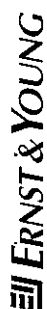


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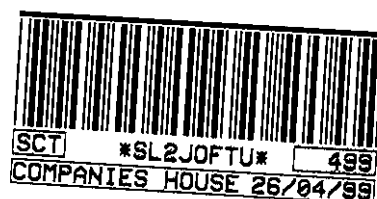
Dunedin Capital Partners Ltd

Report and Accounts

28 February 1999

 ERNST & YOUNG

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 28 February 1999.

RESULTS

The profit and loss account for the year is set out on page 5.

REVIEW OF ACTIVITIES

The company specialises in the management of unquoted investments. The level of business in the year was satisfactory and this is expected to continue for the foreseeable future.

FIXED ASSETS

The changes in fixed assets during the period are summarised in note 7.

DIVIDEND

The directors do not recommend a final ordinary dividend (1998: £Nil) making a total dividend for the year of £315,000 (1998: £149,000).

DIRECTORS

The directors of the company at 28 February 1999 were as follows:-

Mr S E C Miller (Chairman)
Mr B Finlayson
Mr R Marshall
Mr I D Taylor (appointed 23 February 1999)

Miss H Bagan was a director until her resignation on 10 November 1998. Mr J E Jeffrey was a director until his resignation on 28 February 1999.

In accordance with the Articles of Association none of the directors retires by rotation.

DIRECTORS' INTERESTS

No director has any direct interest in the share capital of the company.

CHARITABLE DONATIONS

During the year the company made various charitable donations totalling £710 (1998: £3,900).

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The Company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000 and has developed prioritised action plans to deal with the key risks.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the company. The total cost of modifications to our computer hardware software is estimated at £17,500, of which £12,500 is new equipment that has been capitalised this year and the remainder will be expensed as incurred during 1998 and 1999.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

Gaene Murray

Secretary

20 APRIL 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Dunedin Capital Partners Limited

We have audited the accounts on pages 5 to 11, which have been prepared under the historical cost convention on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

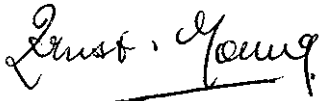
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 28 February 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Edinburgh

20 April 1999

Dunedin Capital Partners Limited

PROFIT AND LOSS ACCOUNT for the year ended 28 February 1999

	<i>Notes</i>	<i>1999</i> £	<i>1998</i> £
TURNOVER	1	1,970,649	1,827,522
Less: Administrative expenses		1,280,442	1,046,700
OPERATING PROFIT	2	690,207	780,822
Gain on disposal of fixed assets		12,750	9,784
Interest receivable		80,202	58,494
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		783,159	849,100
Tax on profit on ordinary activities	5	252,904	274,485
PROFIT FOR THE FINANCIAL YEAR		530,255	574,615
Dividend on equity shares	6	315,000	149,000
PROFIT RETAINED FOR THE FINANCIAL YEAR		215,255	425,615
RETAINED PROFITS AT 28 FEBRUARY 1998		598,623	173,008
Profit for the financial year		215,255	425,615
RETAINED PROFITS AT 28 FEBRUARY 1999		813,878	598,623

All gains and losses arising during the year have been recognised in the profit and loss account and derive from continuing operations of the company.

Dunedin Capital Partners Limited

BALANCE SHEET at 28 February 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	63,604	66,098
Unlisted investments	8	15,829	15,829
		<u>79,433</u>	<u>81,927</u>
CURRENT ASSETS			
Debtors	9	154,524	69,162
Cash at bank and in hand		1,366,388	1,160,588
		<u>1,520,912</u>	<u>1,229,750</u>
CREDITORS: amounts falling due within one year	10	784,511	711,918
NET CURRENT ASSETS		<u>736,401</u>	<u>517,832</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>815,834</u>	<u>599,759</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	1,856	1,036
		<u>813,978</u>	<u>598,723</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	813,878	598,623
EQUITY SHAREHOLDERS' FUNDS		<u>813,978</u>	<u>598,723</u>

ERNST & YOUNG

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Director

20th April 1999

NOTES TO THE ACCOUNTS

at 28 February 1999

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and statements of recommended practice.

Taxation

The charge for taxation takes into account the timing differences in the accounting and taxation treatment of certain items to the extent that they are expected to reverse in the future.

Deferred taxation is provided on the liability method and takes into account recoverable Advance Corporation Tax.

Turnover

Turnover represents fee income for investment management services, exclusive of VAT, all of which derives from continuing operations arising in the United Kingdom.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Leasehold improvements	-	over 10 years
Fixtures and fittings	-	over 5 years
Computer equipment	-	over 2 years
Motor vehicles	-	over 4 years

Pensions

The company makes contributions to employees' private pension arrangements, all of which are with defined contribution schemes. Contributions are charged in the profit and loss account as they fall due.

