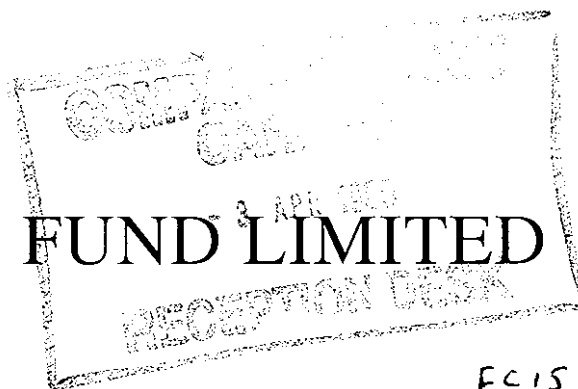


MEDITERRANEAN FUND LIMITED

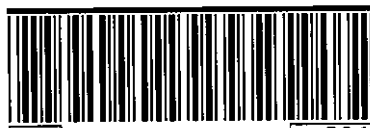


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REPORT AND ACCOUNTS
31 DECEMBER 1994

NM



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COMPANIES HOUSE 03/04/95

MEDITERRANEAN FUND LIMITED

INVESTMENT OBJECTIVE

Long-term capital appreciation, through investment primarily in equity and equity-related securities of companies benefiting from the economic growth of the Mediterranean Region.

Emphasis is placed on companies in the emerging markets of Portugal, Greece and Turkey and smaller companies in Spain, Italy and France. The Company also invests in companies outside Southern Europe which have significant operations within the Region.

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The Company is a member of the Association of Investment Trust Companies.

DIRECTORS

Peter Sedgwick (Chairman)
is Vice Chairman and Group Managing Director,
Investment Management, of Schroders plc.

Alonso Alvarez de Toledo y Urquijo
is an adviser and representative of J. Henry
Schroder Bank in Spain.

Henri Chermont*
is Director of Research at stockbrokers
Cheuvreux de Virieu in Paris. He is also a
Director of French Property Trust plc.

Mark S Evans*
is a consultant to Credit Lyonnais Laing where he
was formerly Head of U.K. Corporate Finance.

Josiane Pain
is a Director of Schroder Investment Management
Limited where she has specific responsibility for
European Investment.

Evangelista Ronchi*
is Chairman of Nuova Rayon Italia S.p.A. He is
also the Chairman and founder of Sesamo S.p.A.,
a financial consultancy firm and of Nuove
Technologie Grafiche S.p.A., a software and
hardware firm.

Terry P Webb*
is Managing Director of RCB International
Limited, an international investment company.

*Members of the Audit Committee and the
Management Engagement Committee.

ADVISERS

SECRETARY

Schroder Investment Management Limited
Senator House, 85 Queen Victoria Street
London EC4V 4EJ

INVESTMENT MANAGER

Schroder Investment Management Limited
33 Gutter Lane
London EC2V 8AS

INVESTMENT ADVISERS

In Greece
Ergoinvest Advisers S.A.
13 Panepistimou Street, GR-105 64 Athens

In Portugal
ESER
Rua de S. Juliao 30, Lisbon

In Turkey
Ottoman Bank
35-37 Voyvoda Caddesi Karaköy, Istanbul

BANKERS

Baring Brothers (Guernsey) Limited
Arnold House, St. Julian's Avenue,
St. Peter Port, Guernsey, GY1 3QL
Channel Islands

J. Henry Schroder Wagg & Co. Limited
120 Cheapside,
London EC2V 6DS

AUDITORS

Coopers & Lybrand
National Westminster House, Le Truchot,
St. Peter Port, Guernsey, GY1 4PW
Channel Islands

REGISTRAR & REGISTERED OFFICE

Schroder Investment Management
(Guernsey) Limited
Barfield House, St Julian's Avenue,
St. Peter Port, Guernsey, GY1 3QL
Channel Islands

INVESTOR INFORMATION

THE COMPANY

Mediterranean Fund Limited is an investment trust listed on the London Stock Exchange. It is one of a number of investment trusts managed and administered by Schroder Investment Management Limited, the fund management subsidiary of Schroders plc, the international merchant and investment banking group.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to convene an Extraordinary General Meeting of Shareholders to follow immediately the Annual General Meeting of the Company to be held in 1996 and every fifth Annual General Meeting thereafter to consider a Special Resolution to wind up the Company.

The Company's warrants each entitle warrantholders to subscribe for one share at an exercise price of £3.1879 per share. The last date for exercise of the warrants is 31 December 1995.

PRICE INFORMATION

The prices of the Company's shares and warrants are quoted daily in the Financial Times.

ASSOCIATION OF INVESTMENT TRUST COMPANIES

The Company is a member of the Association of Investment Trust Companies, which produces monthly publications of detailed information on the majority of investment trusts. Copies of these publications can be obtained by subscription on application to the Association of Investment Trust Companies, Durrant House, 8-13 Chiswell Street, London EC1Y 4YY.

SCHRODER INVESTMENT TRUST DEALING SERVICE

Since August 1994 the Company has been included in the Schroder Investment Trust Dealing Service which provides a convenient and cost effective means of investing in the shares of the Company. The Service offers investors:

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

CHAIRMAN'S STATEMENT



Europe, having dipped late into recession, has at last begun to experience the upswing that the Anglo-Saxon economies have been enjoying for some time. The recovery, which was tentative in its early stages, has become well-established and broadly-based. One of the main catalysts has been the positive contribution from net exports, which was supported firstly by stronger global economic activity, and secondly by the improved competitive position of European exports. The improvement in economic activity has not brought with it

higher inflation, which has continued to decline in Europe generally, the exception being Turkey, largely as a result of subdued consumer expenditure.

The interest rate cycle in Europe, dominated by developments in Germany, saw short term rates fall in the core countries, which led to a moderate recovery. At the same time long term rates started to rise early in 1994, reversing a considerable part of the decline in bond yields seen in 1993. Within Europe, there has been a widening of bond yield differentials, notably in Italy and Spain, and to a lesser degree also in France. Foreign currency markets have been volatile, influenced to some extent by the weak dollar; Mediterranean currencies have suffered pressure from the strong Deutschmark.

The Turkish crisis merits separate comment. Early 1994 witnessed a run on the currency, triggered by concerns about the country's ability to service its foreign debt, together with a loss of domestic confidence in the conduct of economic policy. An ambitious stabilisation programme was launched, aimed at improving both the external and internal imbalances by accelerating structural reform. The plan has been successful in bringing the current account into positive territory and increasing the level of reserves. However, structural reform has proved more elusive.

OUTLOOK

Moderate growth and subdued inflation offer a positive climate for European equity markets in 1995. If the US economy does not overheat and a hard landing is avoided, the Federal Reserve will call a halt to its monetary tightening in 1995, thus removing a threat to markets in general. Whilst Europe grows increasingly concerned about the risk of monetary tightening over coming months as the recovery gathers pace, recent DM strength and the expected lack of inflationary pressure could prompt the Bundesbank to delay any rise in rates.

