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COMPANY NAME

EDINBURGH NEW FLORER TRUST PLC

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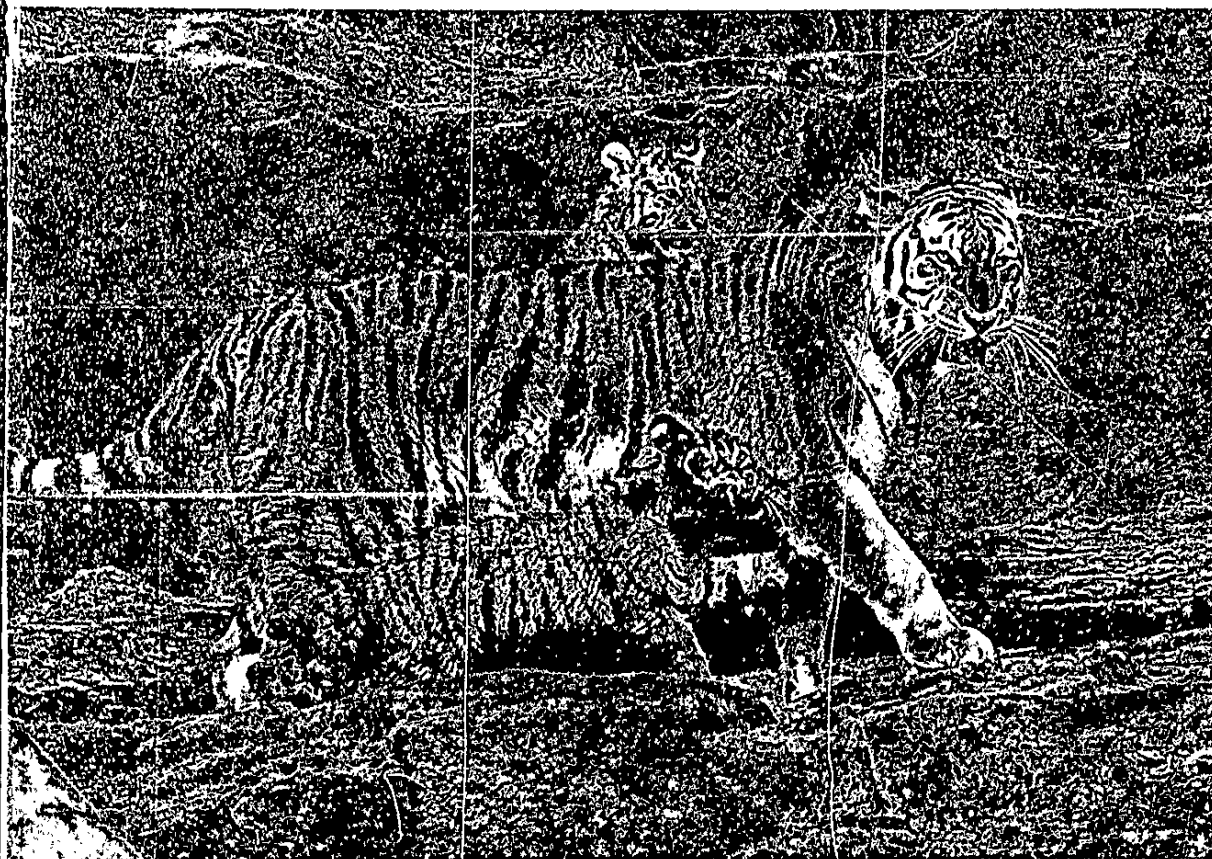
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EDINBURGH NEW TIGER TRUST PLC

ANNUAL REPORT AND ACCOUNTS

31 OCTOBER 1994



An investment trust managed by Edinburgh Fund Managers plc

EDINBURGH NEW TIGER TRUST PLC



ANNUAL REPORT AND ACCOUNTS 1994

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The investment objective of Edinburgh New Tiger Trust plc is to achieve long-term capital growth by investing in quoted smaller companies in emerging Asian countries.



The company is a member of
The Association of Investment Trust Companies

GENERAL INFORMATION

Edinburgh New Tiger Trust's shares are traded on the London Stock Exchange. They can be bought or sold by investors through a stockbroker or by asking a professional adviser, eg lawyer, accountant or bank manager to do so on their behalf.

Edinburgh New Tiger Trust's share price is published daily under Investment Trusts in the Share Information Service in the Financial Times, The Daily Telegraph and The Scotsman. You can also obtain the latest share price by phoning FT City Line on 0891-43 3876.

Edinburgh New Tiger Trust's financial calendar covering announcements, issue of interim and annual report and the annual general meeting is set out below:

October	Financial year ends 31 October
December	Preliminary announcement of annual results
December	Annual Report and Accounts issued
January	Annual General Meeting
June	Interim figures announced
June	Interim Report issued

Edinburgh New Tiger Trust, in the directors' opinion, does not qualify for Personal Equity Plans (PEPs) under current legislation

The EFM Investment Trust Purchase Scheme has been established for investment trusts managed by Edinburgh Fund Managers plc.

The scheme provides a convenient and economical way to invest in Edinburgh New Tiger Trust or other investment trusts managed by Edinburgh Fund Managers plc.

