

## CORPORATE POLICY

### INVESTMENT OBJECTIVE

The objective of the Company's management is to secure a high level of overall long term return for its shareholders from capital growth and income through a diversified portfolio of quoted UK smaller company securities, including companies which are listed on the Irish Stock Exchange and those which have been admitted to the Alternative Investment Market.

### BENCHMARK INDEX

The Company compares its performance with that of the Hoare Govett Smaller Companies Index excluding Investment Trusts.

### STRUCTURE

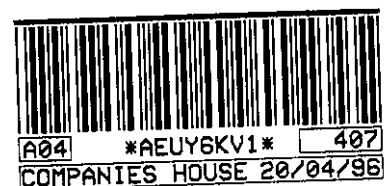
The Company has a capital structure comprising ordinary shares and two classes of warrants. Both classes of warrants confer the right to subscribe for new ordinary shares and further details of these are included inside the back cover.

### DURATION

The Company's Articles of Association provide that an ordinary resolution shall be proposed at the Annual General Meeting falling in the year 1999 that the Company shall continue for a specified period thereafter. If such resolution is defeated the Company will be wound up unless a special resolution is passed at the Annual General Meeting in the year 2000 to extend the life of the Company.



A member of  
The Association of  
Investment Trust  
Companies



## CORPORATE INFORMATION

### DIRECTORS

P. W. Darwin *Chairman*  
F. C. Carr  
J. A. Carwardine  
S. J. Cockburn  
C. D. Fishwick  
R. M. H. Heseltine

### MANAGER

Abtrust Fund Managers Limited  
99 Charterhouse Street  
London EC1M 6AB

### SECRETARIES AND REGISTERED OFFICE

Aberdeen Trust PLC  
99 Charterhouse Street  
London EC1M 6AB  
Company Registration Number  
2508274

### STOCKBROKERS

UBS Limited  
100 Liverpool Street  
London EC2M 2RH

### SOLICITORS

Norton Rose  
Kempson House  
PO Box 570  
Camomile Street  
London EC3A 7AN

### AUDITORS

Arthur Andersen  
Chartered Accountants  
18 Charlotte Square  
Edinburgh EH2 4DF

### REGISTRARS

Barclays Registrars  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

### BANKERS AND CUSTODIANS

Barclays Bank PLC  
8 Angel Court  
Throgmorton Street  
London EC2R 7HT



## BOARD MEMBERS

### CHAIRMAN

**Philip Darwin\***, CA, Chairman, aged 66, was the senior partner of Laurence Prust & Co. and closely associated with the Framlington unit trust group for many years, until 1983. He is a director of Stolt-Nielsen S.A., IFG Group plc, Lomond Underwriting PLC and J. & A. Gardner & Co. Limited.

### DIRECTORS

**Francis Carr†\***, aged 51, is a stockbroker and is Chief Executive of Carr Sheppards Limited. He is chairman of The City of Oxford Investment Trust PLC and is a director of a number of other investment companies.

**Aubrey Carwardine**, aged 65, is actively involved in the management of the Company as a consultant to the Manager. He has spent his whole career in the City involved in investment management. From 1979 to 1986 he was a director of Baring Brothers & Co. Limited and from 1986 to 1989 a director of Baring Investment Management Holdings Limited. He was, until 1989, a member of the Investment Committee of the National Association of Pension Funds.

**Stephen Cockburn†\***, aged 56, has worked in investment management since 1962. He is chairman of Archimedes Investment Trust PLC and a director of six other investment trusts. Since September 1994 he has been managing director of The Investment Company plc.

**Christopher Fishwick**, aged 34, is a director of the Manager with primary responsibility for the day to day management of the Company's investments. He was a founding director of the Company, joining the Manager in September 1991. He is a director of Aberdeen Trust PLC, Abtrust Lloyd's Insurance Trust PLC and Abtrust High Income Trust PLC.

**Richard Heseltine†\***, aged 50, is Group Finance director of Croda International plc, which he joined from Morgan Grenfell & Co. in 1971 as personal adviser to the chairman. He was appointed to the Croda board in 1981. He is also a non-executive director of The Overseas Investment Trust PLC.

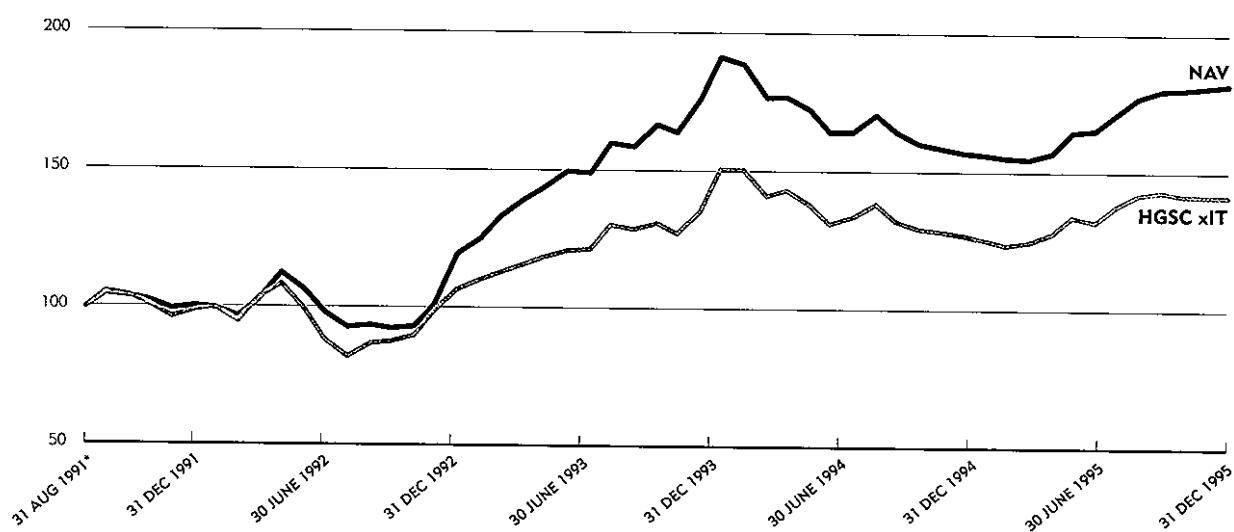
†Member of the Audit Committee

\*Member of the Management Engagement Committee

## PERFORMANCE SUMMARY

31 DECEMBER	1995	1994	% change
<b>Ordinary Share — Capital Values</b>			
Net asset value per share (undiluted)	151.5p	130.9p	15.7
Net asset value per share (fully diluted)	145.0p	127.4p	13.8
Share price (mid market)	128.0p	124.0p	3.2
Discount (undiluted)	15.5%	5.3%	—
Discount (fully diluted)	11.7%	2.7%	—
<b>Warrants</b>			
1998 Warrants price (mid market)	45.5p	51.0p	(10.8)
1999 Warrants price (mid market)	28.5p	38.0p	(25.0)
<b>Revenue and Dividends</b>			
Earnings per ordinary share	3.46p	3.14p	10.2
Dividends per ordinary share	3.00p	2.75p	9.1
<b>Assets attributable to Equity Shareholders</b>			
	£74.4m	£64.3m	15.7
<b>Benchmark Index</b>			
Hoare Govett Smaller Companies Index excluding Investment Trusts	1,699.85	1,530.03	11.1

Net asset value (undiluted) and Hoare Govett Companies Index excluding Investment Trusts



\*Date on which Abtrust Fund Managers Limited became Manager of the Company (figures rebased - 31 August 1991 = 100)

## CHAIRMAN'S STATEMENT

It is now nearly five years since we appointed Abtrust Fund Managers Limited as manager of our Company. This year we have changed the accounts considerably to give additional information; in particular, we now show our performance over the medium term, both in tabular and graphic form. We continue to compare our performance against the same benchmark, namely the Hoare Govett Smaller Companies Index excluding Investment Trusts.

