

EDINBURGH FUND MANAGERS GROUP PLC

INTERIM ACCOUNTS

For the period from 1 February 1997 to 31 May 1997

Registered No. SC 157875

U.



Edinburgh Fund Managers Group plc

Directors

*C H Ross (Chairman)

*A M M Grossart CBE (Deputy Chairman)

I A Watt (Chief Executive)

*J W Blair

*A D M MacDonald

*Lord Macfarlane of Bearsden

*Non-executive

SECRETARY

Catherine C J Miller

REGISTERED OFFICE

Donaldson House
97 Haymarket Terrace
Edinburgh EH12 5HD
Telephone: 0131-313 1000
Fax: 0131-313 6300
Telex: 72453

REGISTRARS

The Royal Bank of Scotland plc
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR
Telephone: 0131-556 8555

JOINT STOCKBROKERS

Panmure Gordon & Co Ltd
35 New Broad Street
London EC2M 1NM

HSBC James Capel
Thames Exchange
10 Queens Street Place
London EC4R 1BL

BANKERS

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh EH2 2YB

AUDITORS

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Edinburgh Fund Managers Group plc

Statement of directors' responsibilities

Company law requires the directors to prepare interim accounts for the purpose of confirming that the company has sufficient distributable reserves to support the buy-back of shares. Accounts must have been prepared within the meaning of Section 272 of the Companies Act. 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 principles have been followed, subject to any material departures 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.

Edinburgh Fund Managers Group plc

Profit and loss account

for the period to 31 May 1997

		4 months to 31 May	
		1997	1996
	Notes	£'000	£'000
Income from shares in group undertakings	3	4,767	-
Profit on disposal of investments	4	20	-
Other income	5	105	290
Interest payable		(69)	-
		4,823	290
Administrative expenses	6	128	90
Profit on ordinary activities before taxation		4,695	200
Taxation on profit on ordinary activities	7	(24)	59
Profit on ordinary activities after taxation		4,719	141
Dividends	8	(450)	1,977
Retained profit for the period added to reserves		5,169	(1,836)

Edinburgh Fund Managers Group plc

Balance sheet at 31 May 1997

	Notes	31 May 1997		31 January 1997	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments:	9				
Shares in subsidiary undertakings			85,477		85,477
Other investments			11,245		7,497
			<u>96,722</u>		<u>92,974</u>
CURRENT ASSETS					
Debtors	10	2,129		2,143	
Due by subsidiary undertakings		3,000		3,000	
Cash and deposits		-		11,157	
		<u>5,129</u>		<u>16,300</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Bank overdraft		2,195		-	
Taxation and social security		1,364		1,337	
Other creditors		16,664		10,904	
Proposed final dividend		-		5,317	
		<u>20,223</u>		<u>17,558</u>	
NET CURRENT ASSETS (LIABILITIES)			<u>(15,094)</u>		<u>(1,258)</u>
TOTAL ASSETS			<u>81,628</u>		<u>91,716</u>
LESS CURRENT LIABILITIES					
CAPITAL AND RESERVES					
Called up share capital	11		1,432		1,564
Capital redemption reserve			132		-
Share premium account	12		23		23
Special capital reserve	12		75,177		75,177
Revaluation reserve	12		(874)		(533)
Profit and loss account	12		5,738		15,485
EQUITY SHAREHOLDERS' FUNDS			<u>81,628</u>		<u>91,716</u>

Approved by the Board on 4 June 1997 and were signed on its behalf by:


A M M GROSSART, Director


A D M MACDONALD, Director

Edinburgh Fund Managers Group plc

Statement of total recognised gains and losses for the 4 months to 31 May 1997

	4 months to 31 May	
	1997	1996
	£'000	£'000
Profit for the period	4,719	141
Movement in revaluation of investments	(238)	119
Total recognised gains and losses relating to the period	<u>4,481</u>	<u>260</u>

Note of historical cost profits for the 4 months to 31 May 1997

	1997	1996
	£'000	£'000
Reported profit on ordinary activities before taxation	4,695	200
Realisation of investment revaluation gains of prior year	155	-
Historical cost profit for the period before taxation	<u>4,850</u>	<u>200</u>
Historical cost profit for the period after taxation and dividends	<u>5,273</u>	<u>141</u>

Reconciliation of movement in shareholders' funds for the 4 months to 31 May 1997

	1997	1996
	£'000	£'000
Profit for the period	4,719	141
Dividends	(450)	1,977
Retained profit for the period	<u>5,169</u>	<u>(1,836)</u>
Other recognised gains and losses	(238)	119
Buy back of shares	(15,019)	-
Issue of shares	-	77,122
Net addition to shareholders' funds	<u>(10,088)</u>	<u>75,405</u>
Shareholders' funds at 31 January 1997	91,716	14,690
Shareholders' funds at 31 May 1997	<u>81,628</u>	<u>90,095</u>

Edinburgh Fund Managers Group plc

Notes to the interim accounts

1. ACCOUNTING POLICIES

The significant accounting policies adopted in arriving at the financial information set out in these interim accounts are as follows:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting principles. The financial statements represent the interim accounts of Edinburgh Fund Managers Group plc and have been prepared in accordance with Section 272 of the Companies Act 1985; the figures herein have not been audited. The comparative figures relate to the period 1 February 1996 to 31 May 1996.

Investment income and interest

Dividends and interest on investments are credited to the profit and loss account on an ex-dividend basis. Interest on loans and short-term deposits is dealt with on an accruals basis. Income from investments includes income tax deducted, or where applicable, the imputed tax credits.