Details of the scheme may be obtained from:

Edinburgh Fund Managers plc, Donaldson House, 97 Haymarket Terrace, Edinburgh EH12 5HD
or Tel: 0131-313 1000

ADVISERS

Manager, Secretary and Registered Office

Edinburgh Fund Managers plc
Donaldson House
97 Haymarket Terrace
EDINBURGH EH12 5HD
Tel: 0131-313 1000

Registrars

Bank of Scotland
Registrar Department
Apex House
9 Haddington Place
EDINBURGH EH7 0LA
Tel: 0131-442 7777

Bankers

The Royal Bank of Scotland plc

Auditors

Ernst & Young
Chartered Accountants
Ten George Street
EDINBURGH EH2 2DZ

Company Registration Number

SC 148488

DIRECTORS AND MANAGEMENT

DIRECTORS

Iain Bell* (Chairman) is deputy chairman of Johnston Press plc, the Edinburgh based printers and publishers. He is former chairman of the North Midlands Newspapers Proprietors Association and a past president of the Scottish Newspaper Publishers Association. He is also a director of other quoted companies.

Allan Conway* is Head of Overseas Equities at Postel Investment Management. He personally manages Postel's Emerging Markets and Pacific Basin portfolios. Prior to joining Postel in 1992, he was Head of Overseas Equities at Provident Mutual Life Assurance Company. Responsibilities during his ten years at Provident Mutual included managing the Pacific Basin, Japanese and US portfolios. He is a member of the Institute of Chartered Accountants and a member of the Securities Institute.

Geoffrey Randells* is a director of the Marketable Securities Division of CIN Management Limited. He has had experience in the Far Eastern stockmarkets since 1989 and is currently managing the Asia-Pacific (excluding Japan) assets of the British Coal Pension Funds. He is a fellow of the Institute of Actuaries.

Angus Tulloch* is a director of Stewart Ivory (Holdings) Limited and Stewart Ivory & Co Limited, where he is responsible for Far East (excluding Japan) and emerging markets investment. For the eight years prior to joining Stewart Ivory in 1988, he worked for Cazenove & Co, specialising in Asian stockmarkets. This period included over three years based in Hong Kong. He was previously a director of Anglo-Eastern Plantations plc and Cazenove Unit Trust Management Limited.

Peter Tyrie* was managing director of Hong Kong based Mandarin Oriental Hotel Group until 1989 when he returned to Great Britain to start Balmoral International Hotels. He has lived and worked extensively in the Far East and is also a director of Edinburgh Dragon Trust plc.

Iain Watt is the managing director of Edinburgh Fund Managers plc and an Associate of the Institute of Bankers in Scotland. He is also a director of Edinburgh Dragon Trust plc and of Piper Global Funds Inc, the adviser to Pacific-European Growth Fund.

* Member of the audit committee

Directors' holdings in the company

	31 October 1994	
	Ordinary shares	Warrants
I W Bell	6,000	1,200
G N Randells	10,000	2,000
P R Tyrie	13,000	2,600
I A Watt	4,000	800

The company has not been notified of any changes in the above directors' holdings between 1 November 1994 and 5 December 1994. The holdings detailed above are all beneficially held by the directors. At the date of appointment the directors' shareholdings were nil.

THE INVESTMENT MANAGER—Edinburgh Fund Managers plc

Edinburgh Fund Managers manages assets of £3.8 billion. Its clients include investment trusts, unit trusts, exempt funds, pension funds and discretionary accounts.

Edinburgh Unit Trust Managers, a wholly-owned subsidiary of Edinburgh Fund Managers plc, is ranked amongst the top one-third in the unit trust industry in terms of funds under management.

In addition to Edinburgh New Tiger Trust plc, Edinburgh Fund Managers plc acts as investment manager to nine other investment trusts, namely:

American Trust plc,
The British Investment Trust PLC,
Edinburgh Dragon Trust plc,
Edinburgh Inca Trust plc,
Edinburgh Income Trust plc,

Edinburgh Japan Trust plc,
Edinburgh Java Trust plc,
Edinburgh Small Companies Trust plc, and
Malvern UK Index Trust PLC

CHAIRMAN'S REVIEW

In this, the first annual report of Edinburgh New Tiger Trust, I can report that your company has made a steady start in an environment of difficult global and regional stockmarkets. As you are aware, the investment objective of the trust is the realisation of long term capital growth by investing in quoted smaller companies with a market capitalisation of less than US\$500 million in emerging Asian countries.

Incorporated in January 1994, Edinburgh New Tiger Trust raised £135 million net of expenses, equivalent to 48.19p per share. One warrant was issued for every five shares, giving shareholders the right to subscribe for ordinary shares at 50p per share in any of the years 1996 to 2009. In accordance with the previously stated objective of enhancing shareholder returns by gearing the portfolio when appropriate, in June 1994 your company placed US\$40 million Senior Subordinated Loan Notes, US\$20 million due in 2004 and US\$20 million due in 2009, with a US institutional investor. These Notes carry fixed interest rates of 8.27 per cent and 8.57 per cent respectively.

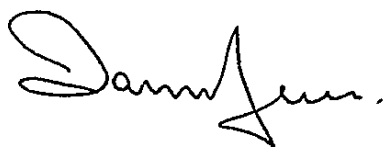
Over the next ten to fifteen years the Board is confident that the markets in which the trust invests will deliver returns in excess of these rates.

Since launch, the net asset value of Edinburgh New Tiger Trust has fallen 7.1 per cent compared to a 3.8 per cent decline in the MSCI Emerging Markets Free Asia Index and a 9.2 per cent decline in the FT Actuaries Pacific Basin Excluding Japan Index. The weakness of the US dollar, to which most Asian currencies are linked, has been a major factor behind these declines. At issue, the ordinary shares with a one for five warrant attached were priced at 50p. As at 31 October, this original package has a notional value of 48.4p.