Over the year to 31 December 1995 our equity shareholders' funds rose by £10.1 million from £64.3 million to £74.4 million whilst our income showed sufficient increase for the Board to recommend an increased final dividend to bring the total for the year up from 2.75p to 3.0p, an increase of 9.1%.

Latest accounting practice has swung towards mingling income and capital, which has certainly helped those trusts with lack of income and high expenses to show an unrealistically healthy revenue account. There may of course be sound reasons for this practice in the case of split capital trusts. We do not intend to charge any management expenses to capital reserves and it is our objective to keep the revenue net of expenses growing in the long term as well as trying to increase the assets of the Trust over the years, noting that revenue is distributable but capital gains are non-distributable if we are to keep our tax status as an investment trust.

Another feature new to the accounts this year is the information about our Manager on page 25. In this data, mention is made of the forthcoming availability of purchasing SCIT shares via a Personal Equity Plan. As investment trusts invest in other shares free of capital gains tax, a combination of PEP and investment trust would make a sensible route for the long term private investor. Those who want to know more about our Manager should apply for a copy of Aberdeen Trust's annual report.

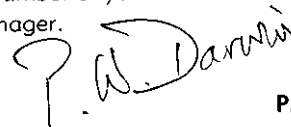
In order to save duplication, I am leaving it to the Manager to comment on the portfolio, and concentrating my remarks on the future. In the short term, the present trend of falling interest rates seems likely to continue. Moreover, many companies are still reporting rising equity earnings although the rate of increase seems to be slowing. Indeed the slow-down in the rate of growth of the economy helps to allay fears about the resurgence of inflation. Although the BZW Equity Gilt study shows that equity prices are far above their long term trend, it is noteworthy that such periods of overvaluation can be very extended. However, one cannot but be concerned about the rise in the Money Supply as measured by M4, whilst the problems of the Japanese banking system are manifold. Not surprisingly markets in the USA and the UK are reacting nervously as investors get the feeling that interest rates may not fall after all.

It is when one looks at political uncertainties that one grows concerned. In the United Kingdom we are faced with a general election within thirteen months and in the USA there is a presidential election due in November. In Britain we are facing a choice between one party which has been unable to control the government deficit since 1990 and another which hopes to increase wages and welfare expenditure but not tax!

The other and even greater uncertainty is Europe. Do we stay in an economic or free trade area, or do we go into a political union with a common currency which leads who knows where, with at least a possibility of a downward spiral into slump (because of our consequent inability to regulate our own economy) exacerbated by a newly isolationist USA.

Turning from the big picture to matters of house-keeping, it is worth mentioning that the Irish Stock Exchange in Dublin and the London Stock Exchange have split apart in the past year. Many Irish companies have substantial business in the United Kingdom, and we want shareholders to be aware that we hold shares in Irish companies, and would not wish to be constrained to sell such holdings other than for investment reasons. In addition, the Unlisted Securities Market has been wound down and a new market, the Alternative Investment Market has been established and, again, we do not wish to be prevented from investing in this market. Also, in common with many other investment trusts, we have not made it our practice to lodge interim accounts with the Registrar of Companies and Resolution 8 at the forthcoming Annual General Meeting seeks regularisation of this earlier practice; our interim accounts for 1995 were lodged as will be future interim accounts.

I thank shareholders for their support, and hope that we will see a good number of you at the Annual General Meeting which is scheduled for Monday 22 April in the offices of our Manager.



**P. W. Darwin**  
Chairman

15 March 1996

## MANAGER'S REVIEW

It is pleasing to report that the rise in our undiluted net asset value per share of 15.7% was ahead of our benchmark, the Hoare Govett Smaller Companies Index excluding Investment Trusts (HGSCI), which produced a capital increase of 11.1%. A return in excess of 15% would not sound unrewarding, usually, but with 1995 proving to be a good year for UK equities and with the FT-SE Actuaries All-Share Index up 18.5%, smaller companies' performance was seen by some as a disappointment. This is only the 11th time in the past 41 years that smaller companies have underperformed the All-Share Index. This disparity was most noticeable in the final quarter of the year when smaller companies failed to join in the main market's year-end advance.

The reasons for smaller companies' relative under-performance were various: 1995 was a good year for large, internationally diversified companies; takeover activity favoured the larger capitalisation stocks, especially in the utilities and financial sectors where smaller companies are naturally under-represented; global interest in biotechnology and high-tech companies led the sector while value investors missed out. Finally, consumers took a cautious approach in 1995 which particularly affected the performance of smaller companies, given their overweight exposure to the consumer sector in comparison with the All-Share Index.

For 1996 many of the above factors may disappear. The sector's failure to participate in the late rally in 1995 was not unusual, since it traditionally lags the main market; we are looking for a period of catch-up in the first half of this year. The sustained period of de-stocking in industry has ended and companies are rebuilding their stocks, costs are under control and we are forecasting a period of sustainable low inflation and, especially given the political situation, low interest rates.

We do believe, however, that there is little room for any disappointments in the technology and biotechnology sectors where a continuing stream of good news on products, sales and profits is required. Our continued emphasis on "value" precluded us from participating in the significant price rises achieved by such stocks but should cushion us against any disappointments.

Smaller companies tend to be, by their nature, domestically focused. Whilst we do not expect a consumer boom, the underlying economic background, stimulated by fiscal and monetary policy, could lead to a useful increase in household expenditure.

During the last year there have been a number of changes in the forty largest holdings for a variety of reasons. Our largest holding, TR Property, was substantially reduced during the final quarter as the discount had narrowed on this investment trust. We divested in entirety subsequent to the year end. Our second largest holding in Jupiter Tyndall was taken over by Commerzbank in April resulting in a large profit on the investment. The move by the German bank presaged further takeovers in the financial sector, most notably Barings, Kleinwort Benson and Smith New Court.

In March our long-standing investment in A. Kershaw & Sons was subject to a cash takeover by Rank Organisation, its majority shareholder, leading to a substantial profit on our holding.

FirstBus was created by the merger of GRT with Badgerline, thus creating the second largest bus group in the UK, and the Company's largest holding at the year end. We had held shares in both companies prior to the merger.

## MANAGER'S REVIEW

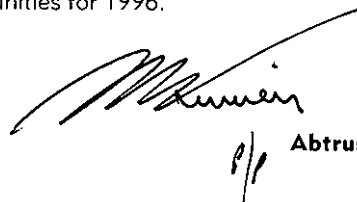
Amongst the additions to the largest forty holdings are several new names resulting from purchases, amongst them Hozelock, which designs, manufactures and markets a broad range of garden equipment; this company was a major beneficiary of 1995's warm summer. JJB Sports was launched onto the stockmarket early in the year and has performed exceedingly well since then; it operates a large number of sports shops around the country and sells a wide range of branded sports clothing, replica kit, sports shoes, accessories and equipment.