MEDITERRANEAN FUND LIMITED

Growth will be led by exports and business investment, with modest but increasing support from consumer spending. Investment is likely to rise strongly as a result of three main factors: the need to increase capacity, improved corporate profitability, and continued efforts to improve international competitiveness. Private consumption will remain relatively weak in the light of low real income growth and lingering weakness in the labour markets. In Turkey, whilst the economy will no doubt rebound in 1995, lasting economic expansion led by exports and private investment will depend on fundamental structural reform and medium-term fiscal consolidation.

Government fiscal policies within the Mediterranean region remain divergent. The key issue is whether governments will tackle the structural deficit and take some difficult but necessary long-term decisions. Both France and Italy appear set to do so, although political problems in the latter country are delaying the process. In Spain, Portugal, and Greece the task is far from complete. Higher inflation and fiscal deficit expectations have led finally to interest rate and currency volatility resulting in devaluations of the peseta and the escudo.

The outlook for inflation in the Mediterranean region is less attractive than elsewhere in Europe. Mediterranean Europe, with the exception of France, could witness a build-up of inflationary pressure as a result of devaluation and looser fiscal policies.

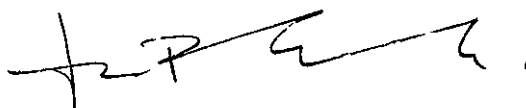
Politics remains a wildcard. Presidential elections are due in France and Greece and a governmental election in Portugal. Elections due next year in Spain and Turkey could be brought forward to 1995. Following these elections, investors will no doubt witness various government changes. Political uncertainty may create greater market volatility, but the potential significance of elections is reduced when one considers the lack of room to manoeuvre of any new government.

INVESTMENT POLICY

As I reported in my Statement last year, the £2,000,000 short-term borrowings taken out in 1993 were repaid on tactical grounds in early 1994. It was becoming apparent at that time that markets would probably continue their erratic performance against a background of rising interest rates and weakening currencies. Asset allocation during the year is reported in the Manager's Review; as foreseen in my previous Statement we commenced investing to a limited extent in the Moroccan market in 1994.

CHANGE OF NAME

During the last year the Company's shares were added to the range of investment trust shares that may be purchased or sold through the Schroder Investment Trust Dealing Service. In order to reflect more closely the Company's association with the Schroders Group, a resolution to change the name of the Company to Schroder Mediterranean Fund Limited will be proposed at the forthcoming Annual General Meeting and your Directors trust that this will receive shareholders' support.



Peter Sedgwick
Chairman

INVESTMENT MANAGER'S REVIEW

PERFORMANCE

At the end of December 1994, the net asset value per share stood at 300.58p. From 31 December 1993 to 31 December 1994 the net asset value expressed in Sterling fell by 6.5%.

| Market Review | | |
|---------------|---------------|--------------------------------|
| Country | Index | Performance in £ (% change) |
| France | SBF 120 | -14.4 |
| Greece | MSCI Greece | -8.5 |
| Italy | BCI | 1.9 |
| Portugal | MSCI Portugal | 2.3 |
| Spain | Madrid SE | -10.5 |
| Turkey | MSCI Turkey | -55.1 |

1994 has been a difficult year for European markets, with performance constrained by stretched equity valuations and expectations of rising interest rates. The Mediterranean markets were at the lower end of the performance table in Europe and generally underperformed the broader FT Europe ex-UK which posted a negative return of 2.9% during the period under review. In a volatile year for equities globally, investors looked for a safe haven in the strong currency markets, avoiding markets where interest rates might be pushed up to support weak currencies. It was a year when bond and currency tensions determined the performance of equity markets, despite strong profit recoveries mostly at the top end of expectations. Additionally, investors became sceptical about the ability and commitment of governments to continue pursuing anti-inflationary and tight fiscal policies against a background of political uncertainty in the face of approaching elections.

France was among the worst performing markets in Europe. The market was haunted throughout the year by the possibility of having to raise interest rates in order to hold the DM parity, against the background of a hesitant economic recovery. The privatisation programme failed to give the market any impetus while the performance of some leading shares was hampered by a number of scandals. Additionally the spectre of the presidential elections in 1995 and the uncertainty about the future course of economic policy has weighed heavily on the market. Medium sized and small companies performed well in the first nine months of the year as their valuations were attractive compared to the blue chips. In the volatility of the last quarter a substantial part of this outperformance was given up as investors sought to take profits in the one area of the market which had outperformed.

Despite a strong start to the year, the **Greek** market posted a weak performance during 1994. The market has been dogged by political considerations, including the Macedonian crisis, looming Presidential elections, a perception of lack of direction in the management of the economy, stubbornly high inflation and public deficit, a currency crisis and considerable cash calls on the market. Economic recovery has lagged developments elsewhere in Europe as interest rates have remained high given the high financing needs of the Treasury. Industrial and construction stocks have underperformed the market as a result of subdued economic activity and delays in the award of EU-sponsored infrastructure projects.

In **Italy**, the buoyant economy, the attendant profits recovery and the election of a right-wing coalition Government catapulted the market forward in the first half of the year. However, in the second half the market gave up most of its outperformance as it became increasingly obvious that the differences among the coalition members were insoluble. Additionally, the inability of the Prime Minister Mr. Berlusconi to extricate his extensive business interests from government in a convincing manner led to a deep political crisis, ultimately culminating in the resignation of Berlusconi and the appointment of a technocratic government. The currency and interest rates markets were highly unsettled during the period. Industrials and exporters figure prominently among the best performing sectors.

The **Portuguese** market performed satisfactorily in the context of European markets. Interest rate volatility, pressure on the currency, which recently resulted in a 3.5% devaluation, and delayed economic upturn were the main negatives weighing on the market. On the positive side, profits of the cyclical and exporting sectors rebounded ahead of expectations, leading to a better performance in the second half of 1994. Cyclical stocks were among the best performing in 1994, while moves towards the consolidation of the banking industry and the expected round of take-overs also attracted the attention of investors.

In **Spain** the market held steady during the first half despite increasing political scandals, underpinned by evidence of economic recovery and lower inflation. However the second half witnessed a deep correction as the market became increasingly concerned about the ability of a Government plagued by scandals and dependent on the support of a small party for a majority in parliament to take the necessary measures to control inflation and the deficit. Small capitalisation stocks and banks have topped the performance tables. While interest rates rose substantially the peseta remained weak and the government has subsequently been forced into a 7% devaluation of the currency.