Following the excellent performance by the region's stockmarkets in 1993, some degree of consolidation in the current year was inevitable. This has been precipitated by the US Federal Reserve's decision to raise interest rates in February. The result was significant declines in many markets whilst the anticipation of further increases has continued to act as a restraining influence. Although the direction of US monetary policy will continue to weigh on the region's stockmarkets in the short term, economic and corporate earnings growth continues apace.

As at 31 October, net assets amounted to £125,307,000 with £5,128,000 held in cash. The net revenue for the period under review was £1,339,000. This largely reflects interest received on cash balances prior to investment, and dividends paid by our Hong Kong holdings. Earnings per share was 0.4782p and the directors are therefore recommending a final dividend of 0.40p. With the trust now fully invested, the amount of interest income received will be lower in the future. Given an emphasis on capital appreciation, the level of future dividends, if any, is likely to be low.

The manager has taken advantage of weaker stockmarkets to invest fully the proceeds of the issues in a well diversified portfolio of smaller companies at attractive valuations. Your company is now well positioned to benefit from the strong growth offered by the region's emerging economies.

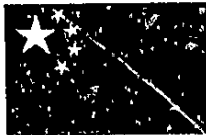


Iain Bell
Chairman

MANAGER'S REVIEW

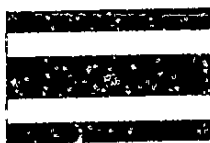
After performing strongly during 1993, many of the region's stockmarkets experienced declines during the first half of 1994 as widespread profit taking occurred in line with fears over the impact of rising US interest rates. As a result, value has returned to many areas within the region as earnings growth has continued to match or exceed expectations. We have capitalised on this consolidation phase to invest the proceeds of the issue at attractive prices. Gearing was put in place in June 1994.

During the period the diversity between the various markets' performances has been such that there have been a number of opportunities to re-balance the portfolio by reducing in the strongest markets and adding to the weakest. It is also a characteristic of smaller companies that they are much less tied to overall market conditions than their larger counterparts. Thus a number of companies within the trust's portfolio have strongly outperformed their respective markets.



In China, the government continues with its attempts to engineer a soft landing for the economy. Recent figures indicate that the level of economic activity continues at an excessive rate. However, with a continued commitment to the reform process, the government has once again tightened credit. In the short-term, this will make for a difficult operating environment for Chinese listed companies. Within the trust, this has dictated a very low weighting to these markets, with exposure largely limited to Hong Kong listed companies operating in the more robust southern provinces of China. These businesses are continuing to report strong earnings growth and offer more attractive valuations. The decision by the US Government to renew China's Most Favoured Nation Status and de-link it from human rights considerations, has removed a significant source of investor uncertainty. Looking out to 1995, we remain confident that the reform process will continue along with the resultant economic benefits: GDP growth of 11 per cent and 10 per cent in 1994 and 1995 respectively. We shall continue to remain alert to new opportunities emerging from such a high growth environment.

The economic performance of Malaysia remains impressive, with 8.7 per cent GDP growth anticipated for 1994, following a strong first half performance. The main impetus behind this expansion has been heavy investment in major infrastructure projects. Exports have also grown strongly, up 22.5 per cent over the same period aided by the relocation of production to the country by Japanese multinationals. The stockmarket has performed well since the middle of the year, buoyed by this economic performance as well as high levels of liquidity and anticipation of a general election. Elections have historically generated additional interest in the stockmarket. However, concerns about inflation and interest rates are emerging and, combined with a belief that better value smaller companies are available elsewhere in the region, we have reduced the portfolio's exposure. The portfolio of stocks held is concentrated on the beneficiaries of infrastructure spending and should continue to perform well, despite a slowdown in the economy.



In Thailand, earnings growth for the stockmarket in the first nine months of 1994 is forecast to be in excess of 50 per cent. This has supported a substantial rally in the market. The economy is set to record GDP growth of 8.3 per cent for 1994 and 8.5 per cent in 1995. Growth is being supported by strong external demand and heavy levels of domestic and foreign investment. Applications for foreign direct investment in the first half of 1994 were equivalent to the total received for the full year of 1993. Much of this investment represents foreign companies' desire to establish manufacturing operations in Thailand to take advantage of its low cost base. These businesses will start to contribute to exports from 1996. Much of the strength in the stockmarket has been

MANAGER'S REVIEW

continued

concentrated in the large stocks within the banking and finance sectors. Encouragingly for the long-term, the earnings base of the market is gradually being broadened as new sectors such as telecommunications begin to contribute significant profits. Smaller companies have lagged the market and are trading on lower valuations with faster earnings growth. As a result, we expect this performance differential to narrow in the coming months.



In **Indonesia**, ongoing concerns about President Suharto's succession, and a substantial flow of new issues and rights issues have capped the stockmarket's performance. However, the most notable new company to come to the market in 1994 has been Indosat, which has made a successful debut and raised international investors' awareness of the potential inherent in the world's fourth most populous economy.

With an economy that is forecast to expand by 7 per cent in 1995, foreign direct investment has not been deterred by political considerations, with investment in the first nine months of 1994 amounting to US\$19.9 billion compared to the US\$8.1 billion invested in 1993. Low manufacturing labour costs and a Government increasingly more receptive to foreign investment, should ensure that this trend continues. This competitiveness can be seen in strong export growth. Indonesia remains one of the most attractively valued emerging markets in the region offering a diverse selection of smaller companies. Earnings should grow in excess of 20 per cent in 1994 and 1995.

