Dividend Preference shares, 50,000,000 Income shares, 50,000,000 Capital shares and a £35,000,000 bank loan.

On 30 May 2008 the Company announced the results of its tender offer. Valid tender forms were received from 13,326,113 Zero Dividends Preference shares and 24,459,992 Income shares.

On 5 June 2008 the Company changed its name from US Special Opportunities Trust PLC to Global Special Opportunities Trust PLC.

WIND-UP DATE

The Company's planned wind-up date has been extended to 31 May 2011 following approval by shareholders on 30 May 2008.

CAPITAL STRUCTURE

US\$5,000,000 Bilateral revolving credit facility.

The Company has a revolving credit facility of US\$5,000,000 with Allied Irish Banks PLC which will be terminated on 29 May 2009. At 31 May 2008, the Company had utilised US\$3,500,000 of this facility. Interest is payable at LIBOR plus a margin of 1.20% on any drawn down balance and at 0.60% per annum on any undrawn down balance. Repayment of the loan has priority over any capital repayment on winding-up.

With effect from 29 May 2008, the principal covenant under the revolving credit facility is that gross borrowings will not at any time exceed 40% of the adjusted net asset value.

Previously, the Company had a Sterling bank loan of £35 million held with Lloyds TSB Bank plc which was repaid in full during the year ending 31 May 2008.

Additionally, the Company had a cap and collar 'cylinder' protection for \$100 million of US assets protecting the Company should the US Dollar fall below US\$2.1 to £1, but giving up all the upside above US\$1.9500 to £1. On 21 May 2008 the Company closed this option for a premium of £105,000.

The principal covenants under the bank facility prior to the final repayment on 29 February 2008 of the £35 million bank loan were as follows:

The ratio of total income to total interest shall not be less than 1.25:1 and that the ratio of total investments to total borrowings shall not be less than 2.10:1.

Company details

CAPITAL STRUCTURE (CONTINUED)

472,887 Zero Dividend Preference shares of 0.1p each

The Zero Dividend Preference shares will retain the final capital entitlement of 182.608201p as at 31 May 2008, subject to there being sufficient capital in the Company, after the repayment of the bank debt. The Zero Dividend Preference shares are not entitled to any dividends, and are not normally entitled to vote any general meeting.

On 30 May 2008 the Company purchased 13,326,113 Zero Dividend Preference shares for cancellation at a price of 182.608201 pence per share. Subsequent to the year end the Company purchased a further 266,850 Zero Dividend Preference shares for cancellation. The remaining 206,037 Zero Dividend Preference shares were de-listed on 31 July 2008.

25,210,008 Income shares of 0.1p each

The Income shares are entitled to all of the Company's net income available for distribution by way of dividends. On a winding-up they rank ahead of the Capital shares for payment of their capital entitlement of 85.00p per share increased on the last day of each calendar month to give a capital entitlement of 100.00p on 31 May 2008, and then from 1 June 2008 to 31 May 2011 increased at a daily compound rate so as to give a final capital entitlement of 120.82p on 31 May 2011, subject to there being sufficient capital in the Company. They will also be due any undistributed revenue reserves. Each Income share has a voting right on a poll equal to one vote per share.

On 30 May 2008 the Company purchased 24,459,992 Income shares for cancellation at a price of 100.00 pence per share.

50,000,000 Capital shares of 0.1p each

The Capital shares have no entitlement to dividends or revenue but, on a winding-up of the Company are entitled to all surplus assets of the Company after repayment of the bank facility and after the pre-determined prior capital entitlements of the Income shares and Zero Dividend Preference shares have been satisfied.

Together, the Income shares and Capital shares can be held and traded as Units. Holders of Units are entitled to the rights attaching to the underlying Income and Capital shares.

Under the Articles of Association each Capital share (including Capital shares forming part of Units) has a voting right equal to the number of Income shares (including Income shares forming part of Units) in issue divided by the number of Capital shares (including Capital shares forming part of Units) in issue.

TOTAL NET ASSETS AND MARKET CAPITALISATION

As at 31 May 2008, the Company had a market capitalisation of £23.900 million (excluding shares purchased by the Company under the tender offers) (2007: £77.208 million) and assets attributable to shareholders amounted to £19.149 million (2007: £84.958 million).

Company details

MANAGEMENT FEES

Until 31 May 2008, the management fees were 0.0417% per month (plus VAT which was chargeable up to 31 August 2007) of the gross assets less current liabilities of the Income portfolio, reduced by the value of investments held in companies managed by Premier Fund Managers Limited, plus 0.125% per month of the gross assets less current liabilities of the US Growth portfolio.

In addition the Manager was entitled to an annual performance fee equal to 10% of the amount by which the gross assets less current liabilities of the Company as a whole exceed, on the calculation date, either the initial gross assets increased by a compound rate of 5.5% p.a. or, if a performance fee has been previously paid, the gross assets less current liabilities by reference to which that performance fee was paid and prior to payment of such fee, as increased at an annual compound rate of 5.5% p.a. The performance fee is subject to a cap equal to 5% of the gross assets less current liabilities on the calculation date.

On 2 May 2008, the Company entered into side letters to each of the Management Agreements and the Investment Advisory Agreement, conditional upon the scheme to extend the Company's life being approved by shareholders, pursuant to which the management fee and performance fee were revised, with effect from 1 June 2008.

Under these arrangements, Premier Fund Managers Limited is now entitled to a monthly fee of 0.0625 per cent of the gross assets less the current liabilities of the Income portfolio and Premier Asset Management (Guernsey) Limited is entitled to a monthly fee of 0.0625% of the gross assets less the current liabilities of the US Growth portfolio. Premier Asset Management (Guernsey) Limited is also entitled to a performance fee. Details of how this performance fee is calculated are set out on page 32. Premier Asset Management (Guernsey) Limited is required to pay 60% of its management fee in respect of the US Growth portfolio to the Investment Adviser, RENN Capital Group, Inc.

Premier Fund Managers Limited received a fee of £30,000 plus VAT in respect of the scheme to extend the life of the Company that was implemented on 30 May 2008.

The management contracts are terminable by one year's written notice not to expire at any time prior to 31 May 2010 provided that they will terminate automatically on a winding-up of the Company on 31 May 2011.

ISA STATUS

The Company's Income shares and Capital shares are qualifying investments for Individual Savings Accounts ('ISAs').

RISK

Details of the risks associated with investing in the Company are set out in the business review on pages 21 to 29 and in Note 24 to the financial statements on pages 65 to 70.

Financial summary

	31 May 2008	31 May 2007	% change	Premium/ (discount) 31 May 2008 %
Capital				
Assets attributable to shareholders (£'000)	19,149	84,958	(77.46)	
Assets attributable to shareholders (£'000)*	68,680	84,958	(19.16)	
Gross assets (£'000)	20,920	119,948	(82.56)	
Gross assets (£'000)**	70,451	119,948	(41.27)	
Net asset value per Zero Dividend Preference share***	182.61p	167.80p	8.83	
Mid-market price per Zero Dividend Preference share	180.25p	169.50p	6.34	(1.29)
Net asset value per Income share***	87.54p	101.60p	(13.84)	
Mid-market price per Income share	82.25p	92.75p	(11.32)	(6.04)
Net asset value per Capital share***	0.00p	22.68p	(100.00)	
Mid-market price per Capital share	4.63p	15.50p	(70.13)	-
Net asset value per Unit*** (1 Capital share and 1 Income share)	87.54p	124.28p	(29.56)	
Mid-market price per Unit	86.00p	106.75p	(19.44)	(1.76)
		Year to 31 May 2008	Year to 31 May 2007	% change
Revenue				
Return per Income share		1.40p	2.89p	(51.56)
Net dividend paid per Income share		4.00p	3.10p	29.03

* Assets attributable to shareholders excluding the cost of buying back 49.24% of the Income shares at £1.00 per share and costs relating to the tender offer of £493,000.

** Total assets less current liabilities (excluding bank loan, the cost of buying back 49.24% of the Income shares at £1.00 per share and costs relating to the tender offer of £493,000).

*** Net asset values calculated in accordance with Articles of Association and excluding all costs relating to the tender offers.

Directors

The Directors that served on the Board during the year ended 31 May 2008 are as follows:

1. **Duncan Abbot, Chairman** - appointed 29 February 2008
Duncan Abbot, aged 52, is a Fellow of the Securities Institute and a Chartered Accountant. From 1995 to 2001 he was chairman of Christows Limited, a stock broking and fund management group. In 2001 he co-founded iimia MitonOptimal, now renamed Midas Capital plc, and served as its business development director until October 2007; he is still employed by that group. He is a co-founder and chairman of Coalition Holdings Limited.
3. **Rory Macleod** - appointed 29 February 2008
Rory Macleod, aged 55, is currently a consultant to Oxford Analytica, an international, independent consulting firm drawing on a network of over 1,000 senior faculty members at Oxford and other major universities and research institutions around the world. Between 1997 and 2003 he was Head of Fixed Income and Currency at Baring Asset Management and was a member of the asset allocation committee. Between 1991 and 1997 he was Head of Global Fixed Income at Mercury Asset Management.
2. **Andrew Pegge** - appointed 29 February 2008
Andrew Pegge, aged 45, is currently a director of Laxey Partners Limited. Prior to the establishment of Laxey Partners in 1999, Mr Pegge spent 8 months with the Isle of Man Financial Supervision Commission as acting Supervisor of Collective Investment Schemes. In 1995, Mr Pegge set-up and was chairman of Regent Kingpin, a global active value fund manager, where he had responsibility for managing the group's emerging markets funds. Regent Kingpin was sold to the majority holder, Regent Pacific Group, in 1997. Mr Pegge is also a director of the following quoted companies: Amanah Millenia Fund Berhad (in liquidation), Sefalana Cash & Carry Ltd, Sefalana Holding Company Ltd, Siam Investment Fund (in liquidation), The Value Catalyst Fund Ltd. and ASA Ltd.
4. **Stephen White** - appointed 27 September 2005
Stephen White, aged 52, is a Chartered Accountant who has worked in the fund management industry for over 20 years, having been head of Continental European equities at F&C Investment Management between 1985 and 2005. He was the manager of Foreign & Colonial Eurotrust plc and deputy manager of The Foreign & Colonial Investment Trust plc. He now manages the continental European portfolios of the British Steel Pension Fund and is a member of its asset allocation committee.

Directors

Lord Lang of Monkton - former Chairman (resigned 29 February 2008)

Lord Lang of Monkton, aged 68, was appointed Chairman of the Company at its inception.

A former Cabinet Minister in the last Conservative government, he served first as Secretary of State for Scotland and then as President of the Board of Trade. He is chairman of Thistle Mining Inc. and a director of Marsh & MacLennan Companies Inc., Charlemagne Capital Ltd and Lithgows Ltd.

Ernest Fenton (resigned 29 February 2008)

Ernest Fenton, aged 69, is a chartered accountant and was director general of the Association of Investment Companies from 1993 to 1997. He became a partner of W Greenwell & Co in 1972 and was chairman and chief executive of Greenwell Montagu Stockbrokers. He is also a director of Renaissance US Growth Investment Trust PLC.

William Vanderfelt (resigned 29 February 2008)

William Weeks Vanderfelt, aged 65, was a managing partner of Petercam SA, the largest independent member firm of the Brussels Stock Exchange, until 31 December 2001. He is also a director of Compagnie Immobilière de Belgique, Renaissance US Growth Investment Trust PLC, RP&C International, Vietnam Opportunity Fund, USI Group Holdings AG and Apace Media PLC.

Investment Managers, Investment Adviser and Secretary

Investment Managers: Premier Asset Management (Guernsey) Limited and Premier Fund Managers Limited

Premier Asset Management (Guernsey) Limited and Premier Fund Managers Limited are subsidiaries of Premier Asset Management Limited, which has over £1.6 billion of funds under management. Premier Fund Managers Limited is authorised and regulated by the Financial Services Authority.

Investment Adviser: RENN Capital Group, Inc.

The Company is advised by RENN Capital Group, Inc., an investment management company based in Dallas, Texas, with a thirty five year track record of investing principally in US smaller companies. Russell Cleveland is the president of RENN Capital Group, Inc.

Secretary: Capita Sinclair Henderson Limited

Capita Sinclair Henderson Limited provides company secretarial and administrative services for the Company. It provides similar services for a number of investment trust companies. Capita Sinclair Henderson is a subsidiary of the Capita Group Plc.

Report of the Directors

for the year ended 31 May 2008

The Directors present their report and financial statements of the Company for the year ended 31 May 2008.

BUSINESS REVIEW

The business of the Company

The Company is an investment company in accordance with the provisions of Section 833 of the Companies Act 2006. The Directors do not envisage any change in the Company's activity in the future. A full description of the Company's activities during the year under review is given in the Chairman's statement on pages 3 to 6 and the Investment Adviser's and Manager's reports on pages 7 to 10.

The principal activity of the Company is to conduct business as an investment trust. The Company has received written approval from HM Revenue & Customs as an authorised investment trust, under Section 842 of the Income and Corporation Taxes Act 1988, for the year ended 31 May 2007. It is the opinion of the Directors that the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to seek approval under Section 842 each year. The Company will retain no more than 15% of its eligible investment income. The Company's shares are qualifying investments for inclusion in ISAs.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments. Investment trusts offer a number of other advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at low cost.

On incorporation, the planned wind-up date of the Company was 31 May 2008. On 30 May 2008 shareholders voted to extend the life of the Company for a further three years. The Company's planned wind-up date is now 31 May 2011. As part of the scheme to extend the Company's life that was approved by shareholders on 30 May 2008, the following changes to the structure and objective of the Company were made:

- The Company's investment policy was updated. The full text of the Company's investment policies before and after 30 May 2008 are set out on the inside cover and page 1 of this document.
- Changes to the capital structure, shareholder entitlements and voting rights of the Company are set out on pages 14 and 15.
- The assets held within the Income portfolio were realised in full, leaving the Company with a single portfolio comprised of certain assets previously held within the US Growth portfolio.