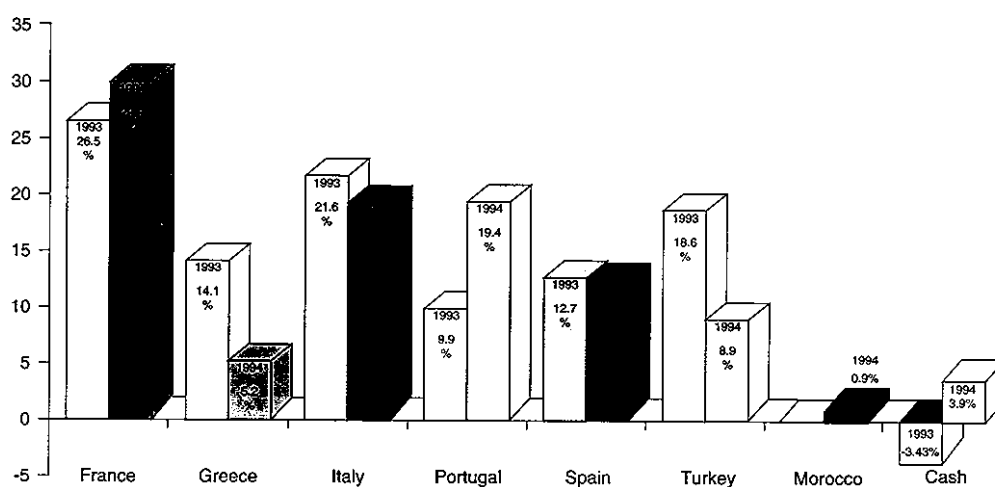
1994 was very difficult for **Turkey**, a year which has witnessed the worst financial crisis and recession on record, with an expected fall in output of 4-5%. Inflation shot up to 125.5% at the end of December and the currency lost 61% of its value versus the dollar. While the belated April 1994 austerity package was successful in controlling the crisis, the deeply ingrained problems of an inefficient state sector and chronic budget deficit remain untackled. The Privatisation Law has finally been approved but implementation has been made more difficult by current economic difficulties. Cash-rich companies and exporters were the best performing sectors.

INVESTMENT MANAGER'S REVIEW continued

ASSET ALLOCATION

The Fund has increased its exposure to medium and small companies as these stocks should benefit most from a European recovery and additionally offer more attractive valuations than their bluechip counterparts. On a sectorial basis, the weighting in industrial companies, with a strong focus on infrastructure related stocks, building materials and construction has been boosted. Companies active in this sector in the smaller countries stand to benefit from substantial European Union aid over the next few years.

Geographically, the Greek and Turkish investments have been reduced as growth slowed down substantially in both countries. On the other hand the Portuguese weighting has been increased as the upswing is becoming more visible and earnings recover from cyclically depressed levels. The Italian exposure, which had been built up in the earlier part of the year, was reduced later in the year to lock in some of the outperformance. The Fund has started investing in Morocco, a market which offers attractive opportunities as the economy is liberalised and the privatisation programme progresses.



OUTLOOK

In Europe generally we expect equity markets to begin to respond to good earnings prospects. Market multiples are now more reasonable and offer increasingly good value, although the performance of Mediterranean markets could continue to be hampered in the short term by the currency and interest rate volatility which culminated in the very recent devaluations of the peseta and the escudo.

Schroder Investment Management Limited
7 March 1995

20 LARGEST INVESTMENTS

As at 31 December 1994

| Company | Country | Sector | % of shareholders' equity | Market Value £'000 |
|--|----------|------------------------------------|---------------------------------|--------------------------|
| Jeronimo Martins | Portugal | Retailing | 4.64 | 1,534 |
| Galleries Lafayette | France | Retail trading | 4.44 | 1,470 |
| Telecom Italia | Italy | Telecom utility | 3.29 | 1,088 |
| Cetelem | France | Financial services | 2.57 | 849 |
| Plastic - Omnium | France | Plastics | 2.52 | 835 |
| TVI - Televisao | | | | |
| Independiente | Portugal | Entertainment/leisure/toys | 2.08 | 687 |
| Alpha Credit Bank | Greece | Bank | 2.06 | 683 |
| Banco Totta E Acores | Portugal | Banking | 1.95 | 645 |
| Rinascente (La) Di Risp | Italy | Retail trading | 1.88 | 623 |
| Turk Garanti Bank | Turkey | Banking | 1.88 | 621 |
| Lapeyre | France | Construction/building materials | 1.85 | 612 |
| Titan Cement Co | Greece | Building material | 1.80 | 594 |
| Alacatel Cable | France | Cables | 1.79 | 592 |
| Modelo Supermercados | Portugal | Retail trading | 1.77 | 584 |
| Espirito Santo | Portugal | Banking | 1.76 | 581 |
| Elf Aquitaine | France | Oil | 1.74 | 574 |
| Sasib | Italy | Mechanical engineering | 1.72 | 569 |
| Credit Local de France | France | Banking | 1.66 | 549 |
| Ottoman Bank | Turkey | Banking | 1.63 | 538 |
| Tecnost | Italy | Business equipment | 1.62 | 534 |
| Representing 44.65 per cent of shareholders' equity | | | | 14,762 |

FIVE YEAR RECORD

| Year to 31 December | Total net assets £'000 | Net assets per share* £ | Total revenue £'000 | Net revenue £'000 | Earnings per share* pence | Net dividends per share* pence |
|------------------------|------------------------------|-------------------------------|---------------------------|-------------------------|---------------------------------|---|
| 1990† | 25,709 | 2.34 | 1,185 | 364 | 3.31 | 2.59 |
| 1991† | 24,525 | 2.23 | 925 | 185 | 1.68 | 1.60 |
| 1992 | 24,322 | 2.21 | 1,031 | 218 | 1.98 | 1.80 |
| 1993 | 35,370 | 3.22 | 925 | 86 | 0.78 | 0.75 |
| 1994 | 33,063 | 3.01 | 968 | 96 | 0.87 | 0.75 |

* Adjusted where appropriate for 20 for 1 capitalisation issue in July 1993.

† 1990 and 1991 converted where appropriate to sterling at year-end exchange rates.

REPORT OF THE DIRECTORS

The Directors submit their report and the accounts of the Company for the year ended 31 December 1994.

COMPANY'S BUSINESS

The Company is incorporated and registered in Guernsey but is resident for tax purposes in the United Kingdom. The business of the Company is that of an investment trust and the Company complies with the conditions laid down for an Investment Trust under Section 842 of the Income and Corporation Taxes Act 1988. The last accounting period for which the Company has been treated as approved by the Inland Revenue is the year ended 31 December 1993, and the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval.

A review of the Company's business and its likely future development is given in the Chairman's Statement and Investment Manager's Review on pages 4 to 8.

REVENUE AND DIVIDENDS

The total revenue of the Company for the year was £968,000. Net revenue for the year available for shareholders was £96,000 equivalent to earnings of 0.87 pence per share.

The Directors recommend the payment of a final dividend of 0.75 pence per share. This will leave a surplus of revenue for the year of £14,000.

NET ASSET VALUE

During the year under review the undiluted net asset value per share of the Company has decreased from 321.54 pence per share to 300.58 pence per share.