As usual, differing share price performances caused a number of stocks to alter their positions. Abbey, Rowe Evans, Clydeport and BWD Securities all fell but it is pleasing to note good share price moves from a number of our holdings, including King & Shaxon, Groupe Chez Gérard, Cedardata and Bluebird Toys.

Last year did not see the repetition of 1994's flood of new issues to the stockmarket which allowed an element of stability to return to the smaller company sector, but we did subscribe to three capital raisings which feature in the year end largest holdings, namely Bandt, Wilmington Group and Cortworth. Both Bandt and Wilmington have already proved rewarding holdings, but Cortworth has not moved from its issue price as yet.

Prospective price/earnings ratios for the market as a whole are high, historically, but are likely to prove sustainable if inflation and long-term interest rates remain subdued. We calculate that the average historic price earnings ratio of our portfolio is 14.1x versus the year-end HGSCI ratio of 16.6x.

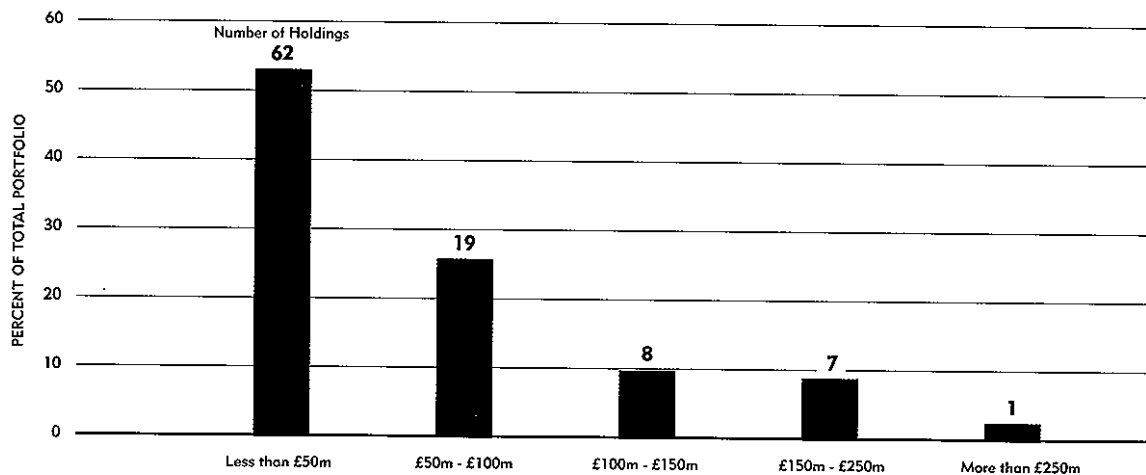
Asset allocation by investors remains a significant factor in the supply/demand equation for smaller companies' share performance. Many large investors are looking to increase their exposure to the sector and the queue of new issues does not look too demanding. We continue to believe that our philosophy of investing in shares trading at below market ratings offers good opportunities for 1996.



Abtrust Fund Managers Limited

15 March 1996

#### Market capitalisation of investments at 31 December 1995



## FORTY LARGEST INVESTMENTS

31 DECEMBER 1995

<i>Company</i>	<i>Sector</i>	<i>Market Capitalisation £m</i>	<i>Market Value £'000</i>	<i>Percentage of Total Assets %</i>
FirstBus	Transport	313.7	1,803	2.4
Rolfe & Nolan	Support Services	33.6	1,783	2.4
Wyndeham Press Group	Paper, Packaging and Printing	55.5	1,673	2.2
Sterling Industries	Engineering	87.9	1,604	2.2
Grampian T.V.	Media	71.1	1,587	2.1
Mayborn	Household Goods	57.9	1,533	2.1
Edinburgh Fund Managers	Other Financial	124.8	1,530	2.1
Hicking Pentecost	Textiles and Apparel	75.4	1,508	2.0
Mackie International Group	Engineering	33.8	1,492	2.0
Cedardata	Support Services	50.8	1,490	2.0
<b>Ten Largest Holdings</b>			<b>16,003</b>	<b>21.5</b>
JJB Sports	Retailers, General	171.9	1,431	1.9
IWP International	Household Goods	158.0	1,380	1.9
Bandt	Distributors	53.5	1,359	1.8
GWR Group	Media	123.3	1,353	1.8
Oceana Consolidated	Other Financial	13.9	1,303	1.7
Yorklyde	Textiles and Apparel	37.5	1,294	1.7
Hozelock	Leisure and Hotels	102.3	1,259	1.7
Wilmington	Media	47.8	1,144	1.6
King & Shaxson	Merchant Banks	38.8	1,140	1.5
AIM	Engineering	42.8	1,123	1.5
<b>Twenty Largest Holdings</b>			<b>28,789</b>	<b>38.6</b>
British & American Film	Other Financial	20.7	1,025	1.4
Burndene Investments	Leisure and Hotels	38.0	1,018	1.4
Court Cavendish	Health Care	53.1	989	1.3
Jermyn Investment	Property	20.2	971	1.3
Bluebird Toys	Leisure and Hotels	157.1	965	1.3
IoM Steam Packet	Transport	32.7	937	1.3
Clydeport	Transport	69.7	923	1.3
Southend Property 8% CULS	Property	21.8	910	1.2
Cortworth	Engineering	72.1	905	1.2
Groupe Chez Gérard	Breweries, Pubs and Restaurants	40.6	898	1.2
<b>Thirty Largest Holdings</b>			<b>38,330</b>	<b>51.5</b>
TR Property Investment	Property	130.6	888	1.2
Alvis 5.5% CCRP	Engineering	30.7	872	1.2
Dart Group	Transport	33.4	856	1.2
Ricardo	Support Services	55.9	854	1.1
St. James Beach Hotels	Leisure and Hotels	28.8	829	1.1
Abbey	Building and Construction	52.3	810	1.1
BWD Securities	Other Financial	15.1	765	1.0
Arlen	Electronic and Elect. Equip.	26.0	750	1.0
Hardy Oil & Gas	Oil Exploration and Production	230.2	749	1.0
Rowe Evans Investments	Food Producers	50.7	738	1.0
<b>Forty Largest Holdings</b>			<b>46,441</b>	<b>62.4</b>
Other Investments (57)			26,086	35.1
<b>Total Investments</b>			<b>72,527</b>	<b>97.5</b>
Net Current Assets			1,864	2.5
<b>Total Net Assets</b>			<b>74,391</b>	<b>100.0</b>

A full list of investments is available on request.