Management of the Company

The Company's assets are managed by Premier Fund Managers and Premier Asset Management (Guernsey) Limited. RENN Capital Group, Inc. acts as Investment Adviser to the Company. Premier Fund Managers Limited is a subsidiary of Premier Asset Management Limited, which manages a range of UK and offshore funds and provides bespoke discretionary management services for both private and corporate clients. RENN Capital Group is based in Dallas and has a thirty-five year track record in identifying growth opportunities in US smaller companies. As part of the scheme to extend the life of the Company, the terms of engagement for the Investment Manager and the Investment Adviser were amended via side letters. Details of the current agreements are set out on pages 31 and 32.

Report of the Directors

for the year ended 31 May 2008

Future of the Company

The decision to extend the Company's life for a further three years to 31 May 2011 was based on the belief that certain investments in the portfolio would require a longer period of time to deliver potential value than the 30 May 2008 wind up date would allow; a number of the Company's investments have very poor liquidity and others only trade on a matched bargain basis. The Board was also concerned that the prevailing market conditions at 31 May 2008 would not offer the best backdrop against which to make realisations. The portfolio will be managed with a view to maximising the returns that will be available to shareholders on 31 May 2011.

Payment of suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will be transacted and it is the Company's policy to abide by those terms. There were trade creditors of £60,000 outstanding at the year end.

Going concern

The Directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly have adopted the going concern basis in preparing the financial statements.

Results and dividends

During the year, the following dividends were paid to holders of the Income shares:

	Payment date	Pence (net per Income share)
Third interim (2007)	15 June 2007	0.80
Fourth interim (2007)	17 August 2007	0.80
First interim (2008)	19 October 2007	0.80
Second interim (2008)	16 February 2008	0.80
Third interim (2008)	16 May 2008	0.80
Total		4.00

Subsequent to the year end, but in respect of the year ended 31 May 2008, the Company paid a fourth interim dividend of 1.00p per Income share on 6 June 2008. This dividend relates to the year ended 31 May 2008 but, in accordance with the Company's accounting policies, it is recognised in the period in which it is paid.

Report of the Directors

for the year ended 31 May 2008

Transactions in the Company's own shares

On 2 May, the Board wrote to shareholders to invite them to tender up to 50% of their Income shares and up to 100% of their Zero Dividend Preference shares. Tenders were received in respect of 13,326,113 Zero Dividend Preference shares and 24,459,992 Income shares, leaving 25,210,008 Income shares in issue and 472,887 Zero Dividend Preference shares in issue. The authorities that were granted to the Directors in connection with the purchase of shares under the tender offers on 30 May 2008 will expire on 31 May 2009, unless they are renewed prior to that time.

Subsequent to the year end, holders of the remaining Zero Dividend Preference shares were given the opportunity to sell their shares to the Company for cancellation via Cenkos Securities. As a result, the Company made the following additional purchases of Zero Dividend Preference shares for cancellation:

Date	Number of shares	Price paid per share
20 June 2008	125,691	182.608p
7 July 2008	46,383	182.608p
22 July 2008	28,472	182.608p
24 July 2008	6,125	182.608p
30 July 2008	60,179	182.608p

The remaining 206,037 Zero Dividend Preference shares were de-listed on 31 July 2008.

On 30 May 2008, in addition to the authorities set out above, shareholders granted the Company the authority to purchase up to 14.99% each of its issued Income shares and Capital shares following the tender offers, being 3,778,980 Income shares and 7,495,000 Capital shares. As at the date of this report no purchases of Income or Capital shares have been made using these authorities. These authorities will only be utilised if the Board believes that purchases of either Income shares or Capital shares will be in the best interests of the Company and shareholders as a whole. In considering whether to exercise the authority to make market purchases, the Board will take into account both the longer term investment opportunities available to the Company and any discount at which the shares are trading in the market relative to their net asset value. These authorities will expire on 30 May 2009 or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2009. Shares purchased by the Company pursuant to the authority to make market purchases will be cancelled.

Principal risks associated with the Company

General

The market price of the shares may not fully reflect their underlying net asset values. If stock market prices fall the potential returns available to shareholders may decline. There can be no guarantee that the Company's investment objectives will be achieved.

Zero Dividend Preference shares

Although the Zero Dividend Preference shares rank ahead of the Income shares and the Capital shares for participation in a distribution of assets on the winding-up of the Company, they rank behind the Company's liabilities.

Report of the Directors

for the year ended 31 May 2008

Income shares

The Income shares rank for repayment after the Zero Dividend Preference shares.

Capital shares

The Capital shares rank for repayment after the other two classes of shares. Due to the substantial gearing provided by the prior capital entitlements of the Income shares, the Zero Dividend Preference shares and by any debt financing, the market value of the Capital shares can be expected to be volatile and particularly sensitive to changes in the value of the Company's gross assets. Accordingly, the Capital shares should be considered to be a high risk investment.

Smaller companies

The Company invests directly in smaller companies. As smaller companies do not generally have the financial strength, diversity and resources of large companies they may find it more difficult to overcome periods of economic slow down or recession. In addition, the relatively small market capitalisation of such companies may make the market in their shares less liquid. In the event that smaller companies take a downturn, this may affect the performance of US smaller companies in which the Company is invested.

Unlisted securities

The Company may invest in unlisted securities, or other securities, in which there is no active market. In such cases it may be difficult to determine the value of such securities and/or to realise the investment or to do so on acceptable terms. There may be no certainty that a listing or trading facility will be obtained for such securities. Holders of such securities may not have the benefit of market rules designed for the protection of holders of listed or public traded securities. This may include the absence of publicly available information on such securities or their issuers.

Derivative risk

The Company's investment policy allows it to enter into derivative transactions where the Investment Managers consider that it is prudent to do so in order to protect the value of the Company's portfolio and is in the best interests of the Company. Markets in derivatives can be highly volatile and such investments carry a high risk of loss. In the case of certain derivatives a relatively small adverse market movement may result not only in the loss of the original investment but also in unquantifiable further loss exceeding any margin deposited. Any such loss suffered by the Company may adversely affect the Company's ability to meet the capital and income returns to shareholders.

Dividend levels

Dividends paid on the Company's Income shares rely on receipt of interest payments and dividends from the securities in which the Company invests and therefore dividend levels are likely to vary. The Board expects dividend levels, if any, to be negligible or low.

Report of the Directors

for the year ended 31 May 2008

Currency risk

The portfolio invests in US securities and its assets are therefore subject to fluctuations in the US Dollar/ Sterling exchange rate and the Sterling value of its assets, plus declines in US equity markets as a whole. The Board's current policy is not to engage in an active programme of hedging the Dollar risk in the portfolio. However, bearing in mind that the final redemption payment will be a Sterling payment made to Income shareholders at 31 May 2011, the Board will look at taking advantage of any future Dollar strength versus Sterling by hedging some or all of the Dollar exposure into Sterling in those circumstances.

Liquidity risk

A significant proportion of the portfolio is held in smaller and unquoted companies. Such companies are inherently higher in risk and lower in liquidity than, for example, blue-chip equities. Unlisted companies have the additional risk of not benefiting from market rules designed to protect investors. Some of the investments are in unlisted convertible bonds or preference shares, which may at any time be converted into a listed common stock, giving an effective level of liquidity equal to the liquidity in the common stock. Other unlisted investments do not have the option of converting into a listed stock. This issue is particularly relevant regarding the new wind-up date of the Company.

Credit risk

The portfolio may contain some fixed income securities. However, many of these are convertible into common stock (equity). The benefit of a convertible debenture is that, if a portfolio company becomes troubled, the Company is protected through its position as a creditor. If the underlying portfolio company performs well, the Company can participate in the upside by converting into common stock. However, it is possible that such investee companies might default on these debentures or wind-up prior to their repayment.

Market price risk

Since the Company invests in financial instruments, market price risk is inherent in these investments.

Discount volatility

The Company itself, being a closed-end fund, may trade at a discount to its net asset value. The magnitude of this discount fluctuates daily and can vary significantly. Thus, for a given period of time, it is possible that the market price could decrease despite an increase in the Company's net asset value. The Company is seeking to extend its existing authority to purchase Income and Capital shares for cancellation from shareholders at the forthcoming AGM. If granted, the Directors will consider using share buybacks to control the Company's discount levels.

Compliance with Section 842 of the Income and Corporation Taxes Act

If the Company did not comply with the provisions of Section 842, it would lose its investment trust status. In order to minimise this risk, the Directors, the Investment Managers, the Investment Adviser and the Company Secretary monitor the Company's compliance with the key criteria of Section 842 on a monthly basis. On a quarterly basis, compliance with these provisions is discussed in detail between the Board, the Investment Managers and the Investment Adviser.

Report of the Directors

for the year ended 31 May 2008

Risks associated with the engagement of third parties

There are a number of potential operational risks associated with the fact that third parties undertake the Company's administration and custody of assets. Most seriously, there is the risk that third parties could fail to ensure that statutory requirements, such as the Companies Act and the FSA's Listing Rules, are complied with. Details of how these risks are managed are included below under 'Internal control process'.

Internal control process

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness. An ongoing process, in accordance with the guidance of the FRC "Internal Control: Revised Guidance for Directors on the Combined Code", has been established for identifying, evaluating and managing risks faced by the Company. This process has been in place throughout the year and up to the date the financial statements were approved. Key procedures established with a view to providing effective financial control have been in place for the full financial year and up to the date the financial statements were approved. No significant failings or weaknesses within the Company's internal controls were identified.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The risk assessment and review of the effectiveness of the Company's system of internal controls is undertaken by the Audit Committee in the context of the overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Audit Committee has considered the Company's operations in the light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- The Company's ability to reduce the incidence and impact of risk on its performance; and
- The cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Against this background, in the review of risk and associated controls the Board has split the review into five sections reflecting the nature of the risks being addressed. These are: corporate strategy; published information; compliance with laws and regulations; relationship with service providers and; investment and business activities.

Given the nature of the Company's activities and the fact that most functions are subcontracted, the Directors have obtained information from key third party suppliers regarding the controls operated. To enable the Board to make an appropriate risk and control assessment the information and assurances sought from third party suppliers include the following:

- Details of the control environment operated by the third party suppliers;
- Identification and evaluation of risks and control objectives by third party suppliers;
- Assessment of the communication procedures with third party suppliers; and
- Assessment of the control procedures operated by third party suppliers.

Report of the Directors

for the year ended 31 May 2008

The key procedures which have been established to provide effective internal control are as follows:

- Investment management is provided by Premier Asset Management (Guernsey) Limited and Premier Fund Managers Limited, who are advised by RENN Capital Group, Inc. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Managers and Investment Adviser at regular Board meetings;
- Administration and company secretarial duties for the Company are performed by Capita Sinclair Henderson Limited;
- Custody of assets is undertaken by Frost National Bank Inc. and HSBC Bank plc;
- The duties of investment management, administration and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- The non-executive Directors of the Company clearly define the duties and responsibilities of their agents and advisers. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- Mandates for authorisation of investment transactions and expense payments are set by the Board; and
- The Board reviews financial information produced by the Investment Managers, the Investment Advisers and the Administrator in detail on a regular basis.

Analysis of the Company's performance and position

In order to provide shareholders with a clear understanding of the Company's performance and position, this section of the business review will consider how the Company has performed against the following key performance indicators:

- 1) The assessment of the value added through the portfolio by comparing performance before the impact of expenses against relevant benchmarks.
- 2) The performance of the Company's total assets after all expenses (including bank interest) have been charged. This measure includes the cost of gearing but will not reflect the benefit of the gearing that will arise if total assets are rising.
- 3) The performance of the Company at the net asset level. This shows how shareholders' funds as a whole have performed and includes the cost of bank interest, but also the impact of the gearing provided by bank debt. If gross assets have grown by a greater amount than the cost of management and bank interest, returns to shareholders will have been enhanced by the gearing. If total assets have declined the gearing will accelerate that decline in net assets.
- 4) The performance of the individual share classes, both in terms of share price total return (ie accounting for dividends received) and in terms of net asset value total return. The share price performance is the measure of the return that shareholders have actually received and will reflect the impact of widening or narrowing of discounts to NAV.

Report of the Directors

for the year ended 31 May 2008

Sub-portfolio performance for the year

- US Growth portfolio

The US Growth portfolio was invested principally in US assets and is managed by Premier Asset Management (Guernsey) Limited as advised by the Company's Investment Adviser, RENN Capital Group Inc., based in Dallas, Texas. The management of the portfolio during the second half of the year was driven by the need to prepare for a possible wind-up of the Company on 31 May 2008. Sales were made to repay the bank debt during December and January and further cash raising was required during height of the credit crunch in the first quarter of 2008. The cost of liquidating the portfolio was certainly a factor in restricting returns to shareholders over the year.

- Income portfolio

During the year, the Income portfolio was invested in bonds, reverse convertible bonds and investment company shares. Over the course of the year, less liquid assets were sold and reinvested in bonds and cash instruments allowing the portfolio to be fully liquidated by the year end. As at 31 May 2008, there were no assets held within the Income portfolio.

- Company's performance

Over the year, the Company's assets depreciated, not only as a result of market forces, but as bank debt was repaid and the Company's portfolios were liquidated in preparation for either a wind-up at 31 May 2008 or for an extension of life with a tender for the Zero Dividend Preference shares or Income shares on this date. On 31 May 2007, the Company's gross assets were £119.9 million, falling to £20.9 million on 31 May 2008 (post tenders).

- Share price performance

During the year, the Zero Dividend Preference share price rose 6.3%. The predetermined accrual rate on the ZDPs meant that the NAV rose by 8.8%. The Income share price fell 11.3% whilst the NAV of these shares fell 13.8% reflecting the predetermined accrual rate on the Income shares and the change in revenue reserve. The Capital shares' NAV fell from 22.68p to zero over the course of the year and the share price fell from 15.50p to 4.63p.