DIRECTORS

The Directors of the Company during the year and the interests of the Directors and their families in the share capital of the Company were as shown below.

| | At 31 December 1994 Shares of £0.10 each | At 31 December 1993 Shares of £0.10 each |
|------------------------------------|---|---|
| Peter Sedgwick | — | — |
| Alonso Alvarez de Toledo y Urquijo | — | — |
| Henri Chermont | — | — |
| Mark Evans | 2,000 | 2,000 |
| Josiane Pain | 5,400 | 5,400 |
| Evangelista Ronchi | — | — |
| Terry Webb | — | — |

There have been no changes in the above interests, which are all beneficial interests, up to 28 February 1995.

The Directors retiring by rotation are Mr Peter Sedgwick, Mr Terry Webb and Mrs Josiane Pain who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

None of the Directors has a contract of service with the Company or has any material interest in any other contract which is significant to the Company's business.

MEDITERRANEAN FUND LIMITED

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, the Company has maintained cover for its Directors and officers, under a Directors' and officers' liability insurance policy as permitted by Section 137 of the Companies Act 1989.

SUBSTANTIAL SHARE INTERESTS

As at 28 February 1995 the Company had been notified of the following interests in the issued share capital:

| | Shares | % |
|--|-----------|-------|
| Schroder Investment Management Limited (on behalf of discretionary clients) | 1,170,860 | 10.64 |
| Stichting Akzo-Pensioenfonds | 661,000 | 6.01 |
| London and Manchester (Portfolio Management) Limited | 586,000 | 5.33 |

The Company is not aware of any other interests in excess of 3 per cent. of the issued share capital.

PROPOSED CHANGE OF NAME

For the reasons given in the Chairman's Statement, a resolution proposing to change the name of the Company to Schroder Mediterranean Fund Limited will be put to the forthcoming Annual General Meeting.

INVESTMENT MANAGER

The Investment Manager, Schroder Investment Management Limited, is entitled to receive a fee at an annual rate of 1.25 per cent of the net assets of the Company. The investment management agreement is terminable by either party on not less than three months' notice. The Investment Manager is regulated by the Investment Management Regulatory Organisation Limited ("IMRO"), one of the United Kingdom self-regulating organisations for the purposes of the Financial Services Act 1986.

AUDITORS

A resolution proposing the reappointment of Coopers & Lybrand as auditors to the Company will be put to the Annual General Meeting.

Senator House
85 Queen Victoria Street
London EC4V 4EJ
27 March 1995

By Order of the Board
Schroder Investment Management Limited
Secretary



CORPORATE GOVERNANCE

The Code of Best Practice issued by the Cadbury Committee on the Financial Aspects of Corporate Governance ("the Code") was issued in December 1992. The Company has fully complied throughout the year with the provisions of the Code which are currently in force. The guidance for Directors on internal control was issued in December 1994 and hence the Directors have not made a statement on it for the current year.

The Board has an audit committee and a management engagement committee both of which have specific terms of reference and comprise all the independent non-executive Directors. The audit committee meets at least once a year with the Company's auditors and its function is to ensure that the highest standards of integrity, financial reporting and internal control are maintained. The management engagement committee meets annually and its function is to review the terms of the Company's management agreement with Schroder Investment Management Limited to ensure it is competitive and reasonable for the shareholders.

After making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

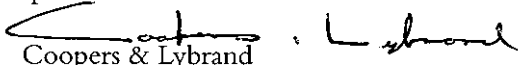
AUDITORS' REPORT ON CORPORATE GOVERNANCE

We have reviewed the above statement by the Directors concerning the Company's compliance with the Code of Best Practice, insofar as it relates to those paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the Bulletin 1994/1 "Disclosures relating to corporate governance (Revised)" issued by the Auditing Practice Board.

In respect of the paragraphs of the Code specified for our consideration, we are required to draw attention to any aspects of the Company's non-compliance with the Code of which we are aware and which the Directors have not properly disclosed. We are not required to review, and have not reviewed, the effectiveness of the Company's governance procedures.

As part of our review of the statement of compliance with the Code, we considered the Directors' comments on this page on the adoption of the going concern basis for the financial statements. These set out their judgement, at the date of preparation of their statement, that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The guidance for Directors 'Going concern and financial reporting' notes that it is not possible to give any certainty in relation to going concern, because a judgement properly made at a particular date can be overtaken by subsequent events. We confirm that the Directors' comments are consistent with the information of which we are aware based solely on our normal audit work on the financial statements.

Through enquiry of certain Directors and officers of the Company and examination of relevant documents, we have satisfied ourselves that the Directors' statement appropriately reflects the Company's compliance with the other paragraphs of the Code, specified for our review.



Coopers & Lybrand

Chartered Accountants

Guernsey

27 March 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of the Company and of the profit or loss of the Company for that period and are in accordance with applicable laws.

The Directors are satisfied that the Company has adequate resources to continue in business and accordingly that the accounts should be drawn up on a going concern basis. Further appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these financial statements and applicable accounting standards have been followed. These policies and standards, for which the Directors accept responsibility, have been discussed with the Auditors.

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 (Guernsey) Laws 1908 to 1990. 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 believe that they have complied with these responsibilities.

REPORT OF THE AUDITORS

TO THE MEMBERS OF MEDITERRANEAN FUND LIMITED

We have audited the financial statements on pages 15 to 23.

Respective responsibilities of directors and auditors

As described on page 13 the Company's directors are responsible for the preparation of 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.

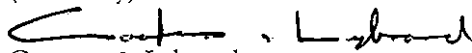
Basis of opinion

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, 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 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 the Company's affairs and of its net revenue, recognised gains and losses, and cash flows for the year then ended and have been properly prepared in accordance with the Companies (Guernsey) Laws 1908 to 1990.



Coopers & Lybrand

Chartered Accountants

Guernsey

27 March 1995

REVENUE ACCOUNT

for the year ended 31 December 1994

| | Notes | 1994 £'000 | 1993 £'000 |
|---|-------|---------------|---------------|
| Income from listed investments | 1 | | |
| Unfranked investment income | | 919 | 865 |
| Franked investment income | | — | 39 |
| | | 919 | 904 |
| Other income receivable | | | |
| Deposit interest | | 49 | 21 |
| Total revenue | | 968 | 925 |
| Administrative expenses | 2 | 690 | 642 |
| Net revenue from ordinary activities before interest | | 278 | 283 |
| Interest payable | 3 | 25 | 78 |
| Net revenue from ordinary activities before taxation | | 253 | 205 |
| Taxation | 4 | 157 | 119 |
| Net revenue for the financial year after taxation | | 96 | 86 |
| Proposed Final Dividend | | 82 | 82 |
| Surplus of revenue for the year | | | |
| Transferred to revenue reserve | 14 | 14 | 4 |
| Earnings per share | 5 | 0.87 pence | 0.78 pence |
| Dividends for the year per share | | 0.75 pence | 0.75 pence |

All items dealt with in arriving at the net revenue for the year ended 31 December 1994 and the year ended 31 December 1993 relate to continuing activities.

There is no difference between the net revenue for the year and the surplus of revenue for the year stated above and their historical cost equivalents.

The notes on pages 19 to 23 form an integral part of these accounts.