## CLASSIFICATION OF INVESTMENTS

AS AT 31 DECEMBER 1995

FT-SE Actuaries Sector	1995			1994		
	£'000	Company %	HGSCxIT %	£'000	Company %	HGSCxIT %
Extractive Industries	542	0.8	0.7	—	—	0.8
Oil Exploration and Production	2,339	3.2	2.6	452	0.7	1.9
<b>Mineral Extraction</b>	<b>2,881</b>	<b>4.0</b>	<b>3.3</b>	<b>452</b>	<b>0.7</b>	<b>2.7</b>
Building and Construction	1,988	2.7	4.3	3,281	5.1	5.4
Building Materials and Merchants	2,149	3.0	4.2	1,516	2.5	4.7
Chemicals	—	—	2.0	—	—	2.5
Diversified Industrials	541	0.8	2.1	624	1.0	1.2
Electronic and Elect. Equip.	1,659	2.3	6.5	3,441	5.4	5.8
Engineering	9,021	12.4	10.0	7,037	11.0	10.1
Engineering, Vehicles	2,117	2.9	1.6	1,913	3.0	1.5
Printing, Paper and Packaging	2,117	2.9	4.3	2,882	4.5	3.9
Textiles and Apparel	5,522	7.6	3.2	4,861	7.6	3.8
<b>General Manufacturers</b>	<b>25,114</b>	<b>34.6</b>	<b>38.2</b>	<b>25,555</b>	<b>40.1</b>	<b>38.9</b>
Alcoholic Beverages	—	—	0.9	—	—	1.6
Food Producers	3,062	4.2	2.5	2,694	4.2	2.3
Household Goods	3,640	5.0	2.2	413	0.6	2.0
Health Care	1,751	2.4	3.2	3,607	5.7	2.8
Pharmaceuticals	—	—	0.9	—	—	1.0
<b>Consumer Goods</b>	<b>8,453</b>	<b>11.6</b>	<b>9.7</b>	<b>6,714</b>	<b>10.5</b>	<b>9.7</b>
Distributors	2,545	3.5	5.6	1,437	2.3	5.2
Leisure and Hotels	4,775	6.6	3.3	3,878	6.1	4.1
Media	4,084	5.6	5.2	1,978	3.1	5.1
Retailers, Food	—	—	1.5	59	0.1	2.2
Retailers, General	1,431	2.0	3.9	466	0.7	4.1
Breweries, Pubs and Restaurants	898	1.3	3.5	475	0.8	1.9
Support Services	5,170	7.1	7.9	2,378	3.7	6.4
Transport	4,719	6.5	2.4	3,546	5.6	2.1
Other Services and Businesses	—	—	—	619	1.0	1.3
<b>Services</b>	<b>23,622</b>	<b>32.6</b>	<b>33.3</b>	<b>14,836</b>	<b>23.4</b>	<b>32.4</b>
Gas Distribution	—	—	0.1	—	—	—
Water	1,067	1.5	1.0	1,351	2.1	0.9
<b>Utilities</b>	<b>1,067</b>	<b>1.5</b>	<b>1.1</b>	<b>1,351</b>	<b>2.1</b>	<b>0.9</b>
Banks, Retail	640	0.9	—	540	0.8	—
Banks, Merchant	1,846	2.5	1.0	721	1.1	1.3
Insurance	—	—	2.7	126	0.2	2.8
Other Financial	5,634	7.8	3.3	9,587	15.0	3.6
Property	3,270	4.5	7.4	3,902	6.1	7.7
<b>Financials</b>	<b>11,390</b>	<b>15.7</b>	<b>14.4</b>	<b>14,876</b>	<b>23.2</b>	<b>15.4</b>
<b>Totals</b>	<b>72,527</b>	<b>100.0</b>	<b>100.0</b>	<b>63,784</b>	<b>100.0</b>	<b>100.0</b>

All securities are equities other than 1.2% (1994 — 0.1%) held in convertible loan stocks and 3.7% (1994 — 7.9%) held in convertible preference shares.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1995

The Directors present their report on the affairs of the Company, together with the financial statements and auditors' report for the year ended 31 December 1995.

### Principal Activities and Status

The principal activity of the Company is carrying on the business of an investment trust. The Company is an Investment Company within the definition in Section 266 of the Companies Act 1985.

The Company has conducted, and intends to continue to conduct, its affairs so as to be able to seek approval as an authorised investment trust under Section 842 ICTA 1988, which approval is granted retrospectively in respect of each accounting period. The Inland Revenue has approved the Company as an investment trust for the year ended 31 December 1994.

The Company's investment policy is to achieve a high level of overall long term return from capital growth as well as income. The Company's portfolio is managed in such a way that the ordinary shares qualify for inclusion in Personal Equity Plans, thereby providing opportunities, under current legislation, for a tax free investment for qualifying individual investors.

### Results and Dividends

Revenue on ordinary activities after taxation for the year amounted to £1,697,000. An interim dividend of 1.3p net per ordinary share, costing £638,000, was paid on 29 September 1995 and the Directors recommend a final dividend of 1.7p net per ordinary share (at a cost of £835,000) payable on 23 April 1996 leaving £224,000 to be transferred to distributable revenue reserves.

### Directors

The current Directors of the Company are shown on page 2 and brief biographical details on page 3. Messrs. Cockburn and Fishwick will retire by rotation at the next Annual General Meeting and, being eligible, offer themselves for re-election. No Director has a service contract with the Company.

The Directors who held office at 31 December 1995 had no interest (including options) other than those interests, all of which are beneficial interests, shown below in the shares and warrants of the Company.

Name of Director	31 December 1995			31 December 1994		
	Ordinary 50p shares	Warrants '98	Warrants '99	Ordinary 50p shares	Warrants '98	Warrants '99
P. W. Darwin	70,000	10,576	—	52,882	10,576	—
F. C. Carr	—	—	—	—	—	—
J. A. Carwardine	61,264	28,252	—	61,264	28,252	—
S. J. Cockburn	5,000	1,000	—	5,000	1,000	—
C. D. Fishwick	3,218	41,700	24,000	2,742	41,700	24,000
R. M. H. Heseltine	—	—	5,000	—	—	5,000

Except for Mr. Fishwick, who has increased his holding of ordinary shares by 76 shares pursuant to his participation in the Abtrust Investment Trust Savings Plan, there were no changes in these interests between 31 December 1995 and 15 March 1996.

Mr. Fishwick is a director of Abtrust Fund Managers Limited which acts as Investment Manager of the Company and is also a director of Aberdeen Trust PLC, the Secretary of the Company and the holding company of Abtrust Fund Managers Limited. Abtrust Fund Managers Limited is entitled to receive fees under the Management Agreement described in Note 2. Mr. Carwardine has a consultancy agreement with the Manager described in Note 2. No other Directors were interested in contracts with the Company.

### Corporate Governance

The Directors consider that the Company fully complies with the Code of Best Practice established by the Cadbury Committee on the Financial Aspects of Corporate Governance during the year to the extent that the relevant guidance for directors had been issued and has come into effect.

### System of Internal Financial Controls

The Directors are responsible for the Company's system of internal financial control. However, such a system can only provide a reasonable and not absolute assurance against material misstatement or loss. The Board has established that key procedures are in place which are designed to provide an effective system of internal financial control for the Company. Abtrust Fund Managers Limited is regulated by IMRO and, as a result, such procedures reflect the necessary IMRO rules. The Board of the Company receives management accounts, being an end product of any system of internal control, on a regular basis prior to all Board meetings. As a matter of course the compliance department of Aberdeen Trust PLC reviews the Manager's operations on an ongoing basis.

### Going Concern

After making enquiries and given the nature of the Company the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the accounts.

The auditors, Arthur Andersen, have confirmed that, in their opinion: with respect to the Directors' statements on internal financial control and going concern above, the Directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' statement on corporate governance above appropriately reflects the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not express any opinion on the effectiveness of either the Company's system of internal control or its corporate governance procedures nor on the ability of the Company to continue in operational existence.