The **Philippines** continues to exhibit investment led growth. Both inflation and interest rates have fallen during 1994. GDP growth for the full year will be in the order of 4.3 per cent with earnings growing at 30 per cent per annum. This is well in excess of previous forecasts and compares favourably with elsewhere in the region. Looking ahead, forecast GDP and earnings growth should accelerate to around 6 per cent and 33 per cent respectively in 1995.



South Korean manufacturing companies are delivering excellent profits growth as the world economy revives. Corporate earnings for the first half of 1994 improved by around 70 per cent. Capacity utilisation is rising, interest costs have fallen and their main competitors, the Japanese, continue to be handicapped by the strength of the yen. This earnings growth is expected to continue and value still exists in the market. After the death of North Korea's President Kim Il-Sung, the transition of power to his son appears to be progressing smoothly whilst renewed talks with the US over nuclear inspections have lowered tensions within the region. Meanwhile relations between North and South have demonstrated some tentative improvements with South Korean companies now being permitted to open representative offices in the North. Investor sentiment remains positive, particularly after the recent announcement that the foreign ownership limit will be raised.

The explanation for much of the performance of the **Indian** stockmarket can be attributed to the liberalisation program initiated by the Rao premiership in 1991. The Government has begun to dismantle the licensing regime which for years has choked the economy with bureaucracy, stifled competition and isolated the country from foreign investment. The economy is now responding to these measures with 1994 GDP growth forecast at 4.5 per cent in contrast to 1.2 per cent growth in 1993. The corporate sector



MANAGER'S REVIEW

continued

has responded in a similar manner with 30 per cent earnings growth expected for the full year. Over the next twelve months, the economy is expected to continue this expansion at an accelerated rate, with GDP estimated to rise by more than 6 per cent, inflation to decline to 7 per cent and a reduction in the budget deficit to 5 per cent of GDP. As the economy becomes more accessible, foreign multinationals are investing in the country, attracted by the potential of a large domestic market and a quality labour force. Further reforms should result in improved access to India's capital markets and increased corporate profitability. This should provide a rewarding environment for equity investors.

Pakistan has been pursuing a similar reform process which is enhancing the attractiveness of the economy for investment. The volatile political environment that has existed in Pakistan is stabilising, adding to its attractions.



Sri Lanka has had a volatile year with its first change of ruling party in seventeen years. The new Government has been elected on the ticket of finding a solution to the long-running civil war and has initiated a series of talks. If these negotiations are successful, this would represent a considerable boost for the economy and stockmarket.

Looking to the year ahead, the outlook remains very encouraging. In many cases, expectations for economic and corporate earnings growth have been subject to steady upward revisions throughout 1994. For 1995, the indications are that this favourable trend will continue as regional economies are well underpinned by high levels of foreign direct investment and infrastructure spending. The smaller companies, in which Edinburgh New Tiger Trust invests, should thrive in such a healthy environment and the Manager continues to believe that they will outperform in the longer term.

MSCI EMERGING MARKETS FREE ASIA INDEX

The MSCI Emerging Markets Free Asia Index is viewed as the best benchmark for performance measurement as it is an emerging market based index whose constituents most closely correspond with the investment objectives of Edinburgh New Tiger Trust.

TWENTY LARGEST HOLDINGS

at 31 October 1994

<i>Company</i>	<i>Market Value</i> £'000	<i>Country</i>	<i>Description</i>
Filinvest Land	3,603	Philippines	House Building
DCW	3,311	India	Chemicals
Van Der Horst	3,028	Singapore	Power Generation
Giordano Holdings	3,025	Hong Kong	Retailing
India Cement	2,834	India	Cement
Ultra Jaya Milk	2,542	Indonesia	Consumer Goods
Precious Shipping	2,504	Thailand	Transportation
International Container	2,468	Philippines	Port Operator
First Philippine Holdings	2,372	Philippines	Power Generation
Larut Consolidated	2,305	Malaysia	Property Developer
Ten Largest Holdings	27,992	19.10% of total value of Investments	
Dhan Fibres	2,294	Pakistan	Synthetic Fibres
CESC	2,261	India	Power Generation
Roda Vivatex	2,140	Indonesia	Textiles
Kabelmetal Indonesia	2,139	Indonesia	Cable Manufacturer
Road Builder	2,137	Malaysia	Construction
Dandot Cement	2,075	Pakistan	Cement
Seafresh	2,031	Thailand	Seafood Exporter
Kim Hin Industries	2,008	Malaysia	Building Materials
Cement Ind Malaysia	1,968	Malaysia	Cement
Kingboard Chemical	1,960	Hong Kong	Electronics
Twenty Largest Holdings	49,005	33.44% of total value of Investments	

DISTRIBUTION OF INVESTMENTS

at 31 October 1994

	Capital		Consumer				Energy	Total
	Equipment	Materials	Financial	Goods	Services	Property		
Thailand	3.5	1.5	2.9	5.6	2.9	—	—	16.4
Indonesia	0.9	1.5	7.0	5.9	0.9	—	—	16.2
Hong Kong	10.0	1.3	0.5	2.1	0.8	—	—	14.7
Malaysia	2.6	6.2	3.0	1.2	—	—	—	13.0
India	3.5	3.2	1.1	1.2	0.6	—	0.7	10.3
Pakistan	2.0	3.2	—	2.6	—	—	—	7.8
Philippines	—	0.9	1.8	0.8	1.7	2.5	—	7.7
Singapore	1.8	—	1.9	—	2.0	—	—	5.7
South Korea	1.5	1.3	1.3	—	—	—	0.9	5.0
China	1.2	—	—	—	0.3	—	—	1.5
Bangladesh	—	1.0	—	—	—	—	—	1.0
Sri Lanka	—	0.1	0.3	—	—	—	—	0.4
Taiwan	0.3	—	—	—	—	—	—	0.3
	<u>27.3</u>	<u>20.2</u>	<u>19.8</u>	<u>19.4</u>	<u>9.2</u>	<u>2.5</u>	<u>1.6</u>	<u>100.0</u>

REPORT OF THE DIRECTORS

Introduction

The company was incorporated as a public limited company on 14 January 1994 and commenced trading on 28 February 1994.