MEDITERRANEAN FUND LIMITED

BALANCE SHEET

at 31 December 1994

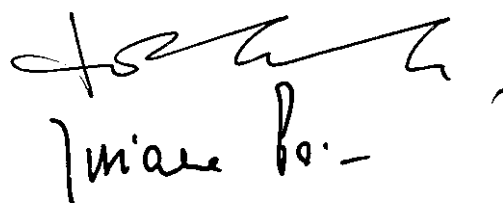
| | Notes | 1994 £'000 | 1993 £'000 |
|--|-------|---------------|----------------|
| FIXED ASSETS | | | |
| Investments | 1 & 6 | | |
| Listed Overseas | | 31,231 | 35,987 |
| Listed in United Kingdom | | 537 | 700 |
| | | 31,768 | 36,687 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 240 | 1,509 |
| Short-term deposits | | 1,423 | 1,097 |
| Cash at bank | | 2 | 9 |
| | | 1,665 | 2,615 |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | 8a | 366 | 3,932 |
| Net current assets/(liabilities) | | 1,299 | (1,317) |
| TOTAL ASSETS | | | |
| LESS CURRENT LIABILITIES | | 33,067 | 35,370 |
| Creditors: amounts falling due after more than one year | 8b | 4 | — |
| | | 33,063 | 35,370 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 1,100 | 1,100 |
| Share premium account | 12 | 33,826 | 33,829 |
| Capital reserves | 13 | (2,016) | 302 |
| Revenue reserves | 14 | 153 | 139 |
| Equity shareholders' funds | 15 | 33,063 | 35,370 |
| Net asset value per share | | 300.58 pence | 321.54 pence |
| Diluted net asset value per share assuming full conversion of warrants | | 303.62 pence | 321.08 pence |

The Accounts were approved by the Board of Directors on 21 March 1995 and signed on behalf of the Board by:

I P Sedgwick

J Pain

Directors



The notes on pages 19 to 23 form an integral part of these accounts.

CASHFLOW STATEMENT

for the year ended 31 December 1994

| | Notes | 1994 £'000 | 1993 £'000 |
|--|-------|---------------|---------------|
| OPERATING ACTIVITIES | | | |
| Cash received from investments | | 921 | 880 |
| Interest received | | 41 | 16 |
| Administrative expenses | | (685) | (635) |
| Net cash inflow from operating activities | 16 | 277 | 261 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Dividends paid | | (82) | (225) |
| Bank loan interest paid | | (29) | (74) |
| Net cash outflow from returns on investments and servicing of finance | | (111) | (299) |
| TAXATION | | | |
| UK tax (paid)/received | | (10) | 186 |
| Overseas tax paid | | (145) | (107) |
| Total tax (paid)/received | | (155) | 79 |
| INVESTING ACTIVITIES | | | |
| Exchange loss on currency | 13 | (40) | (84) |
| Purchase of investments | 17 | (19,782) | (20,593) |
| Sale of investments | 18 | 22,123 | 19,457 |
| Net cash inflow/(outflow) from investing activities | | 2,301 | (1,220) |
| Net cash inflow/(outflow) before financing | | 2,312 | (1,179) |
| FINANCING | | | |
| Bank loan | | (1,990) | 1,990 |
| Costs of capitalisation issue | | (3) | (101) |
| Net cash (outflow)/inflow from financing | | (1,993) | 1,889 |
| NET CASH INFLOW | | 319 | 710 |
| Increase in cash and equivalents | | 319 | 710 |

The notes on pages 19 to 23 form an integral part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1994

| | Notes | 1994 £'000 | 1993 £'000 |
|--|-------|---------------|---------------|
| Capital profit on investments | | | |
| Realised gains and losses | 13 | 5,197 | (1,089) |
| Unrealised losses and gains | 13 | (7,515) | 12,234 |
| Capital (deficit)/surplus for the year | | (2,318) | 11,145 |
| Revenue profit available for distribution | 15 | 96 | 86 |
| Total recognised losses and gains for the year | | (2,222) | 11,231 |
| Distributable profit | | | |
| Revenue profit available for distribution | | 96 | 86 |
| Dividends | | (82) | (82) |
| Transfer to distributable reserves | | 14 | 4 |
| Non-distributable profit | | | |
| Transfer to non-distributable reserves | | (2,318) | 11,145 |
| | | 2,304 | 11,149 |

The notes on pages 19 to 23 form an integral part of these accounts.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

a Investments

Listed investments are stated at market value. Realised and unrealised gains and losses on investments are included in the capital reserve.

b Income recognition

Investment income is credited by reference to due payment date. Other income is recognised on an accruals basis.

c Translation of foreign currencies

Foreign currency transactions during the period are translated into Sterling at exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Sterling at market rates of exchange ruling at the balance sheet date. Exchange gains or losses on foreign currency translation are dealt with in the revenue account, with the exception of net currency gains or losses relating to investments, which are included in the capital reserve.

d Deferred taxation is provided to take account of short-term timing differences expected to reverse in the foreseeable future.

2 ADMINISTRATIVE EXPENSES

| | 1994 £'000 | 1993 £'000 |
|---------------------------|---------------|---------------|
| Investment Management fee | 504 | 460 |
| Custodian fee | 81 | 73 |
| General expenses | 43 | 60 |
| Directors' fees | 52 | 40 |
| Auditors' remuneration | 10 | 9 |
| | 690 | 642 |

Directors' emoluments:

The emoluments of the Chairman, who was also the highest-paid Director, were £10,000 (1993: £10,000).

The following table shows the number of Directors receiving emoluments in the bands stated:

| | | |
|------------------|---|---|
| £ Nil — £5,000 | — | 6 |
| £5,001 — £10,000 | 7 | 1 |

The above expenses include irrecoverable value added tax where appropriate.

3 INTEREST PAYABLE

| | 1994 £'000 | 1993 £'000 |
|--|---------------|---------------|
| On bank loans: | | |
| Repayable within 5 years, not by instalments | 25 | 78 |

NOTES TO THE ACCOUNTS continued

4 TAXATION

The charge for taxation on the net revenue for the period is made up as follows:

| | 1994 £'000 | 1993 £'000 |
|---------------------------------------|---------------|---------------|
| United Kingdom taxation: | | |
| Corporation tax | 37 | 20 |
| Exchange movements in respect of tax | — | (5) |
| Irrecoverable advance corporation tax | 17 | 12 |
| Deferred taxation (see note 9) | 4 | (1) |
| | 58 | 26 |
| Less Double taxation relief | (37) | (20) |
| | 21 | 6 |
| Tax on franked income | — | 9 |
| | 21 | 15 |
| Overseas withholding taxes | 136 | 104 |
| | 157 | 119 |

Corporation tax at 25 per cent (1993: 25 per cent) has been provided on the unfranked income for the period after deducting expenses.

5 EARNINGS PER SHARE

The calculation of the earnings per share is based on 11,000,100 shares in issue during the year and on the earnings of £96,000 (1993: £86,000). The earnings per share calculated on the nil distribution basis are 1.03 pence (1993: 0.89 pence) based on earnings of £113,000 (1993: £98,000) which excludes the irrecoverable advance corporation tax shown in note 4.