### Substantial Shareholdings

On 15 March 1996 the following were registered or had notified the Company as being interested in 3% or more of the Company's ordinary share capital:

<i>Name of shareholder</i>	<i>Number of shares</i>	<i>Percentage held</i>
Funds managed by		
Legal & General Assurance	7,143,605	14.6
United Friendly Insurance	4,909,000	10.0
Royal Insurance Group	3,537,150	7.2
Funds managed by		
Jupiter Asset Management	2,690,529	5.5
Guardian Royal Exchange	2,625,000	5.4
Scottish Amicable Life Assurance	2,500,000	5.1
Vidacos Nominees Limited	2,212,718	4.5
University Superannuation Funds	1,921,622	3.9
Guyerzeller	1,584,150	3.2

## DIRECTORS' REPORT

### Special Business at Forthcoming Annual General Meeting

Three resolutions are being put to the Annual General Meeting as Special Business.

Resolution 6 will, if passed give the Directors the general power to allot securities and Resolution 7 will, if passed, empower the Directors until the conclusion of the next Annual General Meeting to make allotments of shares for cash other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. This would provide the Directors with flexibility to act in the best interests of shareholders when the opportunity arises so that (i) the Company can follow normal practice in an event of a rights issue (if appropriate) and (ii) may, in addition, issue a limited number of ordinary shares (representing approximately 5% of the current issued ordinary share capital of the Company) for cash on a non pre-emption basis.

Resolution 8 will, if passed, ratify certain historic interim dividends paid by the Company. It has recently come to the Company's attention that interim accounts, which should have been filed with the Registrar of Companies to justify the payment of certain interim dividends, were neither prepared in the prescribed form nor filed as required. Therefore, whilst sufficient distributable reserves were available to cover the relevant dividend payments, the Company was technically in breach of the Companies Act 1985 when interim dividends in respect of the half-years ended 30 June 1991, 30 June 1992, 30 June 1993 and 30 June 1994 were paid on 14 October 1991, 12 October 1992, 29 October 1993 and 28 October 1994 respectively.

The Directors are aware that a number of investment trusts have also discovered that they have been similarly in breach of the Companies Act 1985. In view of the technical nature of the problem and the intention of the Company that shareholders should retain the dividends already paid to them, the Directors believe it appropriate that the Company's shareholders consider the ratification of the four dividend payments in question and the authorisation of the Company to release the shareholders and the directors from any liability arising from the failure of the Company to comply with statutory requirements.

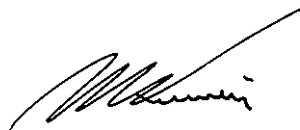
Further details concerning the matter and the resolution to be proposed as special business at the forthcoming Annual General Meeting are set out in the circular to shareholders which accompanies the accounts.

### Auditors

Arthur Andersen have indicated their willingness to remain in office. The Directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

99 Charterhouse Street  
London EC1M 6AB

15 March 1996



By order of the Board  
P/A **Aberdeen Trust PLC**  
Secretaries

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

## AUDITORS' REPORT TO THE SHAREHOLDERS OF THE SMALLER COMPANIES INVESTMENT TRUST PLC

We have audited the financial statements on pages 14 to 22 which have been prepared under the historical cost convention (as modified by the revaluation of investments) and the accounting policies set out on page 18.

### Respective responsibilities of Directors and Auditors

As described above, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards 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. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, 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 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 1995 and of its revenue and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Arthur Andersen**

Chartered Accountants and Registered Auditors  
18 Charlotte Square  
Edinburgh EH2 4DF

15 March 1996



## REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1995

		1995	1994
	Notes	£'000	£'000
Franked income from listed investments		2,701	2,603
Unfranked income from listed investments		274	180
Interest income		33	61
Underwriting commission and other income		59	50
		<u>3,067</u>	<u>2,894</u>
Administration expenses	2	(943)	(945)
Revenue before taxation		2,124	1,949
Taxation	3	(427)	(405)
Revenue after taxation		<u>1,697</u>	<u>1,544</u>
Dividends paid and payable	4	(1,473)	(1,350)
Transferred to revenue reserve	14	<u>224</u>	<u>194</u>
Earnings per ordinary share — basic	5	<u>3.46p</u>	<u>3.14p</u>

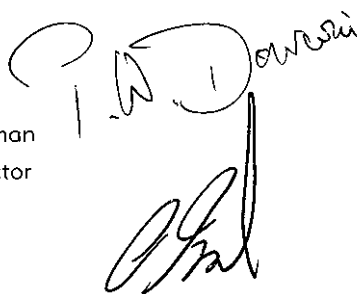
The accompanying notes are an integral part of these financial statements.

## BALANCE SHEET

AS AT 31 DECEMBER 1995		1995 £'000	1994 £'000
	Notes		
<b>Fixed assets</b>			
Listed investments	6	72,527	63,784
<b>Current assets</b>			
Debtors	7	1,050	708
Cash at bank		2,012	918
		<u>3,062</u>	<u>1,626</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(1,198)</u>	<u>(1,130)</u>
<b>Net current assets</b>		<u>1,864</u>	<u>496</u>
<b>Net assets</b>		<u>74,391</u>	<u>64,280</u>
<b>Capital and reserves</b>			
Called-up share capital	9	24,555	24,555
Share premium account	10	31,222	31,222
Warrant reserve	11	3,142	3,142
Realised capital reserve	12	3,028	3,497
Unrealised capital reserve	13	11,704	1,348
Revenue reserve	14	740	516
<b>Equity shareholders' funds</b>	17	<u>74,391</u>	<u>64,280</u>
<b>Net asset value per ordinary share — Undiluted</b>		<u>151.5p</u>	<u>130.9p</u>
<b>Net asset value per ordinary share — Fully diluted</b>	18	<u>145.0p</u>	<u>127.4p</u>

The financial statements were approved by the Board of Directors on 15 March 1996 and signed on its behalf by:

P. W. Darwin Chairman  
C. D. Fishwick Director



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

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1995

		1995		1994	
	Notes	£'000	£'000	£'000	£'000
<b>Operating activities:</b>					
Cash received from investments		3,015		2,623	
Interest received		36		68	
Underwriting commission and option premiums received		46		77	
Management fees paid		(839)		(864)	
Directors' fees paid		(30)		(31)	
Auditors' fee paid		(10)		(9)	
Other cash payments		(87)		(90)	
<b>Net cash inflow from operating activities</b>	15		2,131		1,774
<b>Returns on investments and servicing of finance:</b>					
Dividends paid		(1,399)		(589)	
<b>Net cash outflow from returns on investment and servicing of finance</b>			(1,399)		(589)
<b>Taxation:</b>					
Franked investment income tax recovered		175		61	
Tax credits on franked income		(558)		(473)	
UK Income tax		(17)		(26)	
Overseas tax		(43)		(25)	
<b>Total tax paid</b>			(443)		(463)
<b>Investing activities:</b>					
Purchases of investments		(17,927)		(24,062)	
Sales of investments		18,732		20,255	
<b>Net cash inflow/(outflow) from investing activities</b>			805		(3,807)
<b>Net cash inflow/(outflow) before financing</b>			1,094		(3,085)
<b>Financing:</b>					
<b>Increase/(decrease) in cash and cash equivalents</b>	16		1,094		(3,085)
			1,094		(3,085)

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



## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1995

	1995 £'000	1994 £'000
<b>Capital profit on investments</b>		
Realised gains and losses	(469)	3,363
Unrealised gains and losses	10,356	(11,180)
Net capital profit/(loss) for the year	9,887	(7,817)
<b>Revenue available for distribution</b>	1,697	1,544
<b>Total recognised gains/(losses) for the year</b>	11,584	(6,273)
 <b>Distributable profits</b>		
Revenue available for distribution	1,697	1,544
Dividends	(1,473)	(1,350)
Transfer to distributable reserves	224	194
Transfer to non-distributable reserves	9,887	(7,817)
<b>Net addition/(reduction) to ordinary shareholders' funds</b>	10,111	(7,623)

*The accompanying notes are an integral part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

The policies that have been applied consistently in the year and in the preceding year are:-

#### (a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments, and are in accordance with applicable accounting standards.