Report of the Directors

for the year ended 31 May 2008

Future developments and events subsequent to the year end

The Directors are aware of the AIC/JPMorgan Claverhouse judgement which was made during 2007 regarding the charging of VAT on investment management fees. It is possible that the Company will be able to recover, during the forthcoming year, an amount of VAT that it has paid on its investment management fees although the Directors do not believe that any such recoverable sums will be of a material amount.

All significant events that have occurred since the year end are detailed in the above business review.

DIRECTORS

The Directors that served during the year ended 31 May 2008 are shown on page 18. Lord Lang of Monkton and Messrs Fenton and Vanderfelt resigned from the Board on 29 February 2008. Messrs Abbot, Pegge and Macleod were appointed on 29 February 2008.

As at 31 May 2008 and as at the date of this report, the Board comprised four non-executive Directors, all of whom were deemed to be independent. The Chairman does not have any other significant commitments than those disclosed in his biography.

None of the other Directors, nor any persons connected with them, had a material interest in any of the Company's transactions, arrangements or agreements during the period. None of the Directors, save as mentioned above, has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company, and which was effected by the Company during the current financial period.

There have been no loans or guarantees between the Company and any Director at any time.

None of the Directors has a service agreement with the Company. Copies of their letters of appointment are available from the Secretary on request. Under the Articles of Association, all Directors are subject to retirement by rotation and re-election by shareholders at least every three years. The Directors consider that this meets the provisions of the AIC Code of Corporate Governance regarding directors' appointments (see page 33 for further information on the AIC Code).

In accordance with the Articles of Association, Messrs Abbot, Pegge and Macleod will seek election this year, this being the first Annual General Meeting of the Company to be held since their appointment to the Board on 29 February 2008. Also in accordance with the Articles of Association, Mr. White is required to retire by rotation at this meeting, and being eligible, will offer himself for re-election.

The Board is unanimously of the opinion that these Directors should be elected as Directors of the Company in view of their extensive individual and collective experience in investment matters and their continuing commitment to the Company.

Report of the Directors

for the year ended 31 May 2008

DIRECTORS' INTERESTS

	31 May 2008			1 June 2007		
	Income shares	Capital shares	Zero Dividend Preference shares	Income shares	Capital shares	Zero Dividend Preference shares
D Abbot*	-	-	-	-	-	-
R Macleod	35,000	5,149,000	-	-	-	-
A Pegge**	5,860,000	-	-	-	-	-
S White	15,000	30,000	-	30,000	30,000	-
Lord Lang of Monkton†	-	-	-	19,000	29,000	6,000
E Fenton†	-	-	-	60,000	10,000	10,000
W Vanderfelt†	-	-	-	-	-	500,000

* Duncan Abbot is an employee and formerly a director of Midas Capital plc. As at 31 May 2008 funds under management of Midas Capital plc were interested in 8,396,000 Income shares (1,959,000 Income shares as at the date of this report).

** Andrew Pegge is a director of Laxey Partners Limited. Mr Pegge's interest relates to funds under management of Laxey Partners Limited as at 31 May 2008 (Laxey Partners Ltd had 2,988,560 Income shares as at the date of this report).

† Resigned as a Director on 29 February 2008.

SHARE CAPITAL AND VOTING RIGHTS

As at 31 May 2008, the Company had the following shares in issue, all of which are traded on the London Stock Exchange:

Share class	Number of shares in issue	Voting rights attached to each share	% of total voting rights represented by each class
Income shares of 0.1p each	25,210,008	1	50
Capital shares of 0.1p each	50,000,000	0.50420016	50
Zero Dividend Preference shares of 0.1p each	472,887	-	-
Total voting rights:	50,420,016		

Under the Company's Articles of Association adopted on 30 May 2008, each Capital share (including Capital shares forming part of Units) has a voting right equal to the number of Income shares (including Income shares forming part of Units) in issue divided by the number of Capital shares (including Capital shares forming part of Units) in issue.

Further details of the rights attaching to each of the Company's classes of share are included in the Company details on page 15.

While the Zero Dividend Preference shares do not carry any voting rights on a day to day basis, there are certain circumstances set out in the Articles of Association in which holders of these shares will be entitled to vote. These include any proposals likely to vary, modify or abrogate any of the special rights attached to these shares.

Report of the Directors

for the year ended 31 May 2008

Details of those persons with significant direct or indirect holdings in the shares carrying voting rights are set out below.

MAJOR SHAREHOLDERS

As at the date of this report the Directors have been informed of the following notifiable interests in the voting rights of the Company:

	Voting rights* held	% of total voting rights
Income shares		
Charles Stanley Group PLC	4,351,241	8.63
Mr Ian Tanner	3,640,364	7.56
Citigroup Global Markets UK Equity Limited	3,450,000	6.84
East Riding of Yorkshire Council	3,150,000	6.25
Mr Richard Katz	3,070,529	6.09
Laxey Partners Limited	2,988,560	5.93
Mr Rory Macleod	2,631,127	5.22
Mr Frank Baroukh	2,583,000	5.12
Deutsche Bank AG	2,612,500	5.18
Midas Capital plc	1,959,000	3.89

* Based on total voting rights in issue as at the date of this report, rather than date of notification. The voting rights attributable to the Income shares and the Capital share are set out on the previous page.

MANAGEMENT AGREEMENTS

The Company's investments are managed by Premier Asset Management (Guernsey) Limited and Premier Fund Managers Limited, as advised by RENN Capital Group, Inc. These arrangements are governed by two 'Investment Management Agreements' and an 'Investment Advisory Agreement' each dated 5 April 2001, as amended by the Novation Agreement dated 21 October 2005 (following the acquisition of the business of BFS Investments PLC by Premier Asset Management plc) and by side letters dated 2 May 2008 which took effect from 1 June 2008. As at 31 May 2008, the management fees, payable monthly in arrears, were calculated at a monthly rate of 0.0417% (plus VAT which was chargeable up to 31 August 2007) of the value of the gross assets less current liabilities of the Income portfolio, reduced by the value of investments held in companies managed by Premier Fund Managers Limited, plus 0.125% of the gross assets less current liabilities of the the US Growth portfolio. In addition a performance fee (payable annually) of an amount equal to 10% of the amount by which the Company's gross assets less current liabilities exceed, on the calculation date, either the initial gross assets increased by a compound rate of 5.5% per annum or the gross assets less current liabilities by reference to which the performance fee was last paid, and prior to payment of such fee, as increased by a compound rate of 5.5% per annum. The performance fee was subject to a cap equal to 5% of the gross assets on the relevant calculation date.

Report of the Directors

for the year ended 31 May 2008

The management of the US Growth portfolio is delegated by Premier Asset Management (Guernsey) Limited to RENN Capital Group, Inc. under the Investment Advisory Agreement dated 5 April 2001 as amended by a side letter dated 2 May 2008 which took effect from 1 June 2008. RENN Capital Group, Inc. is an investment management company based in Dallas, Texas, USA, which was founded in 1973 by Russell Cleveland. RENN Capital Group, Inc. is a registered investment adviser under the United States Investment Advisers Act 1940 and currently has funds under management of approximately \$206 million (\$33 million of which relate to Global Special Opportunities Trust PLC). Under the investment advisory agreement, as at 31 May 2008, RENN Capital Group, Inc. received 60% of the management fees and performance fees payable on the US Growth portfolio.

With effect from 1 June 2008, the investment management and investment advisory agreements were amended. Premier Fund Managers Limited is now entitled to a monthly fee of 0.0625% of the gross assets less the current liabilities of the Income portfolio and Premier Asset Management (Guernsey) Limited is entitled to a monthly fee of 0.0625% of the gross assets less the current liabilities of the US Growth portfolio. Currently all of the Company's assets are in the US Growth portfolio.

Premier Asset Management (Guernsey) Limited is also entitled to a performance fee which shall be payable in respect of financial years ending on or after 31 May 2009 equal to 15% of the amount by which the net asset value per Income share (assuming and deeming, for the purposes of this calculation only, that the Income shares do not have a capped final capital entitlement) exceeds either: (a) £1.00 as increased from 1 June 2008 at an annual rate of 8 per cent per annum (if no performance fee has been paid prior to the date of such calculation); or (b) the net asset value per Income share (assuming and deeming, for the purposes of this calculation only, that the Income shares do not have a capped final capital entitlement) by reference to which the performance fee was last paid and prior to payment of such fee (if a performance fee has previously been paid) as increased at an annual rate of 8% per annum. Any performance fee to be paid by the Company in any performance period will be capped at 4.99% of net assets. Any unrewarded out-performance (as a result of the cap) will be carried forward. Such carried forward unrewarded out-performance will only be payable in future periods to the extent that it does not result in a performance fee payment exceeding 4.99% of net assets in any performance period.

Premier Asset Management (Guernsey) Limited is required to pay 60% of the fee attributable to the US Growth portfolio and 70% of any performance fee to RENN Capital Group, Inc. under the terms of the revised Investment Advisory Agreement.

The management agreements and the investment advisory agreements are terminable on 12 months' notice, such notice not to expire prior to 31 May 2010 provided always that they will terminate automatically upon a winding-up at the Company on 31 May 2011. No additional compensation is payable to the Investment Managers or the Investment Adviser on the termination of these agreements.

Under another agreement ('the administration agreement') dated 5 April 2001, company secretarial services and the general administration of the Company are undertaken by Capita Sinclair Henderson Limited. Their fee is subject to annual upward adjustments in accordance with the Retail Price Index. The administration agreement may be terminated by twelve months' written notice. Capita Sinclair Henderson received an additional fee of £15,000 in respect of additional work relating to the scheme to extend the Company's life.

Report of the Directors

for the year ended 31 May 2008

CONTINUING APPOINTMENT OF THE INVESTMENT MANAGER

The Board keeps under review the performance of the Investment Manager and the Investment Adviser. During May 2008 the Directors concluded that the continuing appointment of Premier Asset Management (Guernsey) Limited, RENN Capital Group, Inc. and Premier Fund Managers Limited, on the revised terms of the Investment Management and Investment Advisory agreements which took effect from 1 June 2008, was in the best in the interests of shareholders as a whole. This matter will be reviewed once again by the Board during the year ending 31 May 2009.

CORPORATE GOVERNANCE

Compliance with the provisions of the Combined Code and the AIC Code

The Board has considered the principles and recommendations of the 2007 AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code during the year except as disclosed below:

The Combined Code includes provisions relating to:

- the role of a chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the Preamble to the Combined Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Board of Directors

The Board consists entirely of non-executive Directors who are responsible for the implementation of the Company's investment policy. The Company does not have a chief executive officer, but in appointing a management company, the roles of Chairman and chief executive officer are effectively separated. Brief biographical details of the Directors can be found on page 18. Given the size of the Board and the nature of the Company, the Directors do not consider it appropriate to appoint a senior independent director.

Report of the Directors

for the year ended 31 May 2008

The Board considers each of the Directors to be independent. Messrs Pegge and Macleod are significant shareholders in the Company and Mr Abbot is connected with a significant shareholder of the Company. The Board does not consider that these shareholdings impact on these Directors' abilities to think or act independently. Moreover, the Board considers that having significant representatives of both the Income shares and the Capital shares of the Company on the Board of Directors aligns the interests of the Board with those of the Company's shareholders and the Company as a whole.

The Company holds at least four scheduled Board meetings per year, at which the Directors review the Company's investments and all other important issues to ensure control is maintained over the Company's affairs. During the year ended 31 May 2008, four such meetings were held, all of which were attended by all Directors in office at the date of the meeting. In addition to these, a number of additional ad-hoc or telephone Board meetings were held during the year to discuss various specific matters.

Board procedures were formalised on 29 March 2001 in a 'schedule of matters specifically reserved for the Board's approval', which has since been adopted for all meetings. These reserved matters include the approval of financial statements and circulars, the approval of dividends, changes to accounting policies and practices, appointments and removals of the Company's service providers, Board appointments and strategic matters such as gearing and share buybacks.

The day to day management of the portfolio is delegated to the Investment Manager and the Investment Advisers. The Investment Manager and the Investment Adviser, in the absence of explicit instruction from the Board, are also empowered to exercise discretion in the use of the Company's voting rights.

The Directors have reviewed the performance of the Board and the Chairman in respect of the year ended 31 May 2008. This review consisted of a discussion based approach by which the performance of each Director, the Chairman and the Board as a whole was evaluated. No areas of concern were identified during this process.

Committees

Throughout the year an Audit Committee has been in operation. All Directors sit on this Committee and until 29 February 2008, this Committee was chaired by Lord Lang of Monkton. As at the date of this report, this Committee is chaired by Duncan Abbot, however, it has been agreed that, with effect from 30 September 2008, this Committee will be chaired by Stephen White in order to separate the roles of Chairman of the Company and Chairman of the Audit Committee. The Board considers that these Directors have sufficient collective knowledge and expertise to effectively fulfil the duties of the Audit Committee and that both Duncan Abbot and Stephen White have sufficient financial experience to enable them to effectively chair the Committee. This Committee meets at least twice a year and operates within clearly defined written terms of reference. It provides a forum through which the Company's external Auditors report to the Board, makes recommendations regarding the appointment of the Auditors, reviews the annual and half yearly results of the Company, reviews the internal controls of the Company and its service providers and also undertakes a formal assessment of the Auditors' independence each year, which includes:

- A review of non-audit services provided to the Company and related fees;

Report of the Directors

for the year ended 31 May 2008

- Discussion with the Auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence; and
- Obtaining written confirmation from the Auditors that, in their professional judgement, they are independent.

During the year, the Audit Committee met twice; both of these meetings were attended by all members of the Committee appointed on those dates.

A Nomination Committee, with written terms of reference and comprised of all Directors was in operation. This Committee met as required to consider the appointment and resignation of Directors. Until 29 February 2008 the Committee was chaired by Lord Lang of Monkton. From 29 February 2008 this Committee was chaired by Duncan Abbot. One meeting of this Committee was held during the year which was attended by all members of the Committee appointed on that date.