Business and status

The company carries on business as an investment trust and it is the directors' intention to apply to the Inland Revenue for approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988. The company has conducted its affairs so as to enable it to seek such approval. The close company provisions of the Act do not apply to the company.

The company is an investment company within the terms of Section 266 of the Companies Act 1985.

Share capital

The authorised share capital on incorporation was £50,000 divided into 1,000,000 ordinary shares of 5p each of which two ordinary shares were issued to the subscribers of the Memorandum of Association. On 27 January 1994, the authorised share capital was increased from £50,000 to £16,800,000 by the creation of an additional 335,000,000 ordinary shares. On 27 January 1994, 279,999,998 ordinary shares (with one warrant attached for every five shares) were issued at 50p per share, raising £134,931,000 after issue expenses.

The authorised but unissued share capital is available in full to satisfy the subscription rights on 56,000,000 warrants exercisable at 50p on 31 March in any one of the years 1996 to 2009 inclusive.

Review of activities

During the period, the company followed the normal activities of an investment trust. Details of these are given in the Chairman's Review on page 6 and the Manager's Review on page 7.

Dividends

The directors recommend a final dividend of 0.40p per ordinary share be paid on 1 February 1995 to shareholders on the register at the close of business on 10 January 1995.

The directors propose that the undistributed surplus for the period of £219,000 be retained.

Directors

The directors who served during the period were as follows:

I W Bell (Chairman)	(appointed 20 January 1994)
A B Conway	(appointed 25 March 1994)
G N Randells	(appointed 20 January 1994)
A J Tulloch	(appointed 20 January 1994)
P Tyrie	(appointed 20 January 1994)
I A Watt	(appointed 20 January 1994)
R L Bruce	(appointed 14 January 1994—Resigned 20 January 1994)
B W Minto	(appointed 14 January 1994—Resigned 20 January 1994)

In accordance with the Articles of Association, all present directors retire from office and will be proposed for re-election.

No contract or arrangement subsisted during the period in which any of the directors was materially interested. Mr I A Watt, as noted on page 5, is a director of Edinburgh Fund Managers plc, manager and secretary to the company.

Directors' shareholdings are disclosed on page 5.

Directors have no service contracts with the company.

REPORT OF THE DIRECTORS

continued

Directors' Liability Insurance

The company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the company.

Corporate Governance

In December 1992 the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) published a Code of Best Practice. The Code contains nineteen recommendations as to best practice in terms of the control and reporting functions of boards of directors; on the reporting recommendation, relating to the effectiveness of internal controls, guidance on compliance is still to be issued by the accounting profession. For financial years ending after 30 June 1993 the London Stock Exchange required all listed companies registered in the UK to state in their Annual Report and Accounts whether or not they have complied with the Code. The Board considers that the company complies with the eighteen recommendations of the Code which are not subject to further clarification.

Going Concern

The company's 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.

Substantial share interests

At 31 October 1994 the following interests in the ordinary share capital had been notified to the company:

Holder	No of ordinary shares	Percentage
British Coal Staff Superannuation Scheme } British Coal Mineworkers' Pension Scheme }	36,000,000	12.86
British Telecom Staff Superannuation Scheme } Post Office Staff Superannuation Scheme }	34,891,000	12.46
Blue Circle Pension Investments Limited	25,000,000	8.93
Barclays Bank Group	14,040,000	5.01

Auditors

The company's auditors, Ernst & Young, are willing to continue in office and resolutions will be proposed at the annual general meeting to reappoint them and to authorise the directors to fix their remuneration.

Annual General Meeting—Special Business

At the Annual General Meeting of the company to be held on 31 January 1995, two Resolutions will be proposed as 'Special Business' to give the directors general power to allot shares and limited power to allot shares in disapplication of statutory pre-emption rights.

REPORT OF THE DIRECTORS

continued

Annual General Meeting—Special Business (continued)

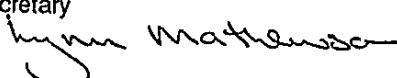
Ordinary Resolution No 11 will be proposed to confer an authority on the directors to allot unissued ordinary shares up to a maximum nominal amount of £700,000 in accordance with Section 80 of the Companies Act 1985. Special Resolution No 12 will be proposed for the purpose of empowering the directors to allot unissued ordinary shares for cash otherwise than to existing ordinary shareholders pro rata to their holdings.

The authority contained in Ordinary Resolution No 11, if approved, will expire on 30 January 2000. The authority contained in Special Resolution No 12, if approved, will expire at the conclusion of the Annual General Meeting of the company to be held in 1996 or 30 April 1996, whichever is the earlier.

The directors do not have any present intention of issuing any part of the unissued share capital but consider it in shareholders' interests that they should have the flexibility to do so in the appropriate circumstances.

By order of the board
Edinburgh Fund Managers plc. Secretary

Edinburgh, 5 December 1994



DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

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 its surplus or deficit 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 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 confirm that they comply with all the above requirements. 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 have several responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and to detect fraud and other irregularities.