6 INVESTMENTS

| | 1994 | | | 1993 | | |
|--|-----------------------------|--------------------------|----------------|-----------------------------|--------------------------|----------------|
| | Listed Overseas £'000 | Listed in UK £'000 | Total £'000 | Listed Overseas £'000 | Listed in UK £'000 | Total £'000 |
| Cost at 31 December 1993 | 31,602 | 556 | 32,158 | 31,135 | 556 | 31,691 |
| Additions at cost | 17,198 | 1,000 | 18,198 | 22,213 | — | 22,213 |
| Disposals at cost | (14,602) | (1,000) | (15,602) | (21,746) | — | (21,746) |
| Cost at 31 December 1994 | 34,198 | 556 | 34,754 | 31,602 | 556 | 32,158 |
| Unrealised surplus/(deficit) on investments | (2,967) | (19) | (2,986) | 4,385 | 144 | 4,529 |
| Market value at 31 December 1994 | 31,231 | 537 | 31,768 | 35,987 | 700 | 36,687 |

The investments are valued on the basis set out in note 1(a). The value placed on the equity shares included under listed investments is £31,768,000 (1993: £36,687,000).

7 DEBTORS

| | 1994 £'000 | 1993 £'000 |
|---------------------------------|---------------|---------------|
| Sales for future settlement | — | 1,284 |
| Refund on rights issue purchase | 11 | — |
| Investment income receivable | 16 | 19 |
| Interest receivable | 15 | 7 |
| Taxation recoverable | 195 | 197 |
| Prepayments | 3 | 2 |
| | 240 | 1,509 |

MEDITERRANEAN FUND LIMITED

8 CREDITORS

| | 1994 £'000 | 1993 £'000 |
|--|---------------|---------------|
| a Amounts falling due within one year: | | |
| Bank loan | — | 1,990 |
| Purchases for future settlement | 82 | 1,655 |
| Current taxation | 17 | 21 |
| Creditors and accrued charges | 185 | 184 |
| Proposed final dividend on shares | 82 | 82 |
| | 366 | 3,932 |
| b Amounts falling due after more than one year: | | |
| Deferred taxation (see note 9) | 4 | — |
| | 4 | — |

9 DEFERRED TAXATION

| | 1994 £'000 | 1993 £'000 |
|--|---------------|---------------|
| The movements on the provision for deferred taxation are as follows: | | |
| At 31 December 1993 | — | 1 |
| Transferred to (from) Profit and Loss Account (see note 4) | 4 | (1) |
| At 31 December 1994 | 4 | — |

Deferred taxation comprises corporation tax at 25 per cent (1993: 25 per cent) on accrued income and other short-term timing differences and has been included under amounts falling due after more than one year.

10 CONTINGENT LIABILITIES

The Company had no contingent liabilities at the balance sheet date.

11 SHARE CAPITAL

| | 1994 £'000 | 1993 £'000 |
|-------------------------------------|---------------|---------------|
| Authorised: | | |
| 20,000,000 shares of £0.10 each | 2,000 | 2,000 |
| Allotted, Called Up and Fully Paid: | | |
| 11,000,100 shares of £0.10 each | 1,100 | 1,100 |

2,199,900 warrants each to subscribe for one share of £0.10 at an exercise price of £3.1879 per share within the period ending on 31 December 1995. All these 2,199,900 warrants remained in issue at 31 December 1994.

NOTES TO THE ACCOUNTS continued

12 SHARE PREMIUM ACCOUNT

| | 1994 £'000 | 1993 £'000 |
|---|---------------|---------------|
| At 31 December 1993 | 33,829 | 34,475 |
| Exchange difference on revaluation on 8 July 1993 | — | 555 |
| | 33,829 | 35,030 |
| Less: Nominal value of shares issued on 8 July 1993 | — | 1,100 |
| Costs of capitalisation issue | 3 | 101 |
| | 3 | 1,201 |
| At 31 December 1994 | 33,826 | 33,829 |

13 CAPITAL RESERVE

| | 1994 £'000 | 1993 £'000 |
|---|---------------|---------------|
| Realised deficit on investments | | |
| At 31 December 1993 | (4,227) | (2,619) |
| Exchange difference on revaluation of Share Premium Account (see note 12) | — | (555) |
| Cancellation of Dollar Shares on 8 July 1993 | — | 36 |
| Net profit/(loss) on investments sold | 5,237 | (1,005) |
| Net loss on currency transactions | (40) | (84) |
| At 31 December 1994 | 970 | (4,227) |
| Unrealised surplus/(deficit) on investments | | |
| At 31 December 1993 | 4,529 | (7,705) |
| Movement in unrealised (deficit)/surplus on investments | (7,515) | 12,234 |
| At 31 December 1994 | (2,986) | 4,529 |
| Capital reserve at 31 December 1994 | (2,016) | 302 |

The net profit/(loss) on investments sold represents the difference between the net proceeds of sale and the original cost of the investments sold.

The unrealised (deficit)/surplus on investments is the difference between the market value of the investments held on 31 December 1994 and their original cost.

14 REVENUE RESERVE

| | 1994 £'000 | 1993 £'000 |
|-------------------------------------|---------------|---------------|
| At 31 December 1993 | 139 | 135 |
| Transfer from revenue account | 14 | 4 |
| Revenue reserve at 31 December 1994 | 153 | 139 |

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1994 £'000 | 1993 £'000 |
|---|---------------|---------------|
| Revenue profit available for distribution | 96 | 86 |
| Dividends | (82) | (82) |
| Distributable profits less dividends | 14 | 4 |
| Non-distributable capital surplus | (2,318) | 11,145 |
| Costs of capitalisation issue | (3) | (101) |
| Net addition to shareholders' funds | (2,307) | 11,048 |
| Shareholders' funds at 31 December 1993 | 35,370 | 24,322 |
| Shareholders' funds at 31 December 1994 | 33,063 | 35,370 |

MEDITERRANEAN FUND LIMITED

16 RECONCILIATION OF NET REVENUE BEFORE INTEREST TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 1994 £'000 | 1993 £'000 |
|--|---------------|---------------|
| Net revenue before interest payable and taxation | 278 | 283 |
| Movements in accrued income | 5 | 7 |
| Movements in debtors | (1) | — |
| Movements in creditors | (5) | 42 |
| Unrealised exchange gain on UK and overseas taxation recoverable | — | (71) |
| Net cash inflow from operating activities | 277 | 261 |

17 ANALYSIS OF PAYMENTS FOR INVESTMENTS ACQUIRED

| | 1994 £'000 | 1993 £'000 |
|---|---------------|---------------|
| Brokers' payables accrued at 31 December 1993 | 1,655 | 35 |
| Acquisitions at cost | 18,198 | 22,213 |
| Less: Brokers' payables accrued at 31 December 1994 | (82) | (1,655) |
| Add: Refund on rights issue purchase | 11 | — |
| | 19,782 | 20,593 |