Throughout the year ended 31 May 2008, a Management Engagement Committee, with written terms of reference and comprised of all Directors was in operation. This Committee met at least twice a year to consider the management and administration of the Company. Until 29 February 2008 this Committee was chaired by Lord Lang of Monkton. From the 29 February 2008 this Committee was chaired by Duncan Abbot. Two meetings of this Committee were held during the year, each of which were attended by all members of the Committee appointed on those dates. On 20 August 2008 the Board agreed that it was not necessary to have a separate Management Engagement Committee as it was more appropriate for its functions and duties to be undertaken by the Board as a whole. Therefore the Company no longer has a Management Engagement Committee. The Board as a whole also fulfils the function of a remuneration committee.

The written terms of reference of these Committees may be obtained from the Secretary on request.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Capita Sinclair Henderson Limited, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and also compliance with the statutory obligations of the Company.

Individual Directors may seek independent professional advice on any matter concerning them in the furtherance of their duties at the expense of the Company. The Company also maintains directors' and officers' liability insurance to cover legal defence costs.

Relations with shareholders

Communication with shareholders is given a high priority by both the Board and Investment Manager and all Directors are available to enter into written dialogue with shareholders. Income and Capital shareholders are encouraged to attend and vote at the Annual General Meeting, during which the Board and Investment Manager are available to discuss issues affecting the Company. Zero Dividend Preference shareholders do not have the right to vote at or to attend the Annual General Meeting unless a resolution either to wind-up the Company or to vary the rights of Zero Dividend Preference shares is proposed.

Report of the Directors

for the year ended 31 May 2008

Any shareholders who would like to lodge questions in advance of the Annual General Meeting to be held on 19 November 2008, are invited to do so in writing to the Company Secretary at the address detailed on page 74. The Company always responds to letters from individual shareholders.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting sets out both the ordinary business and the special business to be conducted at the meeting. The following explains the resolutions to be considered at the meeting as special business:

Resolution 8, being a special resolution, if passed, will extend the Directors' existing authority to purchase up to 14.99% of the issued Income shares of the Company (being 3,778,980) for cancellation.

Resolution 9, also being a special resolution, if passed, will extend the Directors' existing authority to purchase up to 14.99% of the issued Capital shares of the Company (being 7,495,000) for cancellation.

AUDITORS

A resolution to re-appoint Grant Thornton UK LLP and to authorise their remuneration will be put to shareholders at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

By order of the Board

Capita Sinclair Henderson Limited

Secretary

29 September 2008

Directors' remuneration report

for the year ended 31 May 2008

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your 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 its report on pages 40 and 41.

Remuneration Committee

During the year ended 31 May 2008 the Company had four non-executive Directors, all of whom are considered to be independent. The Board as a whole fulfils the function of a Remuneration Committee. The Board has appointed the Company Secretary, Capita Sinclair Henderson Ltd, to provide advice when the Board considers the level of Directors' fees.

Policy on Directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that have a similar capital structure (income shares, capital shares and zero dividend preference shares) and have a similar investment objective of capital growth. It is intended that this policy will continue for the forthcoming year.

Having considered the levels of remuneration paid to the directors of comparable investment trusts, the Board is of the opinion that the fees of £20,000 per annum and £16,000 per annum that are payable to the Chairman and the Directors respectively are appropriate.

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

Directors' service contracts

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

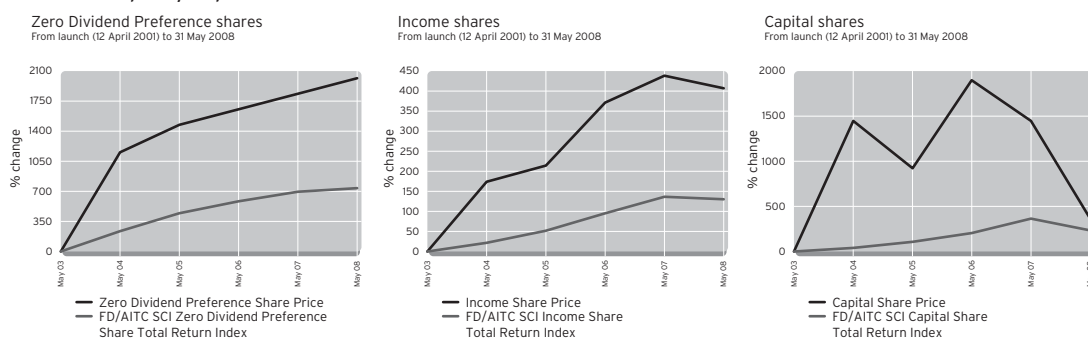
Your Company's performance

The following graphs compare the total return (assuming all dividends are reinvested) to Capital, Income and Zero Dividend Preference shareholders to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the Capital Share, Income Share and ZDP Share AIC Total Return indices are calculated. These indices were chosen for comparison purposes, as the Board consider them to be the most appropriate indicators with which to compare the investment performance of your Company.

Directors' remuneration report

for the year ended 31 May 2008

Your Company's performance (continued)



Directors emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Year to 31 May 2008	Year to 31 May 2007
Duncan Abbot, Chairman (appointed 29/02/08)	5,000	-
Rory Macleod (appointed 29/02/08)	4,000	-
Andrew Pegge (appointed 29/02/08)	4,000	-
Stephen White	16,000	16,000
Lord Lang of Monkton (resigned 29/02/08)	15,000	20,000
Ernest Fenton (resigned 29/02/08)	12,000	16,000
William Vanderfelt (resigned 29/02/08)	12,000	16,000

Approval

This Directors' remuneration report was approved by the Board of Directors on 26 September 2008.

Duncan Abbot
Chairman

Statement of Directors' responsibilities

in respect of the financial statements

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 have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

Independent Auditor's report

to the members of Global Special Opportunities Trust Plc

We have audited the financial statements (the 'financial statements') of Global Special Opportunities Trust Plc for the year ended 31 May 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement, statement of movements in net assets attributable to shareholders and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Investment Manager's report, the investment adviser's report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' report

to the members of US Special Opportunities Trust Plc

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Director's Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 May 2008 and of its return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

Registered Auditor

Chartered Accountants

London

29 September 2008

Income statement

for the year ended 31 May 2008

	Note	Year ended 31 May 2008			Year ended 31 May 2007		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value through profit or loss	9	-	(14,943)	(14,943)	-	3,703	3,703
Income	2	2,486	1	2,487	3,477	100	3,577
Investment management fee	3	(360)	(841)	(1,201)	(474)	(1,106)	(1,580)
Other expenses	4	(544)	(15)	(559)	(555)	-	(555)
Exchange gains/(losses) on capital items		-	58	58	-	(1,037)	(1,037)
Gains on derivatives at fair value through profit or loss	14	-	876	876	-	1,668	1,668
Net return before finance costs and taxation		1,582	(14,864)	(13,282)	2,448	3,328	5,776
Finance costs							
Interest payable and similar charges	5	(301)	(702)	(1,003)	(590)	(1,376)	(1,966)
Tender offer costs		(247)	(246)	(493)	-	-	-
Appropriations in respect of:							
Zero Dividend Preference shares		-	(2,148)	(2,148)	-	(1,965)	(1,965)
Income shares	7	(693)	(1,351)	(2,044)	(1,435)	(1,313)	(2,748)
Capital shares		-	18,975	18,975	-	928	928
Return on ordinary activities before taxation		341	(336)	5	423	(398)	25
Taxation on ordinary activities	6	(341)	336	(5)	(423)	398	(25)
		-	-	-	-	-	-
Return per share (FRS 25 basis)		pence	pence	pence	pence	pence	pence
Capital share	8	-	(37.95)	(37.95)	-	(1.86)	(1.86)
Income share	8	1.40	2.72	4.12	2.89	2.64	5.53
Zero Dividend Preference share	8	-	15.61	15.61	-	14.24	14.24
Unit (1 Capital, 1 Income)	8	1.40	(35.23)	(33.83)	2.89	0.78	3.67

The total column of this statement is the profit and loss account of the Company. The supplementary revenue return and capital return columns have been prepared in accordance with the AIC's SORP. Revenue and capital return per share figures shown are also supplementary information.

All revenue and capital items in the above statement derive from continuing operations. There are no recognised gains or losses other than those passing through the income statement.

The notes on pages 46 to 71 form part of these financial statements.

Statement of movements in net assets attributable to shareholders

for the year ended 31 May 2008

	Note	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Net assets attributable to shareholders at the start of the year		<u>84,958</u>	<u>82,713</u>
Appropriations to shareholders			
Zero Dividend Preference shares		2,148	1,965
Income shares		2,044	2,748
Capital shares		<u>(18,975)</u>	<u>(928)</u>
		<u>(14,783)</u>	<u>3,785</u>
Dividends paid to Income shareholders	7	(1,987)	(1,540)
Repurchase of shares (including related costs)		<u>(49,039)</u>	<u>-</u>
Net assets attributable to shareholders at the year end		<u>19,149</u>	<u>84,958</u>

The notes on pages 46 to 71 form part of these financial statements.

Balance sheet

as at 31 May 2008

	Note	31 May 2008 £'000	31 May 2007 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	16,899	110,712
Derivatives at fair value through profit or loss	14	-	1,941
		<u>16,899</u>	<u>112,653</u>
Current assets			
Debtors	11	2,432	1,325
Cash at bank		51,324	6,479
		<u>53,756</u>	<u>7,804</u>
Creditors - amounts falling due within one year			
Creditors	12	49,735	509
Bank loan	13	1,771	34,990
Net assets attributable to shareholders	15	-	84,958
		<u>51,506</u>	<u>120,457</u>
Net current (liabilities)/assets		<u>2,250</u>	<u>(112,653)</u>
Total assets less current liabilities		<u>19,149</u>	<u>-</u>
Creditors - amounts falling due after more than one year			
Net assets attributable to shareholders	15	19,149	-
		<u>19,149</u>	<u>-</u>
		<u>-</u>	<u>-</u>
		pence	pence
Net asset values per share:			
- Capital shares	15	-	23.37
- Income shares	15	72.53	101.13
- Zero Dividend Preference shares	15	182.61	167.00
- Units	15	72.53	124.50

These financial statements were approved by the Board of Directors on 29 September 2008 and signed on its behalf by:

Duncan Abbot
Chairman

The notes on pages 46 to 71 form part of these financial statements.

Statement of cash flows

for the year ended 31 May 2008

	Note	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Operating activities			
Investment income received		2,014	2,268
Deposit interest received		436	766
Investment management fees paid		(1,283)	(1,532)
Secretarial fees paid		(92)	(89)
Other cash payments		(507)	(394)
Net cash inflow from operating activities	18	<u>568</u>	<u>1,019</u>
Servicing of finance			
Interest paid		(989)	(1,958)
Non-equity dividends paid (Income shares)		(1,987)	(1,540)
Net cash outflow from servicing of finance		<u>(2,976)</u>	<u>(3,498)</u>
Capital expenditure and financial investment			
Purchases of investments		(131,984)	(96,447)
Sales of investments		209,617	93,406
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>77,633</u>	<u>(3,041)</u>
Net cash inflow/(outflow) before financing		<u>75,225</u>	<u>(5,520)</u>
Financing			
Loan repayment		(32,078)	-
Revolving credit facility drawdown		1,771	-
Financing costs		(108)	-
Tender offer costs		(38)	-
Net cash outflow from financing		<u>(30,453)</u>	<u>-</u>
Net cash inflow/(outflow) after financing		<u>44,772</u>	<u>(5,520)</u>
Increase/(decrease) in cash	20	<u>44,772</u>	<u>(5,520)</u>

The notes on pages 46 to 71 form part of these financial statements.

Notes to the financial statements

for the year ended 31 May 2008

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention except for the measurement at fair value of fixed asset investments and are prepared in accordance with applicable law and Accounting Standards in the United Kingdom ('UK GAAP') and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Companies" ('SORP') issued by the Association of Investment Companies ('AIC') in January 2003 and revised in December 2005.

Dividends

Interim dividends are accounted for in the period when they are paid and final dividends are accounted for when approved by the shareholders.

Investments

Investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value. As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, quoted equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy and information about the portfolio is provided internally on this basis to the Board.

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. In arriving at fair value, accounting standards require that bid prices are used where they are readily and regularly available from an exchange. The Board considers that for the majority of the Company's US quoted investments, reliable bid prices are not readily and regularly available and have therefore used the price of the most recent transaction in the investment. The Board believes this provides a more accurate valuation of the current fair value having adjusted for significant changes in economic circumstances since the time of the transaction.

Unquoted investments are valued by the Directors as follows:

- Unquoted equity investments are included at fair value based on latest dealing prices, stockbroker valuations, net asset values or other information, as appropriate. This valuation incorporates all factors that market participants would consider in setting a price.
- Unquoted convertible debenture investments are valued by reference to the fair value of the underlying equity of the investment. Cost is used where no market price for the underlying equity is available or where the market price is less than cost.
- Unquoted loan notes are valued at fair value.
- Unquoted convertible preferred stock is valued at the closing last traded price of the common stock. If the preferred stock is redeemable, the preferred stock is valued at the greater of cost or market price.

Notes to the financial statements

for the year ended 31 May 2008

1 ACCOUNTING POLICIES (CONTINUED)

- Unquoted warrant investments are valued at fair value using the Black Scholes methodology, which includes a time value which is calculated and added to the intrinsic value to arrive at a total valuation for each warrant. The application of the Black Scholes methodology requires certain assumptions to be made on the volatility of the underlying shares to which the warrants subscribe.

Derivatives

The Company uses derivative financial instruments. These derivatives are classified as 'fair value through profit or loss' and movements in the fair value of these derivatives are recorded through the Income statement.

Shareholders' funds

Due to the Company having a fixed life, the Zero Dividend Preference shares, Income shares and Capital shares are all classified under FRS 25 as financial liabilities rather than as equity in the Balance sheet. This is purely presentational and has no effect on the Company's net assets per share or returns per share as calculated. The finance costs relating to these shares are charged to the Income statement using the Effective Interest Rate method.