AUDITORS' REPORT

To the members of Edinburgh New Tiger Trust plc

We have audited the financial statements on pages 16 to 24, which have been prepared under the historical cost convention, as modified by the revaluation of fixed assets and on the basis of the accounting policies set out on page 20.

Respective responsibilities of directors and auditors

As described above, 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 of those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with the 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 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 affairs of the company as at 31 October 1994 and of its net revenue for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young 

Edinburgh, 5 December 1994

Chartered Accountants
Registered Auditor



REVENUE ACCOUNT

for the period 14 January to 31 October 1994

	Notes	1994 £'000	£'000
Income			
Investment income	2		2,194
Interest receivable			305
Other income			<u>2</u>
			2,501
Expenses and interest*			
Administrative expenses	3	416	
Interest payable	4	<u>1</u>	
			<u>417</u>
Revenue before taxation			2,084
Taxation	5		<u>745</u>
Revenue after taxation			1,339
Dividends on equity shares	6		<u>1,120</u>
Transfer to revenue reserve	18		<u>219</u>
Earnings per ordinary share	7		<u>0.4782p</u>

* The management fee and the interest on Loan Notes have been charged to the capital reserve (note 17)

BALANCE SHEET

at 31 October 1994

	Notes	1994 £'000	£'000
Fixed assets			
Investments	8		146,533
Current assets			
Debtors	9	638	
Cash and short-term deposits		5,128	
		<u>5,766</u>	
Creditors: amounts falling due within one year	10	<u>2,592</u>	
Net current assets			<u>3,174</u>
Total assets less current liabilities			<u>149,707</u>
Provisions for liabilities and charges			
Deferred tax	11		50
Creditors: amounts falling due after more than one year	12		<u>24,350</u>
			<u>125,307</u>
Capital and reserves			
Called up share capital	13		14,000
Share premium	14		108,387
Warrant reserve	15		12,544
Unrealised depreciation	16		(7,367)
Capital reserve	17		(2,476)
Revenue reserve	18		219
Total shareholders' funds relating to equity interests			<u>125,307</u>
Net asset value per share			<u>44.75p</u>

I W BELL, Director

I A WATT, Director

CASH FLOW STATEMENT

for the period 14 January to 31 October 1994

	Notes	1994 £'000	£'000
Net cash inflow from operating activities	19		1,839
Servicing of finance Interest paid		(1)	
Net cash outflow on servicing of finance			(1)
Investing activities			
Purchase of investments		(168,637)	
Sale of investments		15,232	
Management fee paid		(715)	
Net cash outflow from investing activities			(154,120)
Net cash outflow before financing			(152,282)
Financing			
Issue of ordinary shares and warrants		140,000	
Issue expenses		(5,069)	
Issue of US\$40,000,000 Loan Notes		25,998	
Loan Note issue expenses		(185)	
Net cash inflow from financing	22		160,744
Increase in cash and cash equivalents	20		8,462

EDINBURGH NEW TIGER TRUST PLC

STATEMENT OF TOTAL
RECOGNISED GAINS AND LOSSES
for the period 14 January to 31 October 1994

	1994 £'000
Capital profits	
Realised gain on investments	2,372
Unrealised losses	(7,367)
Total losses for period	(4,995)
Exchange differences	(3,334)
Management fee net of tax relief	(763)
Finance costs	(751)
Capital deficit for the period	(9,843)
Revenue account	
Surplus for the period	1,339
Total recognised losses for the period	(8,504)

RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS
for the period 14 January to 31 October 1994

	1994 £'000
Surplus for the period	1,339
Dividend for the period	1,120
Transfer to revenue reserve	219
Non-distributable capital deficit	(9,843)
Issue of ordinary shares and warrants (net of expenses)	134,931
Shareholders' funds at 31 October 1994	125,307

NOTES TO THE ACCOUNTS

1. Accounting policies

The financial statements have been prepared in accordance with applicable UK accounting standards and on the assumption that approval as an investment trust will be granted.

(a) *Investment income and interest receivable.* Dividends are included in revenue in the year in which they are quoted ex-dividend. Interest on investments and other interest receivable are dealt with on an accruals basis.

(b) *Taxation.* Provision is not made for advanced corporation tax payable in respect of the final dividend if it is considered that this will be fully relieved. Deferred taxation is provided for short-term timing differences.

(c) *Investments.* Listed investments are included at market valuations. Movements in valuation are taken to unrealised depreciation reserve, together with unrealised exchange gains and losses.

(d) *Capital reserve.* Gains and losses on the realisation of investments are transferred directly to capital reserve.

(e) *Foreign currencies.* Assets and liabilities in foreign currencies are converted at the rates of exchange ruling at the balance sheet date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are transferred directly to capital reserve.

(f) *Finance costs.* Loan Note expenses are amortised to the capital reserve over the term of the debt.

1994
£'000

2. Investment income

Dividend income from overseas listed investments	897
Interest from US Treasury Bills	1,297
	<u>2,194</u>

3. Administrative expenses

Administrative expenses include:

Directors' fees	24
Auditors' remuneration —audit	<u>6</u>

The chairman who was the highest paid director received £5,805 in the period.

A secretarial fee of £50,000 per annum is paid to Edinburgh Fund Managers plc ('*Edinburgh*') adjusted annually in line with the Retail Price Index.