18 ANALYSIS OF RECEIPTS FROM DISPOSALS OF INVESTMENTS

| | 1994 £'000 | 1993 £'000 |
|--|---------------|---------------|
| Brokers' receivables accrued at 31 December 1993 | 1,284 | — |
| Disposals at cost | 15,602 | 21,746 |
| Realised gains/(loss) on disposals | 5,237 | (1,005) |
| Less: Brokers' receivables accrued at 31 December 1994 | — | (1,284) |
| | 22,123 | 19,457 |

19 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING YEAR

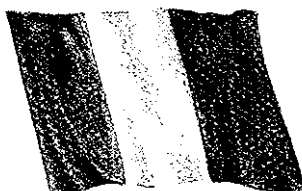
| | 1994 £'000 | 1993 £'000 |
|---|---------------|---------------|
| Balance at 31 December 1993 | 1,106 | 396 |
| Net cash inflow before adjustments for the effect of foreign exchange | 325 | 1,075 |
| Effect of foreign exchange rate changes | (6) | (365) |
| Balance at 31 December 1994 | 1,425 | 1,106 |

20 ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

| | Balance at 31 December 1994 £'000 | Balance at 31 December 1993 £'000 | Change in year £'000 |
|---------------------|--|--|----------------------------|
| Short-term deposits | 1,423 | 1,097 | 326 |
| Cash at bank | 2 | 9 | (7) |
| | 1,425 | 1,106 | 319 |

LIST OF INVESTMENTS

FRANCE



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|--------------------------------|---------------------------------|-------------------------------|--------------------------------------|
| Financials | | | |
| Cetelem | Financial services | 849 | |
| Credit Local de France | Banking | 549 | |
| Credit National | Financial institution/services | 484 | |
| | | 1,882 | 5.69 |
| Energy | | | |
| Elf Aquitaine | Oil | 574 | |
| | | 574 | 1.74 |
| Transport | | | |
| Calberson Cie Gle | Transport | 144 | |
| Locamion | Transport | 140 | |
| | | 284 | 0.86 |
| Consumer Goods | | | |
| Clarins | Health & household products | 512 | |
| Galeries Lafayette | Retail trading | 1,470 | |
| Groupe Kindy | Textile/wearing apparel | 77 | |
| Manutan | Mail order | 401 | |
| Plastic-Omnium | Plastics | 835 | |
| Renault (Regie Ntl des Usines) | Automobiles | 159 | |
| Securidev | Business service | 85 | |
| Sogeparc | Car parks | 321 | |
| Teisseire | Beverages | 254 | |
| | | 4,114 | 12.44 |
| Capital Goods | | | |
| Alacatel Cable | Cables | 592 | |
| Cellier | Machinery | 5 | |
| Labinal | Auto components | 367 | |
| Schneider (ex Spép) | Electrical equipment | 442 | |
| SGS Thomson Micro | Electronics/instruments | 470 | |
| Technip | Engineering | 511 | |
| Technofan | Aerospace | 24 | |
| | | 2,411 | 7.29 |
| Basic Industries | | | |
| Lapeyre | Construction/building materials | 612 | |
| | | 612 | 1.85 |
| Total France | | 9,877 | 29.87 |

MEDITERRANEAN FUND LIMITED

GREECE



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|-------------------------|---------------------------|-------------------------------|--------------------------------------|
| Financials | | | |
| Alpha Credit Bank | <i>Bank</i> | 683 | |
| Greece Fund Ptg Red. | <i>Country fund</i> | 412 | |
| | | 1,095 | 3.31 |
| Consumer Goods | | | |
| Mega Channel | <i>Media</i> | 24 | |
| | | 24 | 0.07 |
| Basic Industries | | | |
| Titan Cement Co | <i>Building materials</i> | 595 | |
| | | 595 | 1.80 |
| Total Greece | | 1,714 | 5.18 |

LIST OF INVESTMENTS continued

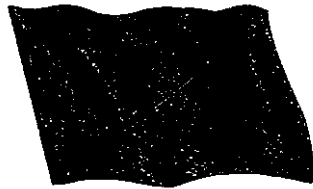
ITALY



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|-------------------------|--------------------------------|-------------------------------|--------------------------------------|
| Financials | | | |
| IMI | Bank | 78 | |
| La Previdente | Insurance multi/prop/cas | 252 | |
| Montedison | Diversified holding company | 410 | |
| SOPAF Di Risp | Financial institution/services | 237 | |
| Unipol | Insurance | 526 | |
| | | 1,503 | 4.55 |
| Utilities | | | |
| Sondel | Electric utility | 504 | |
| Telecom Italia | Telecom utility | 1,088 | |
| | | 1,592 | 4.82 |
| Consumer Goods | | | |
| Parmalat Finanziaria | Food manufacture | 301 | |
| Rinasc. (La) Di Risp | Retail trading | 623 | |
| Safilo | Spectacle frames | 502 | |
| Zucchi | Textile | 232 | |
| | | 1,658 | 5.01 |
| Capital goods | | | |
| Marangoni | Auto components | 4 | |
| Sasib | Mechanical engineering | 569 | |
| Tecnost | Business equipment | 534 | |
| | | 1,107 | 3.35 |
| Basic industries | | | |
| Mondadori | Publishing | 520 | |
| | | 520 | 1.57 |
| Total Italy | | 6,380 | 19.30 |

MEDITERRANEAN FUND LIMITED

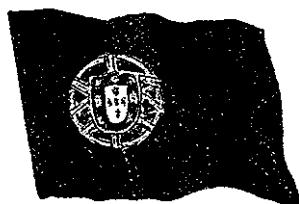
MOROCCO



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|------------------------|------------------------|-------------------------------|--------------------------------------|
| Holding Company | | | |
| ONA | <i>Holding Company</i> | 297 | |
| | | 297 | 0.90 |
| Total Morocco | | 297 | 0.90 |

LIST OF INVESTMENTS continued

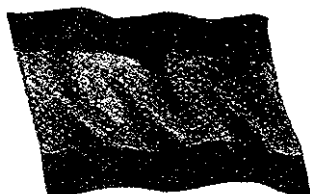
PORTUGAL



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|----------------------------|---------------------------------------|-------------------------------|--------------------------------------|
| Financials | | | |
| Bco. Espirito Santo | <i>Banking</i> | 581 | |
| Bco. Fomento E Ext. | <i>Banking</i> | 57 | |
| Bco. Totta E Acores | <i>Banking</i> | 645 | |
| | | 1,283 | 3.88 |
| Utilities | | | |
| Comp. Port de Rad Marconi | <i>Utilities</i> | 327 | |
| | | 327 | 0.99 |
| Consumer Goods | | | |
| ITI Soc de Invest | <i>Leisure</i> | 169 | |
| Jeronimo Martins | <i>Retailing</i> | 1,535 | |
| Modelo Supermercados | <i>Retail trading</i> | 584 | |
| Modelo Cont. Hipermercados | <i>Retail trading</i> | 146 | |
| Sonae Investimentos | <i>Retail trading</i> | 441 | |
| TVI - Televisao Ind. | <i>Entertainment/leisure/toys</i> | 687 | |
| | | 3,562 | 10.77 |
| Capital Goods | | | |
| Efacec | <i>Mechanical engineering</i> | 157 | |
| | | 157 | 0.48 |
| Basic Industries | | | |
| Cimpor | <i>Construction/building material</i> | 460 | |
| Corticeira Amorim | <i>Forestry/paper products</i> | 320 | |
| Somec | <i>Construction/building material</i> | 301 | |
| | | 1,081 | 3.27 |
| Total Portugal | | 6,410 | 19.39 |