Income recognition

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. As prescribed in FRS 16: Current tax, UK dividends are disclosed excluding the associated tax credit. 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;

Income arising on fixed interest securities (including reverse convertible bonds) is recognised on a time apportionment basis so as to reflect the effective interest rate on that security;

The ordinary element of stocks received in lieu of dividends is recognised as income of the Company. Any enhancement above the equivalent value of the cash dividend that would have been receivable is treated as a capital gain on the associated investment.

- Underwriting commission is recognised as income in so far as it relates to shares the Company is not required to take up. Where the Company is required to take up shares underwritten the commission received is treated as a deduction from the cost of shares. The balance is taken to income in the Income statement for the Company; and
- Interest receivable is included on an accruals basis.

Expenditure

All expenses are accounted for on an accruals basis. All expenses are charged in full to the revenue column in the Income statement except as follows:

- Transaction costs incurred on the purchase and sale of investments are charged through the capital column of the Income statement;
- Issue costs associated with the bank loan are being amortised over the life of the facility in accordance with FRS 26; and

Notes to the financial statements

for the year ended 31 May 2008

1 ACCOUNTING POLICIES (CONTINUED)

- Expenses are allocated between capital and revenue where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In respect of the investment management fees, debit interest and loan arrangement fees, 70% has been allocated to capital and 30% to revenue in the Income statement, as stated in the prospectus at the time of the Company's inception. The investment management performance fee when payable is charged, in total, to the capital column of the Income statement.

Taxation

The charge for taxation is based on the net revenue for the year.

Full provision for deferred taxation is made under the liability method on all timing differences that have arisen but not reversed by the Balance sheet date in accordance with FRS 19: Deferred Taxation. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the average tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the Balance sheet date. Deferred tax is measured on a non-discounted basis. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates. Tax relief on expenses is allocated between revenue and capital using the marginal basis in accordance with the SORP.

Foreign currency transactions

The currency of the primary economic environment in which the Company operates (the functional currency) is Pounds Sterling. The presentation currency is Pounds Sterling.

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. A gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital column or in the revenue column of the Income statement depending on whether the gain or loss is of a capital or revenue nature respectively.

Finance costs

The Directors have allocated 100% of the appropriation relating to the capital entitlement of Zero Dividend Preference shares and Income shares to capital. Accordingly a redemption reserve has been set up to provide for the capital repayment entitlements attached to the Zero Dividend Preference shares and Income shares which accrue to the date of the Company's winding-up on 31 May 2011. On a winding-up of the Company the Zero Dividend Preference shares were entitled to a capital repayment of 100.00p per share as at 12 April 2001, increasing on a daily basis by approximately 8.8% p.a. compounded annually to give a final capital entitlement of 182.608201p on 31 May 2008. This amount shall not increase until payment is made on 31 May 2011. The Income shares are entitled to a capital repayment of 85.00p increased on the last day of each calendar month to give a capital entitlement of 100.00p on 31 May 2008 and then from 1 June 2008 to 31 May 2011 increased at a daily compound rate so as to give a final capital entitlement of 120.82p on 31 May 2011.

Notes to the financial statements

for the year ended 31 May 2008

1 ACCOUNTING POLICIES (CONTINUED)

The Income shares are entitled to the revenue reserves of the Company. The revenue return for the year is treated as an appropriation and is analysed in note 7 between dividends paid in the year and residual returns.

The Capital shares are entitled to all surplus assets of the Company after repayment of the bank facility and after the pre-determined capital entitlements of the Zero Dividend Preference shares and the Income shares have been satisfied.

2 INCOME

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Income from investments designated at fair value through profit or loss		
UK net dividend income	277	559
Overseas unfranked investment income	1,764	2,177
	<u>2,041</u>	<u>2,736</u>
Other income		
Bank interest receivable	445	741
	<u>445</u>	<u>741</u>
Total income	<u>2,486</u>	<u>3,477</u>
Total income comprises:		
Dividends from investments designated at fair value through profit or loss	621	1,320
Interest from investments designated at fair value through profit or loss	1,420	1,416
Deposit interest from financial assets not at fair value through profit or loss	445	741
	<u>2,486</u>	<u>3,477</u>
Income from investments:		
Listed UK	277	559
Listed overseas	1,329	1,261
Unlisted overseas	435	916
	<u>2,041</u>	<u>2,736</u>

3 INVESTMENT MANAGEMENT FEE

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	359	839	1,198	471	1,098	1,569
Irrecoverable VAT thereon	1	2	3	3	8	11
	<u>360</u>	<u>841</u>	<u>1,201</u>	<u>474</u>	<u>1,106</u>	<u>1,580</u>

Notes to the financial statements

for the year ended 31 May 2008

3 INVESTMENT MANAGEMENT FEE (CONTINUED)

Under the terms of the previous Investment Management Agreements, the Investment Manager was entitled to a fee, payable monthly in arrears at the rate of 0.0417% (plus VAT) per month, of the gross assets less current liabilities of the Income portfolio, reduced by the value of investments held in companies managed by Premier, plus 0.125% per month of the gross assets less current liabilities of the US Growth portfolio. A performance fee was not payable for the year ended 31 May 2008 (2007: £nil). Further information regarding the investment management fees from 1 June 2008 is detailed in the report of the Directors on pages 31 and 32.

At 31 May 2008 there were amounts outstanding of £101,000 (2007: £181,000). VAT is no longer payable on the Investment Manager's fees or performance fees.

4 OTHER EXPENSES

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Administrative & secretarial fee	108	-	108	106	-	106
Directors' remuneration	68	-	68	68	-	68
Auditors' remuneration for audit services	31	-	31	22	-	22
Other expenses	366	15	381	387	-	387
VAT recoverable	(29)	-	(29)	(28)	-	(28)
Total other expenses	544	15	559	555	-	555

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
On bank loan	298	695	993	587	1,369	1,956
Amortisation of loan facility costs	3	7	10	3	7	10
	301	702	1,003	590	1,376	1,966

6 TAXATION

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Analysis of charge for the year:						
Corporation tax	-	-	-	-	-	-
Overseas tax not recoverable	5	-	5	25	-	25
Tax relief attributable to capitalised expenses	336	(336)	-	398	(398)	-
	341	(336)	5	423	(398)	25

Notes to the financial statements

for the year ended 31 May 2008

6 TAXATION (CONTINUED)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom (30% to 31 March 2008, 28% from 1 April 2008). The differences are explained below:

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities after interest payable and tender offer costs but before appropriations	1,034	(15,812)	(14,778)	1,858	1,952	3,810
Return on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom (30%/28%)	307	(4,691)	(4,384)	557	586	1,143
Effects of the non-taxable items						
UK franked investment income	(82)	-	(82)	(167)	-	(167)
(Losses)/gains on investments, exchange gains on capital items and movement on fair value of derivative financial instruments	-	4,194	4,194	-	(1,301)	(1,301)
Unrelieved capital expenses	-	88	88	-	317	317
Expenses not deductible for tax	111	73	184	8	-	8
Marginal relief	-	-	-	-	-	-
Overseas tax not recoverable	5	-	5	25	-	25
Current tax charge for the year	341	(336)	5	423	(398)	25

At 31 May 2008 the Company had unrelieved management expenses of £5,966,000 (31 May 2007: £5,671,000). It is unlikely that the Company will generate sufficient taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

7 APPROPRIATIONS IN RESPECT OF INCOME SHARES

Appropriations in the revenue column of the income statement in respect of Income shares are split between dividends paid in the year and the remaining balance of the revenue account for the year.

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Dividends	1,987	1,540
Residual balance of revenue account	(1,294)	(105)
Total appropriations in respect of Income shares	693	1,435

Dividends are comprised as follows:

Relating to prior period

Third interim paid of 0.80p net (2006: 0.70p)	397	348
Fourth interim paid of 0.80p net (2006: 0.80p)	397	397
	794	745

Notes to the financial statements

for the year ended 31 May 2008

7 APPROPRIATIONS IN RESPECT OF INCOME SHARES (CONTINUED)

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Relating to current period		
First interim paid of 0.80p net (2007: 0.80p)	397	397
Second interim paid of 0.80p net (2007: 0.80p)	398	398
Third interim paid of 0.80p net (2007: nil)	398	-
	<u>1,987</u>	<u>1,540</u>

In addition a fourth interim dividend of 1.00p (2007: 0.80p) per share was paid on 6 June 2008. This dividend relates to the year ended 31 May 2008 but in accordance with the Company's accounting policies and FRS 21 they are recognised in the period in which they are paid.

Appropriations in the capital column of the Income statement are calculated as discussed in note 8 and amounted to:

Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
<u>1,351</u>	<u>1,313</u>

8 RETURN PER SHARE

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per share (FRS 25 basis)						
Capital share	-	(37.95)	(37.95)	-	(1.86)	(1.86)
Income share	1.40	2.72	4.12	2.89	2.64	5.53
Zero Dividend Preference share	-	15.61	15.61	-	14.24	14.24
Unit (1 Capital, 1 Income)	1.40	(35.23)	(33.83)	2.89	0.78	3.67

Capital shares

The return per Capital share is based on appropriations for the year of £(18,975,000) (2007: £(928,000)) and on 50,000,000 (2007: 50,000,000) Capital shares.

Income shares

The revenue return per Income share is based on revenue appropriations of £693,000 (2007: £1,435,000) and on 49,603,169 (2007: 49,670,000) Income shares being the weighted average number of shares in issue during the year. The capital return per Income share is based on capital appropriations of £1,351,000 (2007: £1,313,000) and on 49,603,169 (2007: 49,670,000) Income shares being the weighted average number of shares in issue during the year. The capital return per Income share is based on an effective interest rate from 12 April 2001 of approximately 2.79%.

The redemption yield is contingent on the Company having sufficient assets at the time of redemption.

Notes to the financial statements

for the year ended 31 May 2008

8 RETURN PER SHARE (CONTINUED)

Zero Dividend Preference shares

The return per Zero Dividend Preference share is based on appropriations of £2,148,000 (2007: £1,965,000) and on 13,762,590 (2007: 13,799,000) being the weighted average number of Zero Dividend Preference shares in issue during the year. The return per Zero Dividend Preference share is based on an effective interest rate from 12 April 2001 of approximately 8.8%.

The return per share based on the allocation of available assets in the event of a return of capital in accordance with the Articles of Association was:

	Year ended 31 May 2008			Year ended 31 May 2007		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per share (Articles)						
Capital shares	-	(22.68)	(22.68)	-	(1.23)	(1.23)
Income shares	1.40	(12.45)	(11.05)	2.89	2.20	5.09
Zero Dividend Preference shares	-	14.81	14.81	-	13.57	13.57
Unit (1 Capital, 1 Income)	1.40	(35.13)	(33.73)	2.89	0.97	3.86

The return per share calculated in accordance with the Articles of Association differs from that calculated in accordance with FRS 25 due to the amortisation of share issue costs and assets available for distribution in the event of a return of capital.

During the year ended 31 May 2008 the value of share issue costs amortised in calculating the return per Zero Dividend Preference share under FRS 25 was £110,000 (2007: £92,000).

During the year ended 31 May 2008 the value of share issue costs amortised in calculating the return per Income share under FRS 25 was £232,000 (2007: £220,000). The shortfall in assets available for a return of capital amounted to £7,293,000 (2007: £nil).

9 INVESTMENTS

	As at 31 May 2008 £'000	As at 31 May 2007 £'000
Investment portfolio summary		
Listed investments on a recognised international exchange	8,098	97,050
Unlisted investments with conversion rights into listed investments	4,377	9,197
Other unlisted investments	4,424	4,465
Investments at fair value	<u>16,899</u>	<u>110,712</u>

	Listed investments £'000	Unlisted investments* with conversion rights into listed investments £'000	Other unlisted investments £'000	Total £'000
Analysis of investment portfolio movements				
Opening book cost	79,581	8,403	5,941	93,925
Opening unrealised appreciation	16,718	794	(725)	16,787
Opening valuation	<u>96,299</u>	<u>9,197</u>	<u>5,216</u>	<u>110,712</u>

Notes to the financial statements

for the year ended 31 May 2008

9 INVESTMENTS (CONTINUED)

	Listed investments £'000	Unlisted investments* with conversion rights into listed investments £'000	Other unlisted investments £'000	Total £'000
Movements in the year:				
Purchases at cost	127,218	1,495	2,323	131,036
Sales:				
Proceeds	(205,125)	(2,837)	(1,944)	(209,906)
Realised gains/(losses) on sales	10,670	617	(16)	11,271
Movement in unrealised appreciation	(20,964)	(4,095)	(1,155)	(26,214)
Closing valuation	8,098	4,377	4,424	16,899
Analysis of investment portfolio movements				
Closing book cost	12,344	7,678	6,304	26,326
Closing unrealised depreciation	(4,246)	(3,301)	(1,880)	(9,427)
	8,098	4,377	4,424	16,899
			2008 £'000	2007 £'000
Analysis of capital gains				
Realised gains on sales			11,271	11,935
Decrease in unrealised appreciation			(26,214)	(8,232)
(Losses)/gains on investments			(14,943)	3,703

A breakdown of the investment portfolio is shown on pages 11 to 13.

Transaction costs incidental to the acquisitions of investments totalled £19,000 (2007: £36,000) and disposals of investments totalled £393,000 (2007: £107,000) for the year. These amounts are included in gains on investments, as disclosed in the income statement.

* The Company is entitled to exercise these conversion rights at any time.