4. Interest payable

Bank interest	<u>1</u>
---------------	----------

NOTES TO THE ACCOUNTS

continued

	1994 £'000
5. Taxation on revenue from ordinary activities	
Corporation tax at 33 per cent on the profit for the period	622
Transfer to deferred taxation (note 11)	50
Irrecoverable advance corporation tax	73
	<u>745</u>
6. Dividend on equity shares	
Final dividend of 0.40p per share payable on 1 February 1995	<u>1,120</u>
7. Earnings per share	
The calculation of earnings per share of 0.4782p is based on the revenue after taxation of £1,339,000 and on the 280,000,000 ordinary shares of 5p each in issue.	
8. Investments	
Additions at cost	168,647
Disposals at cost	13,279
Cost at 31 October 1994	155,368
Unrealised depreciation at 31 October 1994	(8,835)
Market value at 31 October 1994	<u>146,533</u>
All investments are equities* and are listed on overseas stock exchanges.	
* Contains convertible stocks having an element of equity valued at £1,712,360.	
9. Debtors	
Amounts due from brokers	419
Dividends receivable	194
Other debtors and prepayments	25
	<u>638</u>
10. Creditors: amounts falling due within one year	
Amounts due to brokers	10
Sundry creditors	1,308
Taxation	154
Proposed final dividend	1,120
	<u>2,592</u>

NOTES TO THE ACCOUNTS

continued

	1994 £'000
11. Deferred taxation	
Short-term timing difference	<u>50</u>
12. Creditors: amounts falling due in more than one year	
Repayable in more than 5 years:	
US\$20,000,000 8.27% Loan Notes 2004 }	
US\$20,000,000 8.57% Loan Notes 2009 }	<u>24,350</u>
Interest is payable at 8.27% and 8.57% per annum by equal half-yearly instalments on 24 June and 24 December each year. The Loan Notes shall be redeemed at par on 24 June 2004 and 24 June 2009. The Loan Notes are secured by a floating charge over the whole assets of the company.	
13. Called up share capital	
Authorised:	
336,000,000 ordinary shares of 5p each	<u>16,800</u>
Allotted, issued and fully paid:	
280,000,000 ordinary shares of 5p each	<u>14,000</u>

The authorised share capital on incorporation was £50,000, divided into 1,000,000 ordinary shares of 5p each of which, two ordinary shares were issued to the subscribers of the Memorandum of Association. On 27 January 1994, the authorised share capital was increased from £50,000 to £16,800,000 by the creation of an additional 335,000,000 ordinary shares. On 27 January 1994, 279,999,998 ordinary shares (with one warrant attached for every five ordinary shares) were issued at 50p, raising £134,931,000 after issue expenses. The shares were issued to enable the company to pursue its investment objective.

The initial allotment of ordinary shares with one warrant attached for every five ordinary shares was issued as a package and traded as such until 25 March 1994.

The unissued ordinary shares are reserved in full to satisfy the subscription rights attached to 56,000,000 warrants which may be exercised on 31 March in any one of the years 1996 to 2009 inclusive at a price of 50p.

NOTES TO THE ACCOUNTS

continued

	1994 £'000
14. Share premium	
Arising on issue of ordinary shares and warrants	126,000
Transferred to warrant reserve (note 15)	(12,544)
Issue expenses of ordinary shares and warrants	(5,069)
At 31 October 1994	<u>108,387</u>
15. Warrant reserve	
Arising on issue of warrants	<u>12,544</u>
At 31 October 1994	<u>12,544</u>
<p>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.</p>	
16. Unrealised depreciation	
Decrease on revaluation of investments	(8,835)
Increase on revaluation of Loan Notes	<u>1,468</u>
At 31 October 1994	<u>(7,367)</u>
17. Capital reserve	
Realised gain on sale of investments	2,372
Currency losses during the period	(3,334)
Management fee net of tax relief	(763)
Finance costs	(751)
At 31 October 1994	<u>(2,476)</u>
<p>The management fee paid to Edinburgh Fund Managers plc ('<i>Edinburgh</i>') is 0.3 per cent per quarter of the assets of the company after deducting current liabilities.</p> <p>The management agreement between the company and <i>Edinburgh</i> is for an initial period of three years and is then terminable by either party on two years' notice.</p> <p>Interest on the Loan Notes, all of which are repayable after more than five years, is charged to the capital reserve and is shown under finance costs above.</p>	
18. Revenue reserve	
Transferred from revenue account	<u>219</u>
At 31 October 1994	<u>219</u>

NOTES TO THE ACCOUNTS

continued

19. Reconciliation of operating profit to net cash inflow from operating activities

Revenue before interest and taxation	2,085
Increase in other debtors	(25)
Increase in accrued income	(194)
Increase in creditors	138
UK tax on unfranked investment income	(126)
Overseas tax on dividends	(39)
Net cash inflow from operating activities	<u>1,839</u>

20. Analysis of changes in cash and cash equivalents during the period

Net cash inflow before adjustments for the effect of foreign exchange rate changes	8,462
Effect of foreign exchange rate changes	<u>(3,334)</u>
Balance at 31 October 1994	<u>5,128</u>

21. Cash

The balance of cash and cash equivalents is shown in the balance sheet as cash and short-term deposits of £5,128,000.

22. Analysis of changes in financing during the period

	Share capital, share premium and warrant reserve	Loan Notes
Issue of ordinary shares and warrants	140,000	
Issue of US\$40,000,000 Loan Notes	—	25,998
Ordinary shares and warrants issue expenses	(5,069)	—
Loan Note issue expenses	—	(185)
Amortised Loan Note issue expenses	—	5
Effect of foreign exchange movement	—	<u>(1,468)</u>
Balance at 31 October 1994	<u>134,931</u>	<u>24,350</u>

23. Approval of financial statements

The financial statements were approved by the board of directors on 5 December 1994.