#### (b) Income

- (i) Interest income is recognised in the Revenue Account on an accruals basis.
- (ii) Franked investment income from dividends is recognised on an ex-dividend basis together with imputed tax credits where applicable.

#### (c) Expenses

Expenses are charged to the Revenue Account in the period to which they relate.

#### (d) Taxation

Imputed tax credits on franked investment income are treated as part of the taxation charge for the year. Corporation tax is provided on taxable profits at the current rate.

Advance corporation tax on dividends paid or proposed in the year is written off, except when recovery is considered to be reasonably assured.

Deferred taxation has been calculated on the liability method.

Deferred taxation is provided on those timing differences which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on those timing differences which, in the opinion of the Directors, will probably not reverse.

#### (e) Investments

Listed investments are valued at middle market prices at the balance sheet date.

#### (f) Realised and unrealised capital reserves

Gains and losses on the realisation of investments are accounted for in a non-distributable realised capital reserve. The difference between cost and valuation of investments at the balance sheet date is shown in a non-distributable unrealised capital reserve.

**2. Administration expenses**

	1995	1994
	£'000	£'000
Management fees	848	861
Directors' remuneration	30	30
Auditors' remuneration — for audit	10	9
Other expenses	55	45
	<u>943</u>	<u>945</u>

The Company has an agreement with Abtrust Fund Managers Limited for the provision of management services. Management fees are paid calculated on the net asset value at month-end at the rate of 0.1% per month on the first £25 million plus 0.08% per month on the next £50 million plus 0.06% per month on the excess over £75 million (plus VAT). The agreement is terminable on two years' notice.

The Directors' fees of £30,000 (1994 — £30,000) comprised £9,000 (1994 — £9,000) paid to the Chairman and £7,000 (1994 — £7,000) each to Mr. Carr, Mr. Cockburn and Mr. Heseltine.

Mr. Carwardine has a consultancy agreement with the Manager whereby he receives a percentage of the management services' fee paid by the Company to the Manager which percentage amounted to £28,890 (1994 — £29,159) and neither he nor Mr. Fishwick, who is a director of the Manager, receives any Directors' fees from the Company.

The Company does not employ any staff.

**3. Taxation**

	1995	1994
	£'000	£'000
Tax on franked investment income	550	515
Overseas taxation	24	26
Surplus franked investment income relief	(139)	(136)
Prior year adjustment	(8)	—
	<u>427</u>	<u>405</u>

**4. Dividends paid and payable**

Dividends on ordinary shares for the year:

	1995	1994
	£'000	£'000
Interim dividend of 1.3p net per share (1994 — 1.2p)	638	589
Proposed final dividend of 1.7p net per share (1994 — 1.55p)	835	761
	<u>1,473</u>	<u>1,350</u>

## NOTES TO THE FINANCIAL STATEMENTS

**5. Earnings per ordinary share**

Basic earnings per ordinary share are based on net revenue after taxation of £1,697,000 (1994 — £1,544,000) and on 49,109,182 ordinary shares (1994 — 49,109,182) in issue throughout the year.

**6. Listed investments**

	1995 £'000	1994 £'000
Cost:		
At beginning of year	62,436	56,484
Additions	17,903	22,522
Disposals	(19,516)	(16,570)
At end of year	60,823	62,436
Unrealised profit on investments retained	11,704	1,348
Market value at end of year	72,527	63,784

**7. Debtors: amounts falling due within one year**

	1995 £'000	1994 £'000
Sales due for settlement	315	—
Dividends receivable	329	351
Taxation recoverable	168	158
Advance Corporation Tax recoverable	209	190
Prepayments and accrued income	29	9
	1,050	708

**8. Creditors: amounts falling due within one year**

	1995 £'000	1994 £'000
Purchases due for settlement	41	65
Final dividend	835	761
Provision for Advance Corporation Tax	219	190
Accruals	103	114
	1,198	1,130

**9. Called-Up share capital**

		1995		1994
	<i>No. of shares</i>	<i>£'000</i>	<i>No. of shares</i>	<i>£'000</i>
<b>Authorised</b>				
Ordinary shares of 50p	90,280,044	45,140	90,280,044	45,140
<b>Allotted, called-up and fully paid:</b>				
Ordinary shares of 50p	49,109,182	24,555	49,109,182	24,555

As at 31 December 1995 there were a total of 9,821,748 (1994 — 9,821,748) Warrants in issue. 6,345,768 1998 Warrants confer the right to subscribe for one ordinary share of 50p each at 100p during the 30 days following the Annual General Meeting in each of the years 1996 to 1998 inclusive and 3,475,980 1999 Warrants confer the right to subscribe for one ordinary share of 50p each at 135p during the 30 days following the Annual General Meeting in each of the years 1996 to 1999 inclusive, save that in 1999 the subscription period will not expire until 31 December of that year.

**10. Share premium account**

	1995	1994
	<i>£'000</i>	<i>£'000</i>
Balance at beginning and end of year	31,222	31,222

**11. Warrant reserve**

	1995	1994
	<i>£'000</i>	<i>£'000</i>
As at 31 December	3,142	3,142

The warrant reserve is established as a result of Financial Reporting Standard 4 and recognises that a proportion of the proceeds from the issue of ordinary shares with warrants attached can be attributed to the warrants. When warrants are exercised the amount previously recognised as warrant premium is transferred to share premium.