Details of material holdings in unlisted securities are as follows:

Investment	Total cost £'000	Fair value 31 May 2008 £'000	Fair value 31 May 2007 £'000	Last accounts period end	Aggregate capital and reserves US\$m	Profit/(loss) after tax for year US\$'000	Net income from investment £'000
Anchorfree							
convertible preference	287	56	450	15/06/2008	0.8	(2.4)	-
Asian Financial							
common stock	400	379	758	31/03/2008	85.8	23.5	-
warrants	-	12	-	31/03/2008	85.8	23.5	-
Asset Capital							
common stock	561	328	516	31/03/2006	85.8	(4.0)	-
Aurasound							
warrants	-	15	-	3/31/2008	19.8	(8.7)	-

Notes to the financial statements

for the year ended 31 May 2008

9 INVESTMENTS (CONTINUED)

Investment	Total cost £'000	Fair value 31 May 2008 £'000	Fair value 31 May 2007 £'000	Last accounts period end	Aggregate capital and reserves US\$m	Profit/(loss) after tax for year US\$'000	Net income from investment £'000
BPO Management Services							
convertible preference	1,255	337	-	3/31/2008	15.5	(6.8)	-
warrants	-	79	-	3/31/2008	15.5	(6.8)	-
CaminoSoft							
promissory note	136	126	126	3/31/2008	(3.5)	(0.6)	9
promissory note	51	51	51	3/31/2008	(3.5)	(0.6)	4
convertible debenture	1,088	109	281	3/31/2008	(3.5)	(0.6)	53
Celsia Technologies							
convertible preference	228	6	31	3/31/2008	(1.9)	(16.5)	-
China Greenscape							
preference	382	380	-	31/12/2007	24.1	17.3	-
Cover-All Technologies							
warrants	-	18	23	3/31/2008	3.2	1.7	-
eOriginal Holdings†							
preferred series B	410	177	230	31/12/2007	(4.2)	(4.7)	-
preferred series C	456	169	256	31/12/2007	(4.2)	(4.7)	-
new preferred series C	444	344	412	31/12/2007	(4.2)	(4.7)	-
preferred series D	622	580	330	31/12/2007	(4.2)	(4.7)	-
warrants	-	15	65	31/12/2007	(4.2)	(4.7)	-
Global Axxess							
promissory note	555	506	505	3/31/2008	12.3	0.4	45
Heyspace							
preference	380	379	-	31/12/2007	18.9	7.0	-
iLinc Communications							
convertible debenture	352	253	253	3/31/2008	4.0	(2.2)	30
convertible preference	186	68	222	3/31/2008	4.0	(2.2)	12
Integrated Security Systems							
promissory note	858	747	746	3/31/2008	(11.4)	(3.6)	59
convertible debenture	820	759	758	3/31/2008	(11.4)	(3.6)	76
convertible debenture	558	532	531	3/31/2008	(11.4)	(3.6)	31
convertible debenture	318	253	253	3/31/2008	(11.4)	(3.6)	18
Inyx							
warrants	-	-	100	9/30/2006	(38.9)	(37.1)	-
Narrowstep							
warrants	-	61	-	5/31/2008	4.4	(13.9)	-
Obsidian Enterprises							
convertible debenture	100	71	109	31/10/2005	(22.6)	(10.7)	3
OneLink Corporation							
convertible promissory note	273	-	4	6/30/2006	(4.2)	(10.8)	25
Petrohunter							
convertible debenture	240	320	-	3/31/2008	105.1	(44.2)	-
warrants	-	263	-	3/31/2008	105.1	(44.2)	-

Notes to the financial statements

for the year ended 31 May 2008

9 INVESTMENTS (CONTINUED)

Investment	Total cost £'000	Carrying value 31 May 2008 £'000	Carrying value 31 May 2007 £'000	Last accounts period end	Aggregate capital and reserves US\$m	Profit/(loss) after tax for year US\$'000	Net income from investment £'000
Pipeline Data							
convertible debenture	826	759	758	3/31/2008	15.3	(2.0)	60
warrants	-	14	100	3/31/2008	15.3	(2.0)	-
Ronco							
convertible preference	640	7	13	12/31/2006	4.3	(53.8)	-
Simtek							
convertible debenture	459	354	1,112	3/31/2008	16.9	(4.7)	26
warrants	-	12	36	3/31/2008	16.9	(4.7)	-
Symbolon Pharmaceuticals							
warrants	-	6	42	3/31/2008	0.5	(3.1)	-
Terra Nova Financial Group							
warrants	-	6	126	3/31/2008	32.7	2.8	-
Vertical Branding							
warrants	-	10	-	3/31/2008	2.9	(5.5)	-

† eOriginal holdings is a technology company with patented technology for creating and storing legal documents in computer form. The company has introduced its software in the automobile finance vertical market and is pursuing additional vertical markets such as mortgage lending. Proportion of capital owned is 6.4%. Earnings per share to 31 December 2007 were \$(0.93). Dividends \$0.00.

10 SIGNIFICANT INTERESTS

The Company has a holding of 3% or more of the voting rights in the following investments:

Name of undertaking	Class of share	% of class held
Riptide Worldwide	Common stock	24.1%
CaminoSoft	Common stock	21.0%
Integrated Security Systems	Common stock	13.2%
Cover-All Technologies	Common stock	7.2%
Global Axxess	Common stock	6.8%
Hemobiotech	Common stock	5.8%
Narrowstep	Common stock	5.8%
Access Plans USA	Common stock	4.6%
OneLink Corporation	Common stock	4.6%
Aurasound	Common stock	3.6%
Bovie Medical Corporation	Common stock	3.5%

Notes to the financial statements

for the year ended 31 May 2008

10 SIGNIFICANT INTERESTS (CONTINUED)

The Company also has substantial interests in convertible debentures and other debt instruments as follows:

Name of undertaking	Class of security	% of class held
CaminoSoft	6% Convertible debenture	100.0%
Integrated Security Systems	7% Convertible debentures	100.0%
Obsidian Enterprises	8% Convertible debentures	50.0%
Integrated Security Systems	10% Convertible debentures	36.4%
CaminoSoft	7% Promissory notes	33.3%
Simtek	7.5% Convertible debentures	33.3%
Integrated Security Systems	8% Promissory notes	30.2%
BPO Management Service	Series D-2 Preferred	17.9%
iLinc Communications	12% Convertible debentures	9.8%
BPO Management Services	Series D Preferred	8.9%
PetroHunter Energy Corporation	8.5% Convertible debenture	7.1%
Onelink Corporation	10% Promissory notes	5.7%
Pipeline Data	8% Convertible debenture	4.1%

The Company's holdings in Integrated Security Systems and CaminoSoft represent 29% and 19% respectively of the enterprise value of these companies.

11 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 May 2008 £'000	As at 31 May 2007 £'000
Sales for future settlement	2,101	919
Prepayments and accrued income	325	339
Dividends receivable	6	67
	<u>2,432</u>	<u>1,325</u>

12 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 May 2008 £'000	As at 31 May 2007 £'000
Purchases for future settlement	-	150
Outstanding tender offer settlement and related costs	49,493	-
Sundry creditors and accruals	242	359
	<u>49,735</u>	<u>509</u>

Notes to the financial statements

for the year ended 31 May 2008

13 BANK LOAN

	As at 31 May 2008 £'000	As at 31 May 2007 £'000
Sterling loan at fixed rate	-	6,998
Sterling loan swapped into US Dollars at a floating rate	-	27,992
Revolving credit drawn down	1,771	-
	<u>1,771</u>	<u>34,990</u>

The Company has a US\$5,000,000 revolving credit facility with Allied Irish Banks Plc. Under the terms of the facility the Company can make utilisation requests for a minimum of US\$1,000,000, or if less, the available commitment. The Company may not make a utilisation request if, as a result of the proposed utilisation, five or more utilisations would be outstanding. Utilisation periods may be one, two or three months, or any shorter period agreed between the Company and Allied Irish Banks Plc, but shall not extend beyond the termination date of 29 May 2009.

At 31 May 2008 the Company had utilised US\$3,500,000 of this facility. Interest is payable at LIBOR plus a margin of 1.20% on any drawn down balance and 0.60% per annum on any undrawn down balance. Repayment of the loan has priority over any capital repayment on winding up.

With effect from 29 May 2008, the covenant, under the revolving credit facility is that gross borrowings will not at any time exceed 40% of the adjusted net asset value.

Previously the Company had a Sterling bank loan of £35 million held with Lloyds TSB Bank plc which was repaid in full during the year ending 31 May 2008. The loan was drawn down in Sterling while at the same time entering into a currency and interest rate swap in respect of £28 million of the borrowings. This transaction was executed at the prevailing exchange rate of US\$1.856 to £1. At the same time it sold forward against its US Dollar assets for settlement on 30 May 2008, fixing its US Dollar debt liability at \$51.968 million, which is allocated to repay £28 million of the borrowings. Thus the Company had a loan of £7 million Sterling at a fixed rate and £28 million Sterling swapped into US Dollars at a floating rate. Interest was payable at a fixed rate of 5.39% excluding margin on the £7 million Sterling loan and at a floating rate of US three month LIBOR excluding margin on the £28 million Sterling loan swapped into US Dollars.

Issue costs associated with this bank loan were amortised over the life of the facility in accordance with FRS 26: Financial Instruments: Measurement.

Previously, the Company entered into a cap and collar 'cylinder' protection for \$100 million of US assets protecting the Company should the US Dollar fall below US\$2.1 to £1, but giving up all the upside above US\$1.6610 to £1. On 21 May 2008 the Company closed this option.

Notes to the financial statements

for the year ended 31 May 2008

14 DERIVATIVE FINANCIAL INSTRUMENTS

The Company had a number of derivative financial instruments to reduce its exposure to interest rate movements on its Sterling borrowings and also to mitigate the risk of fluctuations in the US Dollar exchange rate.

The fair value of derivative financial instruments at 31 May 2008 are as follows:

	Fair value 31 May 2008 £'000	Fair value 31 May 2007 £'000
Interest rate swap	-	41
	<hr/>	<hr/>
	-	41
Currency rate swaps		
Currency swap	-	1,728
Cap and collar cylinder	-	172
	<hr/>	<hr/>
	-	1,900
	<hr/>	<hr/>

Changes in the fair value of derivatives amounting to £(1,941,000) (2007: £1,668,000) have been (debited)/credited to the Income statement.

In addition the Company received premiums totalling £2,922,000 on closing the interest rate swap and adjusting the currency cylinder and paid a premium of £105,000 for closing out the currency cylinder.

15 NET ASSET VALUES

Total net asset values attributable to shareholders are as follows:

	31 May 2008 FRS 25 basis £'000	31 May 2008 Articles basis £'000	31 May 2007 FRS 25 basis £'000	31 May 2007 Articles basis £'000
For the purposes of calculating net asset values:				
Total net assets attributable to:				
- Capital shareholders	-	-	11,682	11,340
- Income shareholders	18,285	18,285	50,232	50,463
- Zero Dividend Preference shareholders	864	864	23,044	23,155
	<hr/>	<hr/>	<hr/>	<hr/>
	19,149	19,149	84,958	84,958
	<hr/>	<hr/>	<hr/>	<hr/>
- Unit holders	18,285	18,285	61,914	61,803
	<hr/>	<hr/>	<hr/>	<hr/>
	pence	pence	pence	pence
Net asset value per:*				
- Capital share	-	-	23.37	22.68
- Income share	72.53	72.53	101.13	101.60
- Zero Dividend Preference share	182.61	182.61	167.00	167.80
- Unit	72.53	72.53	124.50	124.28

Notes to the financial statements

for the year ended 31 May 2008

15 NET ASSET VALUES (CONTINUED)

They are represented by:

	31 May 2008 £'000	31 May 2007 £'000
Share capital	76	113
Special reserve	11,944	60,983
Capital redemption reserve	39	2
Capital reserve - realised	11,002	(13,563)
- unrealised	(9,438)	18,731
Redemption reserve	4,906	16,778
Revenue reserve	620	1,914
Assets attributable to shareholders	<u>19,149</u>	<u>84,958</u>

* Net asset values per share calculated on the number of shares in issue of:

	31 May 2008	31 May 2007
- Capital share	50,000,000	50,000,000
- Income share	25,210,008	49,670,000
- Zero Dividend Preference share	472,887	13,799,000

At 31 May 2008 the net assets attributable to shareholders calculated in accordance with FRS 25 and in accordance with the Articles of Association were the same as all issue costs had been fully amortised by this date, and there was a shortfall in assets of £7,545,000.

16 SHARE CAPITAL

	31 May 2008 £'000	31 May 2007 £'000
Authorised		
200,000,000 Capital shares of 0.1p each	200	200
150,000,000 Income shares of 0.1p each	150	150
50,000,000 Zero Dividend Preference shares of 0.1p each	50	50
	<u>400</u>	<u>400</u>
Issued, allotted and fully paid		
50,000,000 Capital shares of 0.1p each	50	50
25,210,008 (2007: 49,670,000) Income shares of 0.1p each	25	49
472,887 (2007: 13,799,000) Zero Dividend Preference shares of 0.1p each	1	14
	<u>76</u>	<u>113</u>

As a result of the Tender Offer on 30 May 2008, 13,326,113 Zero Dividends Preference shares and 24,459,992 Income shares were purchased for cancellation.

Subsequent to the year end a further 266,850 Zero Dividends Preference shares have been purchased for cancellation at a price of 182.608201p

Notes to the financial statements

for the year ended 31 May 2008

16 SHARE CAPITAL (CONTINUED)

Duration

The Articles of Association provide that the Directors shall convene an Extraordinary General Meeting of the Company to be held on 31 May 2011, or if that day is not a business day, on the immediate preceding business day, at which a special resolution shall be proposed, pursuant to Section 84 of the Insolvency Act 1986 requiring the Company to be wound-up voluntarily unless the Board shall have previously been released from its obligation to do so by a special resolution of the Company.

As to dividends each year

The Income shares carry the right to receive all the revenue profits of the Company (including accumulated revenue reserves) available for distribution and determined to be distributed by way of interim and/or final dividend and at such times as the Directors may determine.

The Zero Dividend Preference shares and the Capital shares carry no right to receive dividends out of revenue or any other profits of the Company.

As to capital on winding-up

On winding-up, and after repayment of prior ranking creditors, there shall be paid to the holders of Zero Dividend Preference shares an amount equal to 100p per Zero Dividend Preference share as increased each day from 12 April 2001 to 31 May 2008 (inclusive) at a daily compound rate so as to give a final entitlement of 182.608201p on 31 May 2008. This amount shall not increase until payment is made on 31 May 2011.