MEDITERRANEAN FUND LIMITED

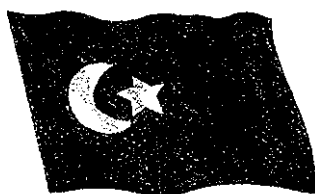
SPAIN



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|----------------------------|--|-------------------------------|--------------------------------------|
| Financials | | | |
| Banco Central Hispano | <i>Banking</i> | 459 | |
| Banco de Santander | <i>Banking</i> | 469 | |
| Banesto | <i>Banking</i> | 28 | |
| | | 956 | 2.89 |
| Consumer Goods | | | |
| Cortefiel | <i>Retail trading</i> | 384 | |
| Continente | <i>Retail trading</i> | 431 | |
| Centros Commerc. Pryca | <i>Retailing</i> | 357 | |
| Fasa Autom. Renault | <i>Automobiles</i> | 182 | |
| Grupo Anaya | <i>Publishing and printing</i> | 237 | |
| | | 1,591 | 4.81 |
| Capital Goods | | | |
| Cristaleria Espanola | <i>Diversified industrial manufacturer</i> | 374 | |
| Lingotes Especiales | <i>Automobile components</i> | 41 | |
| | | 415 | 1.25 |
| Basic Industries | | | |
| Fomento de Contru. & Cont. | <i>Construction/building materials</i> | 475 | |
| Obrascon | <i>Construction</i> | 260 | |
| Portland Valderrivas | <i>Building materials</i> | 283 | |
| Valenciana de Cementos | <i>Building materials</i> | 151 | |
| | | 1,169 | 3.54 |
| Total Spain | | 4,131 | 12.49 |

LIST OF INVESTMENTS continued

TURKEY



| | | Value of Holdings £'000 | % of Share- holders' Equity |
|-----------------------------------|--|-------------------------------|--------------------------------------|
| Financials | | | |
| Finansbank | <i>Banking</i> | 122 | |
| Finansleasing | <i>Leasing</i> | 68 | |
| Ottoman Bank | <i>Banking</i> | 537 | |
| TGaranti Bank | <i>Banking</i> | 621 | |
| | | 1,348 | 4.08 |
| Utilities | | | |
| Cukurova Elektrik | <i>Electric utility</i> | 48 | |
| Netas | <i>Telecommunications equipment</i> | 481 | |
| | | 529 | 1.60 |
| Consumer Goods | | | |
| Aksu Iplik Dokuma | <i>Textiles</i> | 93 | |
| Migros | <i>Retailing</i> | 269 | |
| Tofas Otomobil Fab | <i>Automobiles</i> | 159 | |
| Turk Demir Dokum | <i>Consumer durables</i> | 164 | |
| | | 685 | 2.07 |
| Basic Industries | | | |
| Cimentas New | <i>Construction/building materials</i> | 397 | |
| | | 397 | 1.20 |
| Total Turkey | | 2,959 | 8.95 |
| Total Investment Portfolio | | | |
| | | 31,768 | 96.08 |
| Other net assets | | 1,295 | 3.92 |
| Shareholders' Equity | | 33,063 | 100.00 |

NOTICE AND AGENDA

NOTICE is hereby given that the Annual General Meeting of Mediterranean Fund Limited will be held at 10.30 a.m. on Thursday, 4 May 1995 at Barfield House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 3QL, Channel Islands for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

1. That the Report of the Directors and the Accounts be adopted.
2. That a Final Dividend of 0.75 pence per share be declared, payable on 12 May 1995 to shareholders on the register as at 1 May 1995.
3. That Mr Peter Sedgwick be re-elected as a Director of the Company
4. That Mr Terry Webb be re-elected as a Director of the Company
5. That Mrs Josiane Pain be re-elected as a Director of the Company.
6. That Coopers & Lybrand be reappointed as Auditors of the Company.
7. That the Board be authorised to agree with the Auditors a sum to cover their remuneration.

and the following resolution which will be proposed as a special resolution:

That the name of the Company be changed to Schroder Mediterranean Fund Limited.

Registered Office:
Barfield House
St Julian's Avenue
St Peter Port
Guernsey, GY1 3QL
27 March 1995

By Order of the Board
Schroder Investment Management Limited
Secretary

NOTES

1 A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend and on a poll to vote in his stead. A proxy need not be a member of the Company. Forms appointing proxies must be lodged with the Company's Registrar not less than 48 hours before the time appointed for the Meeting. The completion and return of a form of proxy will not preclude a holder entitled to attend and vote in person at the Meeting from doing so if he or she wishes.

2 In accordance with the requirements of The Stock Exchange, London, a statement of all transactions of each Director and of his family interests in the shares of the Company will be available for inspection at the registered office of the Company and at Senator House, 85 Queen Victoria Street, London EC4V 4EJ, during normal business hours from the date of this notice to the conclusion of the Meeting. None of the Directors has a contract of service with the Company.

SCHRODER INVESTMENT MANAGEMENT LIMITED

Schroder Investment Management Limited is the investment management arm of Schroders plc, the international financial services organisation. Worldwide, the Group manages assets exceeding £57 billion in value.

Schroders has been involved in investment management since 1922, and today is one of the largest and most international of investment managers, providing investment management services, and research and marketing functions from offices located in twenty-two countries, with Schroder Investment Management in London as the centre of this network.

Original, independent research into long term economic and corporate fundamentals is conducted through a dedicated team of over 75 analysts and economists located in London and in Amsterdam, Bangkok, Buenos Aires, Caracas, Copenhagen, Frankfurt, Hong Kong, Jakarta, Kuala Lumpur, Lisbon, Luxembourg, New York, Sao Paulo, Seoul, Shanghai, Singapore, Sydney, Taipei, Tokyo, Toronto and Zurich.

The range of investment portfolios managed by Schroder Investment Management Limited and its subsidiaries includes:—

- UK pension funds
- International pension funds
- Local authority superannuation funds
- Charities
- Private clients
- Investment trusts
- Unit trusts
- ERISA funds
- Captive insurance companies
- Common investment funds for charities
- Specialist equity and bond funds
- Cash and reserve funds
- Currency funds
- Emerging market funds

Schroder

Investment

Management

Schroder Investment Management Limited
is Regulated by IMRO