**12. Realised capital reserve**

	1995	1994
	<i>£'000</i>	<i>£'000</i>
Balance at beginning of year	3,497	134
(Loss)/profit on sale of investments	(469)	3,363
Balance at end of year	3,028	3,497

**13. Unrealised capital reserve**

	1995	1994
	<i>£'000</i>	<i>£'000</i>
Balance at beginning of year	1,348	12,528
Movement in year	10,356	(11,180)
Balance at end of year	11,704	1,348

## NOTES TO THE FINANCIAL STATEMENTS

**14. Revenue reserve**

	1995	1994
	£'000	£'000
Balance at beginning of year	516	322
Transfer from revenue account	224	194
Balance at end of year	<u>740</u>	<u>516</u>

**15. Reconciliation of revenue before taxation to net cash inflow from operating activities**

	1995	1994
	£'000	£'000
Revenue before taxation	2,124	1,949
Increase in debtors	30	(143)
Decrease in creditors	(23)	(32)
Net cash inflow from operating activities	<u>2,131</u>	<u>1,774</u>

**16. Analysis of changes in cash and cash equivalents during year**

	1995	1994
	£'000	£'000
Opening balance	918	4,003
Net cash inflow/(outflow)	1,094	(3,085)
Closing balance	<u>2,012</u>	<u>918</u>

**17. Reconciliation of movement in equity shareholders' funds**

	1995	1994
	£'000	£'000
Revenue after taxation	1,697	1,544
Dividends	(1,473)	(1,350)
Other recognised gains/(losses) for the year	9,887	(7,817)
	<u>10,111</u>	<u>(7,623)</u>
Opening shareholders' funds	64,280	71,903
Closing shareholders' funds	<u>74,391</u>	<u>64,280</u>

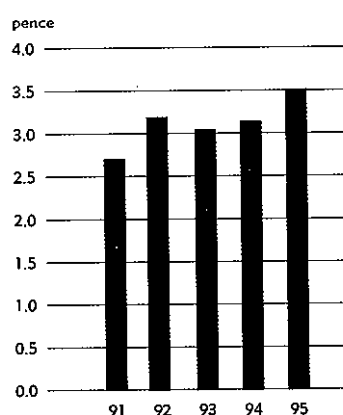
**18. Fully diluted net asset value**

The fully diluted net asset value per ordinary share at 31 December 1995 is calculated by reference to the total number of warrants outstanding at that date and assuming exercise at their respective subscription prices. The fully diluted net asset value per ordinary share at 31 December 1994 is calculated by reference only to the 1998 Warrants which had a subscription price below the undiluted net asset value at that date.

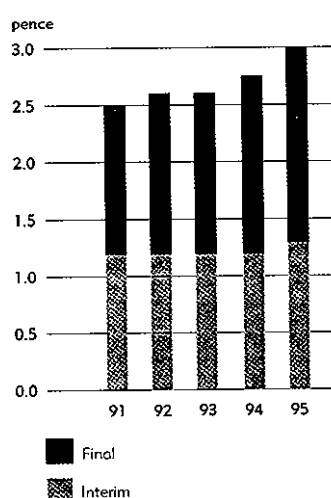
## FIVE YEAR FINANCIAL RECORD

<i>Year to 31 December</i>	1991	1992	1993	1994	1995
Gross revenue '000	£781	£871	£1,582	£2,894	£3,067
<i>Per ordinary share:</i>					
Net earnings	2.70p	3.19p	3.04p	3.14p	3.46p
Net dividends paid	2.50p	2.60p	2.60p	2.75p	3.00p
Net asset value:					
Undiluted	82.9p	84.1p	146.4p	130.9p	151.5p
Diluted	82.9p	84.1p	140.7p	127.4p	145.0p
Equity shareholders' funds '000	£12,430	£12,611	£71,903	£64,280	£74,391

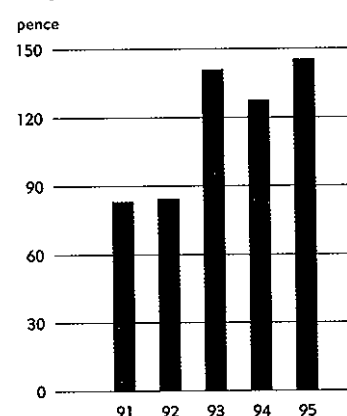
Earnings per share



Net dividends per share



Fully diluted net asset value per share



## FIVE YEAR PERFORMANCE RECORD

*Indexed performance*  
*(figures rebased — 31 December 1990=100)*

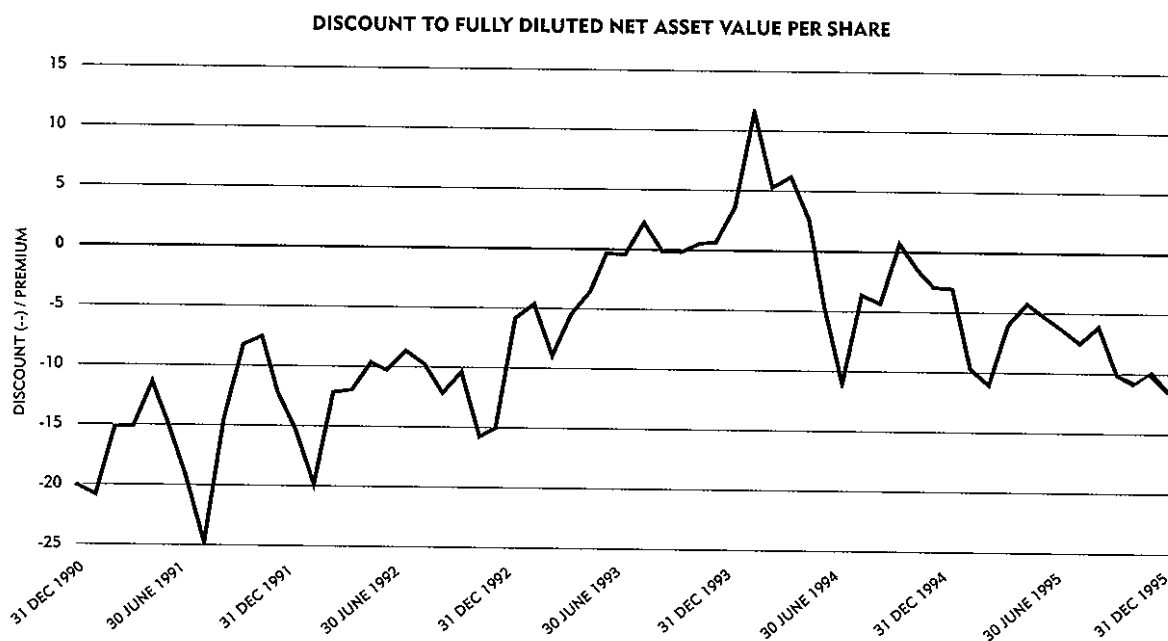
	1990	1991	1992	1993	1994	1995
Net assets	100.0	98.0	99.4	173.1	154.7	178.9
Hoare Govett Smaller Companies Index excluding Investment Trusts	100.0	113.5	116.5	159.4	150.0	166.6

## SHAREHOLDER INFORMATION

### SHAREHOLDER DISTRIBUTION

As at 31 December 1995 there were 49,109,182 ordinary shares in issue. The distribution of these was as follows:

Range	Number of Shareholders	%
1 — 1,000	31	0.03
1,001 — 5,000	169	1.04
5,001 — 10,000	98	1.50
10,001 — 100,000	108	6.19
100,001 and over	46	91.24
	<u>452</u>	<u>100.00</u>



### NET ASSET VALUE

The net asset value of the Company's ordinary shares at the end of each week can be obtained by contacting Abtrust Fund Managers Limited on 0171 490 4466.

### SHARES AND WARRANT PRICES

The prices of the Company's ordinary shares are published daily in the *Financial Times* and the *Evening Standard*.

The prices of the Company's warrants are published daily in the *Financial Times*.



## INFORMATION ABOUT THE MANAGER

### ABTRUST FUND MANAGERS LIMITED

The Company's manager is Abtrust Fund Managers Limited (AFM), a wholly-owned subsidiary of Aberdeen Trust PLC whose Group companies manage a combined £2.7 billion of funds for UK institutions, investment trusts, unit trusts, private clients and offshore funds.