The holders of the Income shares shall be paid prior to the wind-up date an amount equal to the amount standing to credit of the Company's revenue reserves and, after repayment of prior ranking creditors and the prior capital entitlements of the Zero Dividend Preference shareholders have been met in full, an amount equal to 85.00p per Income share as increased on the last day of each calendar month from 30 April 2001 to and including 31 May 2008 so as to give a capital entitlement of 100.00p on 31 May 2008 and then from 1 June 2008 to 31 May 2011 increased at a daily compound rate so as to give a final capital entitlement of 120.82p on 31 May 2011.

The holders of the Capital shares are entitled to the surplus assets of the Company available for distribution after repayment of the bank loan and payment of the entitlements of the Zero Dividend Preference shares and the Income shares.

Notes to the financial statements

for the year ended 31 May 2008

17 MOVEMENT IN ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Capital redemption reserve £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Redemption reserve £'000	Revenue reserve £'000
Opening balance	2	60,983	(13,563)	18,731	16,778	1,914
Net gains on realisation of investments	-	-	(7,032)	-	-	-
Transfer on disposal	-	-	20,244	(20,244)	-	-
Exchange difference	-	-	72	(14)	-	-
Movement in unrealised appreciation	-	-	-	(7,911)	-	-
Gains on derivative financial investments	-	-	876	-	-	-
Costs charged to capital	-	-	(1,804)	-	-	-
Capital dividend	-	-	1	-	-	-
Tax relief on costs charged to capital	-	-	336	-	-	-
Capital appropriation in respect of:						
Zero Dividend Preference shares	-	-	(2,148)	-	2,148	-
Income shares	-	-	(1,351)	-	1,351	-
Cancellation of shares	37	(49,039)	-	-	-	-
Transfer of entitlement of Zero Dividend Preference shares cancelled	-	-	11,005	-	(11,005)	-
Transfer of entitlement of Income shares cancelled	-	-	4,366	-	(4,366)	-
Retained net revenue for the year	-	-	-	-	-	(1,294)
At 31 May 2008	39	11,944	11,002	(9,438)	4,906	620

In accordance with TECH 01/08 issued by the Institute of Chartered Accountants in England and Wales, the movement in fair value of investments that can be readily converted to cash is to be treated as realised in the capital reserve. As at 31 May 2008 the value of such investments is £nil (2007: £nil).

Notes to the financial statements

for the year ended 31 May 2008

18 RECONCILIATION OF NET RETURN BEFORE FINANCE COST AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 May 2008	31 May 2007
	£'000	£'000
Net return before finance costs and taxation	(13,282)	5,776
Losses/(gains) on investments	14,943	(3,703)
Exchange (gains)/losses on capital items	(58)	1,037
Gains on derivatives	(876)	(1,668)
(Decrease)/Increase in creditors	(117)	112
Decrease in debtors	75	44
Capital dividend	(1)	(100)
Reinvested dividends	(110)	(454)
Tax deducted from investment income	(6)	(25)
Net cash inflow from operating activities	<u>568</u>	<u>1,019</u>

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH/DEBT

	31 May 2008	31 May 2007
	£'000	£'000
Increase/(decrease) in cash in year	44,772	(5,520)
Loan repayment	32,078	-
Revolving credit drawdown	(1,771)	-
Amortisation of costs incurred on bank loan	(9)	(10)
Realised foreign exchange gain/(loss)	2,994	(1,040)
Movement in net cash/debt	<u>78,064</u>	<u>(6,570)</u>
Net debt at start of year	(28,511)	(21,941)
Net cash at 31 May 2008	<u>49,553</u>	<u>(28,511)</u>

For the purposes of this note net debt is defined as cash at bank and the bank loan only.

20 ANALYSIS OF CHANGES IN NET CASH/DEBT

	At 1 June 2007	Cash flows	Non-cash movements	At 31 May 2008
	£'000	£'000	£'000	£'000
Cash at bank	6,479	44,772	73	51,324
Bank loan due within one year	(34,990)	30,307	2,912	(1,771)
	<u>(28,511)</u>	<u>75,079</u>	<u>2,985</u>	<u>49,553</u>

Notes to the financial statements

for the year ended 31 May 2008

21 RELATED PARTY TRANSACTIONS

The Investment Managers, Premier Asset Management (Guernsey) Limited and Premier Fund Managers Limited, are regarded as related parties to the Company. The amounts paid to the Managers for investment management fees are disclosed in note 3. The investment management fee is based on the Company's gross assets less current liabilities which are reduced by the value of investments held in companies where Premier is the investment manager. At 31 May 2008 the market value of these holdings was £nil (2007: £2,823,000).

In addition, a marketing fee of £35,568 (plus VAT) is payable to Premier for the year ended 31 May 2008 (2007: £24,978 (plus VAT)).

Mr Cleveland of RENN Capital Group, Inc., the Investment Adviser is a director of Access Plans, Cover-All Technologies, Integrated Securities Systems, BPO Management and CaminoSoft, being companies held within the portfolio. Other officers of RENN Capital Group Inc. also sit on the boards of certain companies held as investments within the portfolio. The total directors' remuneration received by RENN Capital Group Inc. for representation of the Company and its other clients and affiliates, and attendance at meetings of the boards of companies in which the Company had an interest during the year ended 31 May 2008 was US\$7,826 (2007: US\$17,769).

During the year the Company sold assets amounting to \$6,541,939 (£3,310,363) to Renaissance US Growth Investment Trust PLC. An investment Company for which RENN Capital Group inc. is the investment manager.

Mr Vanderfelt is a director of RP&C International, which was a party to the sponsoring and placing of the Company and which received remuneration from the Company of £96,610 for the year ended 31 May 2008. The agreement with RP&C International was terminated on 31 May 2008. The above remuneration includes £10,000 in lieu of notice to terminate the contract.

22 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 May 2008 there were no outstanding commitments or contingent liabilities.

23 CONTINGENT ASSETS

The Directors are aware of the AIC/JPMorgan Claverhouse judgement which was made during 2007 regarding the charging of VAT on investment management fees. It is possible that the Company will be able to recover an amount of VAT that it has paid on its investment management fees during the forthcoming year, although the Directors do not believe that any such recoverable sums will be of a material amount.

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

Objectives, policies and strategies

As detailed on the inside cover of this document, during the year the Company sought to provide its shareholders with capital growth and high income. Following approval by shareholders on 30 May 2008 the investment policy was revised to invest primarily in equities and equity related instruments issued by companies domiciled, listed quoted or traded in North America. The Company may invest in bonds, warrants, contracts for difference, other forms of derivative investment, bank debt or debt securities.

Notes to the financial statements

for the year ended 31 May 2008

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The Company borrows money by way of a US\$5 million revolving credit facility at a fixed interest rate of LIBOR plus margin of 1.20% on any drawn down balance and 0.60% per annum on any undrawn down balance.

The Company's financial instruments comprise securities, warrants, other investments and bank deposits which are held to achieve its investment objective as well as debtors and creditors that arise from its operations, for example sales and purchases of securities awaiting settlement and debtors of accrued income.

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

The principal risks the Company faces through the holding of financial instruments are:

- market risk, comprising currency risk, interest rate risk and other price risk; and
- liquidity/marketability risk.

As required by FRS 29: Financial Instruments: Disclosure, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given on pages 67 to 68.

Market risk

The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Investment Managers and Investment Adviser monitor the financial risks affecting the Company on a continual basis in accordance with the policies and procedures in place. The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Managers and Investment Adviser. The Board meets quarterly and at each meeting reviews the investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies.

Financial assets

All investments and derivatives are stated in sterling and disclosed at fair value through profit or loss.

The Company invests directly in smaller companies. As smaller companies do not generally have the financial strength, diversity and resources of large companies they may find it more difficult to overcome periods of economic slow down or recession. In addition, the relatively small market capitalisation of such companies may make the market in their shares less liquid. In the event that smaller companies take a downturn, this may affect the performance of smaller companies in which the Company is invested.

The Company invests in a wide range of industrial sectors therefore the Board does not consider there is a significant risk to market fluctuations in any one industry.

The Company may invest in unlisted securities, or other securities, in which there is no active market. In such cases it may be difficult to determine the value of such securities and/or to realise the investment or to do so on acceptable terms. There may be no certainty that a listing or trading facility will be obtained for such securities. Holders of such securities may not have the benefit of market rules designed for the protection of holders of listed or public traded securities. This may include the absence of publicly available information on such securities or their issuers.

Notes to the financial statements

for the year ended 31 May 2008

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

As discussed in the accounting policies of the Company in note 1 on pages 46 to 49, unquoted warrants are valued at fair value using the Black Scholes methodology, which includes a time value which is calculated and added to the intrinsic value to arrive at the total valuation for each warrant. The intrinsic value is calculated by reference to the quoted price of the investment into which the warrant will convert and the conversion price for each warrant.

The Black Scholes pricing formula requires five inputs: (i) stock price, (ii) exercise price, (iii) time to expiration, (iv) volatility and (v) interest rate. The stock price, exercise price and time to maturity are straight forward. The interest rate is a risk free rate (represented by the yield on a US Treasury security) for a term that corresponds to the time to expiration of the subject warrant.

The method of valuing the fixed asset investments is discussed in the accounting policies of the Company in note 1 on pages 46 to 49. Cash and trade debtors arising from the operations of the Company as at 31 May 2008 amounted to £51,324,000 (2007: £6,479,000) and £2,432,000 (2007: £1,325,000) respectively.

Foreign currency risk

Due to the Company's holdings being wholly overseas, the Company is also exposed to the risk of movement in the Dollar/Sterling exchange rate. The Board's current policy is not to engage in an active programme of hedging the Dollar risk in the portfolio. However, bearing in mind that the final redemption payment will be a Sterling payment of 120.82p to be made to Income shareholders on 31 May 2011, the Board will look at taking advantage of any future Dollar strength versus Sterling by hedging some or all of the Dollar exposure into sterling in those circumstances.

The Investment Manager monitors the exposure to foreign currencies on a daily basis and reports to the Directors on a regular basis. The Investment Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed.

The Company settles its US investment transactions from its bank accounts in US Dollars. In the year ended 31 May 2008, exchange gains of £58,000 (2007: losses £1,037,000) relating to currency, have been taken to the capital reserve.

The primary currency risk is between Sterling and Dollars.

The Investment Manager's risk assessment policy is reflected in its investment strategy. In order to protect against inflation and grow capital the fund invests in small companies that it believes will grow into larger companies, with the intention of increasing the value of the investment.

Notes to the financial statements

for the year ended 31 May 2008

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The foreign currency profile of the Company's fixed interest financial assets at 31 May was as follows:

	US Growth portfolio £'000	cash £'000	Other current assets £'000	Financial assets £'000	Financial liabilities £'000
As at 31 May 2008					
US Dollars	16,899	2,578	2,378	21,855	1,809
As at 31 May 2007					
US Dollars	92,204	5,458	2,925	100,587	133
Canada Dollars	1,887	-	-	1,887	-
	94,091	5,458	2,925	102,474	133

The Company has a total exposure as a percentage of funds attributable to shareholders to US Dollars of 114% (2007: 114%) and Canadian Dollars of nil (2007: 2%).

Sensitivity analysis

At 31 May 2008, had Sterling strengthened by 10% in relation to the US Dollars, with all other variables held constant, the net assets attributable to shareholders and the return for the year would have decreased by £1,690,000 (2007: £9,220,000). A 10% weakening of Sterling against the US Dollars would have resulted in an equal but opposite effect.

Interest rate risk

The Company's portfolio is partially invested in interest bearing securities of various types (as set out below). At the time of investing, interest rates are fixed and as long as the security concerned remains unimpaired, cash flows will not be affected by movements in long-term interest rates. The Company also holds cash, in the short term, which it invests in money market accounts and government backed Treasury Bills. The interest rate received on these holdings is based on short term interest rates.

The Company's interest rate risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The overall interest rate risks are monitored on a regular basis by the Directors.

The cash held at Frost National Bank is invested in an institutional high quality commercial paper fund with a very low maturity structure which subjects the vehicle to reinvestment risk but immunises the fund from intermediate and long term interest rate risk.

The Directors consider interest rate risk as part of their overall assessment of risk in the portfolio.

Notes to the financial statements

for the year ended 31 May 2008

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The interest rate profile of the Company's fixed interest financial assets at 31 May was as follows:

	Value US\$'000	Value £'000	Weighted average interest rate %	Weighted average period for which rates are fixed (years)
As at 31 May 2008				
US convertible debentures	7,087	3,586	6.5	6.1
US loan notes	2,825	1,430	8.3	14.2
US convertible preference shares	4,945	2,503	1.6	-
As at 31 May 2007				
US convertible debentures	8,264	4,213	6.0	3.2
US loan notes	2,252	1,148	8.9	0.9
US convertible preference shares	5,669	2,891	2.4	-
US Treasury Bills	17,930	9,142	5.1	0.1

The maturity profile of the Company's financial assets assets at 31 May was as follows:

	2008 £'000	2007 £'000
Within one year	4,222	26,213
Within one to two years	325	3,239
Within two to three years	2,273	4,523
Within three to four years	23	2,476
Within four to five years	1,098	1,299
More than five years	12	-
	7,953	37,750
Assets with no maturity dates	62,693	82,698
	70,646	120,448

Sensitivity analysis

A change in interest rates would have some impact on the fair value of warrants and debt instruments but the quantum of the impact is not easily quantifiable.

Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk) and represents the potential loss the Company may suffer in the light of adverse market price movements. Since the Company invests in financial instruments, this risk is inherent. The Company will always face uncertainty as to the future price of the financial instruments in which it is invested. The price of certain unquoted stocks is also affected by their relative illiquidity (see below).

Notes to the financial statements

for the year ended 31 May 2008

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The Board of Directors manage this risk by ensuring full and timely access to relevant information from the Investment Manager and Investment Adviser. The Directors monitor compliance with the Company's objectives and is directly responsible for investment strategy and asset allocation.