Taxation

- a. Advance corporation tax payable on a proposed dividend, which it is anticipated will be covered by tax credits on franked investment income available for set off within the following year, is not included as taxation payable and recoverable. To the extent that any such advance corporation tax is not so covered, the liability is included as current taxation payable and the recovery provided for in debtors.
- b. Imputed tax credits received on franked investment income are treated as part of the taxation charge.
- c. Deferred taxation is provided for on unrealised appreciation of investments and on short-term timing differences in computing the profits for accounting and taxation purposes offset by any recoverable advance corporation tax which it is anticipated will not be recovered within the following year.

Investments

Listed investments are valued at market prices. Unlisted investments are included at a valuation determined by the directors based upon, where appropriate, latest dealing prices, stockbroker valuations, net asset values and other latest known accounting information.

2. TURNOVER

As the company is an investment company, there was no turnover during the period to 31 May 1997. The income is shown under notes 3 to 5.

3. INCOME FROM SHARES IN SUBSIDIARY UNDERTAKINGS

This represents dividends paid by its wholly owned subsidiaries.

4. PROFIT ON DISPOSAL OF INVESTMENTS

	4 months to 31 May	
	1997	1996
	£'000	£'000
Realised gain	175	-
Gain brought to account at 31 January 1997	155	-
	<u>20</u>	<u>-</u>

Edinburgh Fund Managers Group plc

Notes to the interim accounts continued

5. OTHER INCOME

	4 months to 31 May	
	1997	1996
	£'000	£'000
Income from listed investments	-	50
Income from unlisted investments	3	-
Interest received	102	240
	<u>105</u>	<u>290</u>

6. ADMINISTRATIVE EXPENSES

Administrative expenses principally represent directors' remuneration. The company had 1 (1996-1) employee.

Administrative expenses include:

	1997	1996
	£'000	£'000
Salary	85	75
Social security costs	7	5
Pension scheme contributions	10	9
	<u>102</u>	<u>89</u>

7. TAXATION

The provision for taxation has been made on income excluding the dividends received under a group income election.

	1997	1996
	£'000	£'000
Corporation Tax at 33 (1996-33) percent on net profit for the year	(25)	49
Tax on franked investment income	1	10
	<u>(24)</u>	<u>59</u>

8. DIVIDENDS

	1997	1996
	£'000	£'000
Dividends paid on 11,631,891 new shares issued March 1996	-	1,977
Overprovision at 31 January 1997 of final dividend paid 21 May 1997 on 2,645,000 shares bought back and cancelled	450	-
	<u>450</u>	<u>1,977</u>

The final dividend of 17p per share in respect of the year to 31 January 1996, paid 20 May 1996, was reflected through the 1996 accounts in respect of the shares in issue at 31 January 1996. On 19 March 1996, 11,631,891 new ordinary shares were issued. These shares were entitled to the 17p dividend in respect of the year to 31 January 1996 and the dividend on these has been shown through the profit and loss account for the period to 31 May 1996. No other shares issued during the year were entitled to the final dividend attributable to the year to 31 January 1996.

Edinburgh Fund Managers Group plc

Notes to the interim accounts continued

9. INVESTMENTS

	£'000
Market value 31 January 1997	7,497
Unrealised appreciation 31 January 1997	(533)
Cost 31 January 1997	8,030
Additions at cost	6,700
Disposals at cost	(2,611)
Cost 31 May 1997	12,119
Unrealised appreciation 31 May 1997	(874)
Market value 31 May 1997	11,245
Analysed - listed	10,924
- unlisted	321
	11,245

Subsidiary undertakings

Shares in subsidiary undertakings are shown at cost of £85,477,000.

Name	Registered	Nature and place of business	% owned
Edinburgh Fund Managers plc	Scotland	Investment management (UK)	100
Edinburgh Unit Trust Managers Ltd	Scotland	Unit trust management (UK)	100
Edinburgh Oil Management Ltd	Scotland	Oil and gas management (UK)	78
DFM (Holdings) Ltd	Scotland	Intermediate holding company (UK)	100
Edinburgh Portfolio Managers Ltd	Scotland	Investment management (UK)	100

10. DEBTORS

	31 May 1997 £'000	31 January 1997 £'000
Tax recoverable	2,129	2,129
Accruals	-	14
	2,129	2,143

11. CALLED UP SHARE CAPITAL

	Number of shares	£'000
Authorised		
Ordinary shares of 5p each	45,000,000	2,250
Issued and fully paid		
At 31 January 1997	31,278,845	1,564
Cancelled during period	2,645,000	132
At 31 May 1997	28,633,845	1,432

On 7 April 1997 2,645,000 shares were bought back from The British Investment Trust PLC at a price of 565p per share. The shares bought back were cancelled and the nominal value of these shares of £132,250 was transferred to a capital redemption reserve.

Edinburgh Fund Managers Group plc

Notes to the interim accounts continued

12. RESERVES

	Capital Redemption reserve £'000	Share premium £'000	Revaluation reserve £'000	Special Capital reserve £'000	Profit and loss account £'000	Total £'000
At 31 January 1997	-	23	(533)	75,177	15,485	90,152
Retained profit for the period					5,169	5,169
Buy back of shares	132				(15,019)	(14,887)
Movement in revaluation of investments			(341)		103	(238)
At 31 May 1997	<u>132</u>	<u>23</u>	<u>(874)</u>	<u>75,177</u>	<u>5,738</u>	<u>80,196</u>