CAPITAL GAINS TAX INFORMATION

For Capital Gains Tax purposes, the base costs of an ordinary share and a warrant issued by the company under the Offer for Subscription are:

Ordinary share	45.02237p
Warrant	24.88814p

NOTICE OF MEETING

Notice is hereby given that the first annual general meeting of Edinburgh New Tiger Trust plc will be held at the registered office of the company, Donaldson House, 97 Haymarket Terrace, Edinburgh, on 31 January 1995 at 12.00 noon for the purpose of transacting the following business:

ORDINARY BUSINESS

1. to adopt the report of the directors and the financial statements for the period ended 31 October 1994;
2. to declare a final dividend on the ordinary shares;
3. to re-elect Mr I W Bell as a director;
4. to re-elect Mr A B Conway as a director;
5. to re-elect Mr G N Randells as a director;
6. to re-elect Mr A J Tulloch as a director;
7. to re-elect Mr P Tyrie as a director;
8. to re-elect Mr I A Watt as a director;
9. to reappoint Ernst & Young as auditors; and
10. to authorise the directors to fix the auditors' remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions which will be proposed as to Resolution No 11 as an Ordinary Resolution and as to Resolution No 12 as a Special Resolution:

Ordinary resolution

11. that the directors be and they are generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 to exercise all the powers of the company to allot relevant securities (within the meaning of Section 80(2) of the Act) of the company, provided that:
 - (i) the aggregate of the nominal amount of such securities shall not exceed £700,000; and
 - (ii) this authority will expire on the day preceding the fifth anniversary of the passing of this Resolution save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby has not expired.

NOTICE OF MEETING

continued

Special resolution

12. that the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ('the Act') to allot equity securities (within the meaning of Section 94(2) of the Act) for cash pursuant to any general authority conferred upon them for the purposes of Section 80 of the Act as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited:

- (i) to the allotment of equity securities in connection with any rights issue in favour of the holders of ordinary shares on the register on a date fixed by the directors where the equity securities respectively attributable to the interests of all the holders of ordinary shares are proportionate (as nearly as practicable) to the respective numbers of ordinary shares held by them on that date, provided that the directors may make such exclusions or other arrangements as they may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange; and
- (ii) to the allotment (otherwise than pursuant to paragraph (i) of this Resolution) of equity securities up to an aggregate nominal amount of £700,000 being 5 per cent of the nominal value of the existing issued share capital of the company;

and shall expire at the conclusion of the next annual general meeting of the company after the passing of this Resolution or fifteen months from the passing of this Resolution, whichever is earlier, save that the company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

By order of the board

Edinburgh Fund Managers plc

Secretary



29 December 1994

Registered office:

Donaldson House

97 Haymarket Terrace

Edinburgh EH12 5HD

Notes:

1. Only holders of ordinary shares are entitled to attend and vote at the meeting. Any member entitled to attend and vote at the meeting may appoint another person (whether a member of the company or not) as his proxy to attend and vote in his stead. A form of proxy is attached on page 27 for the use of the members of the company, although completion of this proxy will not preclude members from attending and voting should they afterwards decide to do so. Proxies must be lodged at the office of the company's registrars, Bank of Scotland, Registrar Department, Apex House, 9 Haddington Place, Edinburgh EH7 0LA not less than 48 hours before the time of the meeting.
2. There are no service contracts between the company and any of its directors.

FORM OF PROXY

I/WE BLOCK
 OF CAPITALS
 PLEASE

being (a) member(s) of Edinburgh New Tiger Trust plc hereby
 appoint.....

or, failing him, the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the
 annual general meeting of the company to be held on 31 January 1995 at 12.00 noon and at any
 adjournment thereof.

ORDINARY BUSINESS	FOR	AGAINST
ADOPTION OF REPORT AND FINANCIAL STATEMENTS		
DECLARATION OF FINAL DIVIDEND ON THE ORDINARY SHARES		
RE-ELECTION OF MR I W BELL		
RE-ELECTION OF MR A B CONWAY		
RE-ELECTION OF MR G N RANDELLS		
RE-ELECTION OF MR A J TULLOCH		
RE-ELECTION OF MR P TYRIE		
RE-ELECTION OF MR I A WATT		
REAPPOINTMENT OF ERNST & YOUNG AS AUDITORS		
AUTHORISATION OF DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS		
SPECIAL BUSINESS	FOR	AGAINST
AUTHORISATION OF DIRECTORS TO ALLOT ORDINARY SHARES		
LIMITED DISAPPLICATION OF PRE-EMPTION PROVISIONS		

SIGNED DATE.....

NOTES:

- Proxies must be lodged at the address overleaf not less than 48 hours before the time appointed for holding the meeting.
- A corporation should execute under its common seal or the hand of a duly authorised officer.
- Shareholders are entitled to appoint a proxy of their own choice. If desired the name of such proxy can be inserted above and initialled by the shareholder.
- Please indicate how you wish your votes to be cast by placing a cross in the appropriate spaces. Unless otherwise indicated the proxy will vote as he thinks fit or will abstain.
- In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
- Completion of this form of proxy will not prevent members from attending the meeting and voting in person should they so wish.
- A proxy need not be a member of the company.

Second fold

BUSINESS REPLY SERVICE
Licence No EH 142

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BANK OF SCOTLAND
REGISTRAR DEPARTMENT
APEX HOUSE
9 HADDINGTON PLACE
EDINBURGH EH7 0LA

First fold

Third fold and tuck in