See the Investment Adviser's report on pages 7 to 9 for discussion of investments made during the year. The method of valuing the investments is discussed in the accounting policies on pages 46 to 49.

Sensitivity analysis

A 10% increase in the market value of investments at 31 May 2008 would have increased net assets attributable to shareholders by £1,689,000 (2007: £11,071,000). An equal change in the opposite direction would have decreased the net assets attributable to shareholders by an equal but opposite amount.

Liquidity risk

A significant proportion of the portfolio is held in smaller and unquoted companies. Such companies are inherently higher in risk and lower in liquidity than, for example, blue-chip equities. Unlisted companies have the additional risk of not benefiting from market rules designed to protect investors. Some of the investments are in unlisted convertible bonds or preference shares, which may at any time be converted into a listed common stock, giving an effective level of liquidity equal to the liquidity in the common stock. Other unlisted investments do not have the option of converting into a listed stock. This issue is particularly relevant regarding the new wind-up date of the Company.

Credit risk

The Company is exposed to credit risk by way of its debenture loan notes and preference shares in the portfolio and any interest outstanding thereon. The benefit of a convertible debenture is that if a portfolio company becomes troubled, the Company is protected through its position as a creditor. The Directors do not consider there to be a major risk of material default on these items but do recognise that from time to time, default might occur.

As at 31 May 2008 the fair value of financial assets which are subject to credit risk was £7,519,000 (2007: £13,481,000). In addition there was interest outstanding of £273,000 (2007: £228,000).

The Company's investments are held on its behalf by Frost National Bank, acting as agent. Bankruptcy or insolvency of Frost National Bank may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls report.

Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.

Cash is only held at banks that have been identified by the Board as reputable and of high credit quality.

Notes to the financial statements

for the year ended 31 May 2008

24 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Financial liabilities

The Company finances its operations through a revolving credit facility, share capital and retained profits, although trade creditors and accruals arise from its operations. At 31 May 2008, the maturity profile of the Company's financial liabilities was as follow:

	2008 £'000	2007 £'000
Within one year	51,506	120,457
2-3 years	19,149	-
Total US unlisted convertible debentures	70,655	120,457

Capital Management

The Company does not have any externally imposed capital requirements other than those relating to the revolving credit facility. Details of the covenant attached to this facility together with the Company's principal risks and their management are disclosed above.

The Board consider the capital of the Company to be the assets attributable to shareholders. The capital of the Company is managed in accordance with its investment objective and policy as detailed on page 1.

25 POST BALANCE SHEET EVENTS

Since the year end the Company's holding in e-Original has been devalued from USD2,537,000 at 31 May 2008 to USD705,000.

On 30 May 2008, the board of directors of e-Original, Inc. granted its unanimous written consent regarding the company's ability to raise money on various terms. According to the consent, if the company were able to raise money at USD13.62 per share or higher prior to 31 July 2008, the conversion price of the convertible loan notes would be adjusted from USD13.62 to USD10.21 (75% of USD13.62). If e-Original was unable to raise money at any price prior to 31 July 2008, the conversion price of the convertible loan notes and the Series E Convertible Preferred Stock would be lowered to USD3.83.

On 9 July 2008, the Company's holding was revalued at USD10.21 per share and on 8 August 2008, when it became known that eOriginal was unable to raise additional funds, revalued at USD3.83 per share.

Notes to the financial statements

for the year ended 31 May 2008

25 POST BALANCE SHEET EVENTS (CONTINUED)

In addition, with effect from 12 September 2008, as disclosed in the announcement dated 16 September 2008, the Directors have taken a decision to amend the Company's accounting policies regarding the valuation of unquoted convertible debentures and unquoted redeemable and non-redeemable convertible preference shares, as set out below:

Unquoted convertible debenture investments will be valued as follows. Where the debentures are paying cash coupons they are valued at the greater of cost and the market value of the equity received if converted. If the debentures are not paying cash coupons then they are valued at the lower of cost and the market value of the equity received if converted.

Non-redeemable unquoted convertible preferred stock will be valued at the market value of the equity received if converted. Redeemable preferred stock investments will be valued as follows. Where the preferred stocks are paying cash coupons they are valued at the greater of cost or market value of the equity received if converted. If the preferred stocks are not paying cash coupons then they are valued at the lower of cost and the market value of the equity received if converted.

The Company has also made a provision of 40% with regard to the Company's investment in the debt of Integrated Security Systems.

The overall effect of this was to reduce the valuation of Integrated Security Systems by £1,773,000 as at 12 September 2008.

Shareholder information

Financial calendar

Company's year end	31 May
Annual results announced	September
Annual General Meeting	19 November 2008
Company's half-year end	30 November
Half yearly results announced	January
Interim management statements	May, October
Planned wind-up date	31 May 2011

SHARE PRICE AND PERFORMANCE INFORMATION

The Company's Income shares and Capital shares are listed on the London Stock Exchange. The mid-market prices are quoted daily in the Financial Times and Daily Telegraph.

The Company publishes information on a website maintained by the Investment Manager: www.premierassetmanagement.co.uk. Information published on this website includes annual and half-yearly reports and Stock Exchange announcements.

SHARE DEALING

Shares can be purchased through your usual stockbroker.

SHARE REGISTER ENQUIRIES

The register for the Income shares, Capital shares and Zero Dividend Preference shares is maintained by Equiniti. In the event of queries regarding your holding, please contact the Registrar on 01903 502541 or visit www.shareview.co.uk. Changes of name and/or address must be notified in writing to the Registrar.

PREMIER FUND MANAGERS LIMITED

Other investment companies managed by Premier are:

Acorn Income Fund Limited
Premier Energy and Water Trust PLC
Premier Renewable Energy Fund Limited

Further details of these funds can be obtained from Premier on 01483 400400 or at www.premierassetmanagement.co.uk
E-mail premier@premierfunds.co.uk

Glossary of terms

DISCOUNT

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

GEARING

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the presence of borrowing or share classes with a prior ranking entitlement to capital.

HURDLE RATE

The compound rate of growth of the total assets required each year until the wind-up date for shareholders to receive either a predetermined redemption price or, in some cases, a return of the amount originally invested. Any class of share ranking for prior payment should be taken into account in this calculation.

NET ASSET VALUE ('NAV')

The NAV is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of all a company's assets, at current market value, having deducted all prior charges at their par value (or at their asset value).

REVERSE CONVERTIBLE BONDS (RCBS)

A bond paying a high coupon with the redemption proceeds linked to the performance of an underlying equity or index. At redemption the bond either redeems at par value or, depending on the performance of the underlying equity (or index) in relation to the strike price of the bond, into a predetermined amount of shares of the underlying equity (or cash equivalent in the case of an index).

SPLIT CAPITAL INVESTMENT TRUST

An investment trust with two or more classes of share in issue, each class having specified entitlements to income and/or capital. Typical classes of share include income shares, capital shares, zero dividend preference shares and income and residual capital (or geared ordinary) shares.

TOTAL EXPENSE RATIO

The total expenses incurred by a company, including those charged to capital (excluding interest costs) as a percentage of total assets less current liabilities.

TOTAL RETURN

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the trust at its NAV per share (the NAV total return).

Directors and Advisers

Directors	Duncan Abbot (Chairman) Andrew Pegge Roderick Macleod Stephen White
Investment Managers	Premier Asset Management (Guernsey) Limited Anson House Havilland Street St Peter Port Guernsey GY1 3GS Premier Fund Managers Limited Eastgate Court High Street Guildford Surrey GU1 3DE Tel: 01483 306090
Investment Adviser	RENN Capital Group, Inc 8080 North Central Expressway Dallas Texas 752061857 USA
Secretary and Registered Office	Capita Sinclair Henderson Limited Beaufort House 51 New North Road Exeter EX4 4EP Tel: 01392 412122
Registrar and Transfer Office	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA Tel: 0871 384 2615 www.shareview.co.uk
Stockbrokers	Cenkos Securities Plc 6. 7. 8 Tokenhouse Yard London EC2R 7AS
Bankers	Lloyds TSB Bank plc 71 Lombard Street London EC3P 3BS Allied Irish Banks plc Bankcentre Ballsbridge Dublin
Auditors	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Global Special Opportunities Trust PLC will be held on Wednesday, 19 November 2008, at the offices of the AIC, 24 Chiswell Street, London EC1Y 4YY at 11 am for the following purposes:

Ordinary business

- 1 To receive and, if thought fit, to accept the reports of the Directors and Auditors and the audited accounts for the year ended 31 May 2008.
- 2 To receive and, if thought fit, to accept the Directors' remuneration report for the year ended 31 May 2008.
- 3 To appoint Duncan Abbot as a Director of the Company.
- 4 To appoint Andrew Pegge as a Director of the Company.
- 5 To appoint Rory Macleod as a Director of the Company.
6. To re-appoint Stephen White as a Director of the Company.
- 7 To re-appoint Grant Thornton UK LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

Special business

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

8. THAT, the Company be and is hereby authorised in accordance with section 166 of the Companies Act 1985 to make market purchases (within the meaning of section 163 of the Companies Act 1985) of its Income shares of 0.1 pence each provided that:
 - (a) the maximum number of Income shares authorised to be purchased is 14.99 per cent. of the Income shares in issue as at the date of this resolution;
 - (b) the minimum price payable by the Company for each Income share is 0.01p and the maximum price payable by the Company for each Income share is the higher of (i) 105 percent of the average of the mid-market value of the Income shares in the Company for the 5 business days prior to the date of the market purchase and (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No.2233/2003); and
 - (c) such authority shall expire at the earlier of fifteen months from the passing of this resolution and the conclusion of the Company's Annual General Meeting in 2009;

Notice of Annual General Meeting

9. THAT, the Company be and is hereby authorised in accordance with section 166 of the Companies Act 1985 to make market purchases (within the meaning of section 163 of the Companies Act 1985) of its Capital shares of 0.1 pence each provided that:
- (a) the maximum number of Capital shares authorised to be purchased is 14.99 per cent of the Capital shares in issue as at the date of this resolution;
 - (b) the minimum price payable by the Company for each Capital share is 0.01p and the maximum price payable by the Company for each Capital share is the higher of (i) 105 percent of the average of the mid-market value of the Capital shares in the Company for the 5 business days prior to the date of the market purchase and (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial instruments (No.2233/2003); and
 - (c) such authority shall expire at the earlier of fifteen months from the passing of this resolution and the conclusion of the Company's Annual General Meeting in 2009.

By order of the Board
Capita Sinclair Henderson Limited
Secretary
29 September 2008

Registered office:
Beaufort House
51 New North Road
Exeter EX4 4EP

Notes

1. The holders of Zero Dividend Preference shares do not have the right to attend or vote at the Annual General Meeting.
2. The holders of Income shares and Capital shares are entitled to attend and vote at the Meeting and are entitled to appoint one or more proxies to attend, speak and vote in their place. A proxy need not also be a member of the Company. Lodgement of the form of proxy will not preclude a shareholder from attending the Meeting and voting in person.
3. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar at the address printed on the form of proxy not later than 11.00am on 17 November 2008. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he is the holder.

Notice of Annual General Meeting

4. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on 17 November 2008 shall be entitled to attend or vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00pm on 17 November 2008 ("the specified time") shall be disregarded in determining the rights of any person to attend or vote at the Meeting. If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If however the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 6.00pm on the day two days prior to the adjourned Meeting, or if the Company gives notice of the adjourned Meeting, at the time specified in that notice.
5. A 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 him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.
6. Shareholders (and any proxies or representatives they appoint) agree, by attending the Meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the Meeting.
7. As at 26 September 2008 (being the last business day prior to the publication of this notice) the Company's total voting rights in issue was 50,420,016.
8. The Articles of Association of the Company will be available for inspection at the Registered Office of the Company during normal business hours (Saturdays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Meeting.

Notice of Annual General Meeting

9. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that:
- (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate shareholder present at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in paragraph (i) of this Note 9.

Proxy form

for use at the Annual General Meeting

GLOBAL SPECIAL OPPORTUNITIES TRUST PLC

BLOCK CAPITALS PLEASE

I/We, the undersigned,

being a member/members of the above-named Company, hereby appoint the Chairman of the Meeting/ (see note 1)

.....

as my/our proxy/proxies to vote for me/us on my/our behalf at an Annual General Meeting of the Company to be held at the offices of the AIC, 24 Chiswell Street, London EC1Y 4YY at 11 am on Wednesday, 19 November 2008 and at any adjournment thereof.

Signature

Dated 2008

Address

Please mark this box to indicate that this proxy appointment is one of multiple appointments being made (see note 2).

Please indicate with an X in the spaces below how you wish your vote to be cast.

Ordinary business		For	Against	Withheld
Resolution 1	To receive and, if thought fit, to accept the reports of the Directors and Auditor and the audited accounts for the year ended 31 May 2008.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To receive and, if thought fit, to accept the Directors' remuneration report for the year ended 31 May 2008.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To appoint Duncan Abbot as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To appoint Andrew Pegge as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To appoint Rory Macleod as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	To re-appoint Stephen White as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	To re-appoint Grant Thornton UK LLP as Auditor to the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special business				
Resolution 8	Section 166 authority, to purchase Income shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Section 166 authority, to purchase Capital shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Notes

- You may appoint one or more proxies of your choice. If you require any proxy, other than the chairman of the meeting, delete the words 'the chairman of the meeting', add the name of the proxy you wish to appoint and initial the alteration. The proxy need not be a member of the Company and is entitled to vote on any other business which may properly come before the meeting. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which he or she is authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement.
- To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars on 0871 384 2165 (calls to this number are charged at 8p per minute from a BT landline. Other telephone provider costs may vary) or you may copy this form. Please indicate in the box next to the proxy holders name the number of shares in relation to which he or she is authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
- If this form is returned without any indication as to how the person appointed proxy shall vote, the Chairman will exercise his discretion as to how he votes or whether he abstains from voting.
- To be valid, this form must be completed and deposited at the office of the Company's Registrar at the address overleaf not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting.

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Lancing
West Sussex BN99 6ZL

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