Aberdeen Trust PLC has been listed on the London Stock Exchange since 1991, although its origins go back to an investment company founded in 1876 to assist Scottish farmers set up in the Canadian prairies. It has its headquarters in Aberdeen with subsidiaries in London, Singapore and Fort Lauderdale (Florida).

Over the past dozen years the Group has grown rapidly through a combination of acquisition and organic growth. Abtrust Fund Managers now has 15 investment trusts under management. It adheres closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

### ABTRUST MANAGED INVESTMENT TRUSTS

AFM and its overseas associates manage investment trusts which have combined total assets of around £650 million. The trusts cover a wide range of markets and sectors, including the UK, Europe, the Far East and emerging markets. As well as portfolio management, comprehensive secretarial, administrative and marketing services to the individual trusts are also provided.

### ABTRUST INVESTMENT TRUST SAVINGS PLAN

In order to make investment for private investors more convenient, AFM runs a Savings Plan which covers the majority of trusts under its management. The Plan provides investors with a number of incentives. All investments are free of dealing charges on the initial purchase of shares. Participation for lump sum investors starts at £250 per trust, while regular savers may invest from just £25 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are a low 0.2% on exit (minimum £10 + VAT).

There is no restriction on how long an investor need invest in a Plan, and Regular Savers can stop or suspend participation by instructing AFM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

### THE ABTRUST INVESTMENT TRUST PEP

It is intended that The Smaller Companies Investment Trust will participate in the Abtrust Investment Trust PEP facility during the coming year. The Abtrust Investment Trust PEP will be run by AFM on behalf of participating trusts as a General PEP. Investors can put up to £6,000 per annum into a fully-qualifying trust (which includes UK and/or EC equities' portfolios) as a General PEP. The Smaller Companies Investment Trust is a fully-qualifying trust.

### TRUST INFORMATION

If you would like details of any Trust managed by AFM, or information on the Savings Plan or PEP (both of which contain Trust details), please telephone 0500 000 040 (Monday to Friday 9 a.m.-5 p.m.) or write to Abtrust Fund Managers Limited, 10 Queen's Terrace, Aberdeen AB9 1QJ.

#### **Abtrust Asian Smaller Companies Investment Trust†**

*Invests in Asian companies with a market capitalisation less than US\$250m at launch.*

#### **Abtrust Emerging Economies Investment Trust†**

*Long-term capital growth in global emerging markets.*

#### **Abtrust European Index Investment Trust**

*Tracks the performance of European Stock Markets.*

#### **Abtrust High Income Trust**

*High income from UK split capital investment trusts.*

#### **Abtrust Latin American Investment Trust†**

*Long-term capital growth from Latin America.*

#### **Abtrust Lloyd's Insurance Trust**

*Lloyd's corporate investment.*

#### **Abtrust New Dawn Investment Trust†**

*Above-average capital growth from Asia's emerging markets.*

#### **Abtrust New Thai Investment Trust†**

*Single-country trust.*

#### **Abtrust Preferred Income Investment Trust**

*Zero Preference Share geared split-capital trust.*

#### **Abtrust Scotland Investment Company**

*Development capital.*

#### **Danae Investment Trust**

*Capital and income growth split-capital trust from portfolio of high yielding securities.*

#### **High Income Trust**

*High income from convertibles.*

#### **Jove Investment Trust**

*Capital and income growth split-capital trust from portfolio of high yielding securities.*

#### **The Smaller Companies Investment Trust**

*UK-quoted smaller companies.*

#### **The Turkey Trust†**

*Single-country.*

*All funds are in the Savings Plan, and are PEP qualifying except where indicated. †*

The information on this page is issued and has been approved for the purposes of the Financial Services Act 1986 by Abtrust Fund Managers Limited, 99 Charterhouse Street, London EC1M 6AB, which is regulated by IMRO.

## NOTICE OF MEETING

Notice is hereby given that the Sixth Annual General Meeting of The Smaller Companies Investment Trust PLC will be held at 99 Charterhouse Street, London EC1M 6AB on Monday, 22 April 1996 at 12.30 p.m. for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 6 inclusive will be proposed as Ordinary Resolutions and Resolutions 7 and 8 will be proposed as Special Resolutions:

### *As Ordinary Business*

1. To receive the report of the Directors and the accounts for the year ended 31 December 1995.
2. To declare a final dividend of 1.7p net per Ordinary Share.
3. To re-elect Mr. S. J. Cockburn as a Director of the Company.
4. To re-elect Mr. C. D. Fishwick as a Director of the Company.
5. To reappoint Arthur Andersen as auditors of the Company and to authorise the Directors to determine their remuneration.

### *As Special Business*

6. That in substitution for any existing power under Section 80 of the Companies Act 1985 (as amended and in force from time to time) (the "Act") but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal value of £8,000,000, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 1997 but so that such authority shall allow the Company to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred herein had not expired.
7. That, conditionally upon the passing of Resolution 6 above, in substitution for any existing power under Section 95 of the Companies Act 1985 (as amended and in force from time to time) (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and are hereby empowered until the conclusion of the Annual General Meeting of the Company to be held in 1997, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act by Resolution 6 above as if Section 89(1) did not apply to any such allotment provided that this power shall be limited to:-
  - (i) the allotment of equity securities in connection with a rights issue or open offer in favour of shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them, subject to such exclusions or other arrangements that the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under any law or requirement of any regulatory authority or any stock exchange; and
  - (ii) the allotment for cash (otherwise than pursuant to subparagraph (i) above), of equity securities up to an aggregate nominal amount of £1,250,000;

but so this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

8. That:

- (a) the payments of interim dividends to shareholders of the Company ("Dividends") in respect of the half years ended 30 June 1991, 30 June 1992, 30 June 1993 and 30 June 1994 be and they are hereby ratified and confirmed;
- (b) any and all claims which the Company may have against those shareholders who appeared on the register of members on the relevant record dates or other recipients of the Dividends (or any of them), arising out of the payment of the Dividends (or any of them) be released and for the purpose of giving effect to such release any two Directors be and they are hereby authorised to execute on behalf of the Company a deed of release in favour of such shareholders and other recipients (in the form of the deed produced to this Meeting and signed by the Chairman for the purpose of identification);
- (c) any distribution involved in the giving of such release in relation to any particular Dividend be made out of the profits appropriated to such Dividend as aforesaid by reference to the record date identical to the record date for the Dividend concerned; and
- (d) any and all claims which the Company may have against its directors (both past and present) arising out of the payment of the Dividends be released and for the purpose of giving effect to such release any two Directors be and they are hereby authorised to execute on behalf of the Company a deed of release in favour of the Company's directors (in the form of the deed produced to this Meeting and signed by the Chairman for the purposes of identification).

22 March 1996



By order of the Board

**Aberdeen Trust PLC**  
Secretaries

Notes:

- 1. A member entitled to attend and vote may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. To be valid, the form of proxy must be lodged with The Registrars, The Smaller Companies Investment Trust PLC, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than forty-eight hours before the time fixed for the meeting.
- 2. The register of Directors' shareholdings will be open for inspection at the meeting.
- 3. There are no contracts of service between the Company and any of its Directors.