2. OPERATING PROFIT

This is stated after charging:-	1999	1998
	£	£
Auditors' remuneration - audit services	3,250	2,850
- non audit services	14,875	12,139
Depreciation of owned assets	14,899	11,676
Operating lease rentals - plant and machinery	5,845	5,466
- land and buildings	19,531	19,021
	<u>978,356</u>	<u>808,555</u>

3. STAFF COSTS

	1999	1998
	£	£
Wages and salaries	805,285	670,990
Social security costs	72,883	62,711
Other pension costs	100,188	74,854
	<u>978,356</u>	<u>808,555</u>

The average monthly number of employees during the period was made up as follows:

	1999	1998
	£	£
Administration	9	8
	<u>9</u>	<u>8</u>

Dunedin Capital Partners Limited

NOTES TO THE ACCOUNTS at 28 February 1999

4. DIRECTORS' EMOLUMENTS

	1999 £	1998 £
Emoluments	607,377	534,739

Included in the above figure is £68,120 representing compensation for loss of office given by the company to H Bagan and J E Jeffrey. In addition non-cash benefits totalled £11,378.

Company contributions paid to money purchase pension schemes	77,411	59,308
Members of money purchase pension schemes	5	5

The amounts in respect of the highest paid director are as follows:

	1999 £	1998 £
Emoluments	142,174	135,902
Company contributions paid to money purchase pension schemes	16,867	16,213

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1999 £	1998 £
Based on the profit for year:		
Corporation tax - current year	244,802	258,648
- prior year	(1,097)	1,245
Group relief receivable	8,379	16,317
Deferred taxation (note 11)	820	(1,725)
	252,904	274,485

6. DIVIDEND

	1999 £	1998 £
Ordinary interim dividend paid of £3,150 per share - paid	315,000	149,000

Dunedin Capital Partners Limited

NOTES TO THE ACCOUNTS at 28 February 1999

7. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 March 1998	46,884	12,822	424	19,495	79,625
Additions	-	-	12,405	-	12,405
At 28 February 1999	46,884	12,822	12,829	19,495	92,030
Depreciation:					
At 1 March 1998	5,849	3,000	211	4,467	13,527
Provided during the year	4,688	2,565	2,771	4,875	14,899
At 28 February 1999	10,537	5,565	2,982	9,342	28,426
Net book value at 28 February 1999	36,347	7,257	9,847	10,153	63,604
Net book value at 1 March 1998	41,035	9,822	213	15,028	66,098

8. INVESTMENTS

	£
Unlisted, at cost	
At 1 March 1998	15,829
Disposals	-
At 28 February 1999	15,829

9. DEBTORS

	1999 £	1998 £
Trade debtors	10,721	7,863
Due from ultimate parent undertaking	94,363	9,131
Prepayments and accrued income	49,440	52,168
	154,524	69,162

10. CREDITORS

	1999 £	1998 £
Trade creditors	12,908	16,041
Corporation tax	232,618	252,307
Other taxes and social security costs	84,327	164,319
Accruals & deferred income	229,658	54,251
Subordinated loan from parent undertaking	225,000	225,000
	784,511	711,918

Dunedin Capital Partners Limited

NOTES TO THE ACCOUNTS at 28 February 1999

11. PROVISIONS FOR LIABILITIES AND CHARGES

The movement in deferred taxation during the current and previous year is as follows:

	1999 £	1998 £
At 1 March 1998	1,036	2,761
Charge/(credit) for the year (note 5)	820	(1,725)
At 28 February 1999	1,856	1,036

Deferred taxation provided in the accounts is as follows:

	1999 £	1998 £
Capital allowances in advance of depreciation	1,856	1,672
Other timing differences	-	(636)
At 28 February 1999	1,856	1,036

12. CALLED UP SHARE CAPITAL

	1999 £	1998 £
<i>Authorised</i> 100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i> 100 ordinary shares of £1 each	100	100

13. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1999 £	1998 £
At 1 March 1998	598,723	173,108
Profit for the year	215,255	425,615
At 28 February 1999	813,978	598,723

14. OTHER FINANCIAL COMMITMENTS

At 28 February the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and Buildings</i> 1999 £	<i>Other</i> 1999 £	<i>Land and Buildings</i> 1998 £	<i>Other</i> 1998 £
Operating leases which expire:				
in two to five years	-	5,845	-	5,845
in over five years	24,500	-	24,500	-
	24,500	5,845	24,500	5,845

NOTES TO THE ACCOUNTS

at 28 February 1999

15. PARENT UNDERTAKINGS

The parent undertaking in whose accounts the company is consolidated is Dunedin Capital Holdings Limited, registered in Scotland. Copies of Dunedin Capital Holdings Limited's accounts can be obtained from Napier House, 27 Thistle Street, Edinburgh, EH2 1BT.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(e) of FRS8 from disclosing transactions with its parent undertaking, which is also its controlling party.